Leclanché SA

Interim report 2015

INDEX

LETTER TO OUR SHAREHOLDERS

We are pleased to set out our Unaudited Interim Report for the six months to June 30, 2015.

At the outset we can report that the Company's new Growth Plan introduced by CEO Anil Srivastava last year, as already recorded in the 2014 Annual Report, is well on track. The plan was strongly endorsed in January 2015 by the provision of new convertible loan facilities of CHF 21 million by Recharge ApS ("Recharge") to support both the projected working capital (Facility A) and the early-phase growth capital funding required under that plan (Facility B).

At the same time, Recharge committed a further CHF 5 million to acquire the existing convertible loan from Oakridge Global Energy Systems ("Oakridge") and elected to convert this to equity in full by May 2015, thereby providing a further tangible expression of support for the Company's strategy and a strengthening of it's capital base.

By June 30, 2015 the full CHF 13 million had been drawn under Facility A for working capital and the first CHF 3.3 million had also been drawn under Facility B to fund the implementation of initiatives under the new Growth Plan, together with the agreement by Universal Holdings and Bruellan to restructure and extend their bridge loans, respectively CHF 2 million and CHF 0.75 million, which would otherwise have been due for repayment at the end of June 2015.

In July 2015 Recharge elected to convert a further CHF 16.8 million into Leclanché shares, thereby substantially reducing the Company's debt, and agreed an additional CHF 5 million for growth funding under Facility B together with an extension of the due date from June 2016 to June 2017. This takes the total funding commitment of Recharge to CHF 31 million (CHF 5 million acquisition of Oakridge convertible loan, CHF 13 million of Facility A and CHF 13 million of Facility B), of which CHF 21.8 million has already been converted to equity.

The Growth Plan seeks to position the company as a complete Battery Systems Provider, significantly increasing our addressable market across the full spectrum of power-intensive and energy-intensive applications, to be achieved through:

a) Acquisition or licensing of Battery Module designs and best-in-class Battery Management Systems software, widely known as BMS.
b) Addition of high energy-density lithium-ion chemistries such as graphite/NMC, coupled with our world-leading Titanate chemistry to address power-intensive applications
c) Provision of packaged Energy Storage Solutions for electricity markets, focused on Diesel-coupled systems, PV-coupled systems and Grid-coupled ancillary services
d) Provision of packaged solutions for Electrified Transport and Industrial Machinery sectors, such as buses, marine systems and materials handling equipment.
e) Focus on building sales channels and to establish strategic alliances

This has been a very eventful period for the Company and one in which it has made significant progress despite many challenges; we would like to record our appreciation for the active participation of the representatives of Recharge, Mr Scott Macaw and Mr Robert Robertsson, who have joined the Board of the Company, and for the tangible expression of financial support which is already helping the Company to accelerate some of its Growth plans.

Key Events and Achievements in H1 2015

In September last year we announced a landmark project together with the Ecole Polytechnique Federale de Lausanne ("EPFL") and Romande Energie (which runs one of the largest solar electric plants in the French

speaking part of Switzerland), with financial support from the Canton of Vaud, to study innovative solutions to store solar energy and to distribute it in an optimal way at times of peak consumption.
We are pleased to report that the entire system for 512kWh high-capacity long life battery storage, comprising approximately 8,000 lithium-ion titanate cells with related mechanical, electrical and software systems housed in a 40' container, has been installed on site at EPFL and is currently being commissioned with an expected "go-live" date of October 5, 2015.

This project is an important reference for the Company and its pilot phase has already been helpful towards securing orders for megawatt-scale storage projects for Leclanché.

In April of this year, we announced a partnership with Younicos to deliver the world's first megawatt-scale micro-grid renewable energy plus storage system, integrated with wind, solar and diesel generation, on the island of Graciosa in the Azores (Portugal). The renewable energy-powered grid will boost the annual share of renewable energies to the island's 4,500 inhabitants from a previous limit of 15 percent to up to 65 percent and thus allow the island to substantially reduce its dependence on fuel imports.

In May of this year, we announced the turnkey order of €8.5 million for the supply and commissioning of this Battery Power Plant ("BPP"), of which circa €4 million relates to the 3.2 MWh Battery Energy Storage System ("BESS"), for delivery in the second half of 2015, and €4.5 million relates to the entire Engineering, Procurement and Construction ("EPC") for the BPP.

Additionally, an affiliate of Recharge has provided €3.5M in convertible debt financing to the project's operating company Graciolica, a wholly-owned subsidiary of Younicos, as support towards the realisation of this project by the end of 2015.

Also in May, we announced a strategic alliance with Visedo Oy ("Visedo"), based in Finland, to produce an integrated solution for battery and traction control systems and to establish the first full plug-and-play drive train system suitable for use in any electric bus or other EV-solution. Leclanché and Visedo's solution represents a true breakthrough for the industry as real-time tests show that it is 30-40% more efficient compared with its peers currently on the market.

The first joint project with Visedo's drive train and Leclanché's battery system will be an electric bus project for a European city.

A further benefit from the alliance with Visedo has been the joint project win, announced in June of this year, to deliver a 4.2 MWh battery and a full-electric drive train for the World's largest electric ferryboat, to be placed in service in June, 2017 to transport vehicles and passengers between island Æro and the mainland in Denmark.

This is one of the Top 5 projects in the EU Horizon 2020 initiative, part of the Danish Natura project which guarantees local people green transportation in these areas, and is expected to reduce CO_2 emissions by 2000 tons and NO_x by 41.5 tons per year., also reducing emitted noise levels and wake waves right behind the ferry by 60-70%. The battery system provided by Leclanché will allow record breaking charging power of up to 4MW for short port stays and efficient operation, and will be scheduled for delivery during 2016.

During May of this year we also announced a supply agreement with Litarion (an Electrovaya Company) for Leclanché to source high performance, automotive-grade, graphite NMC ("GNMC") lithium-ion electrodes. This agreement was the result of several months of joint collaboration to combine Litarion's 10 years experience in manufacturing of electrodes and the strong cell production know-how and state-of-art production facility of Leclanché in Willstaett, Germany.

For Litarion this agreement represents an opportunity to shift "from a one-hundred-percent supplier to the automotive industry" to "focusing on the emerging market of energy storage systems and industrial applications" while for Leclanché it has provided the opportunity to accelerate towards the production of best-in-class graphite NMC cells, using our world-leading ceramic safety separator, as licensed to Saint-Gobain last year, to produce large format GNMC cells with demonstrated outstanding performance characteristics.

As already noted, in July of this year, Recharge has endorsed the major break-through projects secured in the first half of 2015 and the proof points delivered against the Growth Plan by early-converting a further CHF 16.8 million into Leclanché shares, simultaneously strengthening the capital base of the Company and substantially reducing debt. Also a further CHF 5 million of Facilty B was granted at that time and the term of the loan was extended from June 2016 to June 2017.

At that time, Scott Macaw and Robert Robertsson, directors of Recharge, commented: "We are pleased with the progress Leclanché has made in the past six months. Conversion of such a large loan into equity represents our even greater commitment to support Leclanché's growth. Additionally, Recharge's increase in Facility B will allow the management team to put more focus on execution of the large projects the company has won. We believe this is an extremely positive development for all stakeholders of Leclanché, including its customers, trading partners, employees and shareholders."

In July we also announced the acquisition of Trineuron, a business unit of the Belgian Company Emrol. This acquisition provides a strong pool of trained and experienced engineering team to enable successful technology and know-how transfer of the design and IP rights for Modules and battery management systems software from ADS-TEC- as referenced below. Trineuron' products and market foot-print are very complimentary to those of Leclanché. Trineuron's significant sales pipeline, particularly in Automated Guided Vehicles ("AGV's"), will also help to broaden the Company's customer base. An all-shares acquisition preserves funds for other growth investments. We are pleased that Stefan Louis, Managing Director of Trineuron, has agreed to join Leclanché as Chief Strategy Officer and VP of Systems R & D, bringing a wealth of experience to the Company.

In August of this year we announced the acquisition of design and IP rights for modules and battery management system software from ADS-TEC. This acquisition propels Leclanché into new space, to be amongst a select few energy storage players in the industry with complete vertical integration capabilities from cell manufacturing to full storage systems delivery. The acquisition is expected to deliver the following benefits as a key component within the Growth Plan:

- Fast-track to greater control of value chain together with significantly improved competitive position and margins for insourced total solutions offer
- Consideration is in the form of 1 million Leclanché shares (preserving funds for other growth initiatives and strengthening the Company's balance sheet) and €2 million cash
- Further improvement in margins can be achieved by setting up manufacturing in Switzerland once know-how has been brought in-house, but continuity of supply is ensured by a 2-year co-operation agreement to allow technology transfer during a period of major anticipated project wins

Whilst management will aim to always operate as efficiently as possible, current operating cost levels are unlikely to be substantially reduced further, as this is incompatible with business expansion. The new Growth Plan has already required significant scaling of operations in sales and solutions delivery which, although incorporated within an efficient organisational structure to deliver increased productivity per person, has inevitably impacted the results and working capital absorbed within the first half of 2015, as outlined in the summary of financial results below

1. Commercial

In addition to the industry-leading customer wins already announced, Leclanché announced a full range of Home and Office Storage Systems in June during Intersolar in Munich. Good progress has been made in building sales channels for these products, in particular in the UK and Switzerland.

Leclanché's management team is focused on expanding the Customer base for its Speciality Battery Systems business unit.

- A order has been received recently for an off-grid Street Lighting solution using our Titanate A4 cells. The Company has delivered 200 Battery Packs for this and the masts are currently under deployment.
- A pilot order has also been received for all-electric Street Sweeping Machines. Upon successful trial, this is expected open an addressable market for 1000’s of such machines worldwide.

2. Production Ramp up

We introduced the new graphite-based cell in production in the first half of 2015. The first 3 months served as a validation period along with the establishment of all the production specifications. The first production batches of the Graphite NMC cells were made in the second quarter, and have been used for integration within customer destined battery modules. The cells have been used in several different modules and have been sent to external laboratories for third party characterisation and validation. Currently customer testing is ongoing, as well as the final steps of certification.

The introduction of this new technology in production was possible with only small changes to the existing line, which is now capable of producing both LTO and Graphite-based technologies.

The first half of the year 2015 also saw the start of the production of cells for the Graciosa project. The production was running in a single shift operation, but with the volumes increasing in the second half of 2015, a second shift is in preparation.

On the system integration side, the first half of 2015 has been predominately focused on the process definition and validation of our next generation transport modules. The modules are based on previously developed designs and are being optimised for larger volume production. These activities have been carried out at the Yverdon, Switzerland site where it is also foreseen to implement full modules production.

3. Continued Research & Development

We are participating in Batteries 2020, which is an EU-funded project aimed at enhancing the lifetime and energy density of lithium-ion batteries used in electric vehicles and validating their usability for second life applications such as stationary storage for grid related functions.

We are a consortium member of the Ambassador project, which is an EU-funded project to study, develop and experiment with systems and tools that aim to optimise district energy usage and manage the energy flows by predicting and matching energy consumption and energy production.

Our cells have been independently tested by the Hochschule Landshut, a University of Applied Sciences and found to have “enormous cycling stability and capacity retention” at 100% depth of discharge. Testing has been ongoing at the institute, further validating our technology performance.
We have also been working with the Hochschule Offenburg and have been running deep characterisation testing for more fundamental understanding of degradation mechanisms that could affect our LTO cells.

A lot of our focus in the R&D for the first half of 2015, has been on the validation of new materials that have potential cost reduction benefits. This work will be resulting in a first step in cost reduction at a production level early in the second half of 2015.

Available market reports indicate continuous reduction in Average Selling Price (“ASP”) in the coming years. We have therefore launched an aggressive cost reduction program for raw materials procurement together with related cell development. Initial results indicate significant cost savings can be realised in H1 2016 and beyond.

As previously reported, we are also working on a high voltage cell, which might allow us to increase the capacity of our standard cell, significantly reducing cost per kilowatt hour. We have encouraging results in testing and the development program continues to progress well, but it is still too early to make any commitment if and when we would be in a position to launch such a cell on the market.

Development work has been done at a system level as well, and we have increased our work force in that area in order to support these developments focused on mechanical, electronic hardware and software. This is to support our target to have a complete in-house solution ranging from cells to complete systems.

4. New Organization in place

Notwithstanding the difficulties during H2 2014, we have been preparing the Organization to execute the 2015 Operating and Growth Plans of the Company. Effective from Jan 2015, the Company is organized around three commercial Business Units, one Engineering Business Unit (BU) and one Technology and Industrial team:

Stationary Storage Systems BU sells and supports Customers requiring Storage solutions coupled with Distributed Power Generation like PV Solar/ Wind/ Diesel Gensets and Grid Ancillary Services.

Speciality Battery Systems BU will combine current Portable and Distribution businesses to bring even greater focus to deliver Customized Battery Systems to its Customers.

Mobile Storage Systems BU sells and supports Customers requiring Storage solutions for mass transport networks like hybrid/ full electric fleet of Bus/ Trams/ Trains/ Ferries; and Industrial Machineries

System Engineering and Delivery BU is responsible for Design, Project implementation and Services for all commercial Business Units.

Technology and Industrial Team is responsible for group-wide R & D and Production functions.

Your Company now has a top-class International leadership team with a good blend of existing personnel and new recruitments.

Financial Results for the half-year to June

Key Figures

(in mCHF) **(IFRS)**	**30.06.2015** Unaudited	**30.06.2014** Unaudited
Revenue	3.49	5.55
EBITDA	-8.94	-7.58
Loss for the period	-11.34	-10.82
Earning per share [CHF]	-0.49	-0.65

Notwithstanding the new funding available from Recharge from January, 2015 the overall financial performance of the Company was still somewhat adversely affected by the tight liquidity that had been experienced during the second half of 2014. Work to rebuild customer and supplier confidence, while contributing to new project wins and a growing sales pipeline, did not yet translate into new business during the first half of 2015, so that consolidated revenues for this period were just CHF 3.49 million, down by CHF 2.06 million compared with the previous year.

Revenues from the Speciality Battery Systems Business, formed from the combination of the business units previously called Portable and Distribution, (“SBS”) were CHF 3.23 million for the half-year (2014: CHF 5.30 million), down by CHF 2.07 million compared with the previous year, mainly as a result of one large long-term contract drawing to a close during 2014 and not yet being replaced by new business.

SBS has continued to recruit new sales personnel during the period and is successfully diversifying into new sectors such as medical systems and Automated Guided Vehicles (“AGV’s”) with a view to replacing this lost revenue over the course of the next 12 months. As announced in recent days, the Company’s Belgium unit, formed from the acquisition of Trineuron in July 2015, has also won a large contract for supply of lithium-ion titanate batteries within AGV’s to be used for materials handling by a world-known brand leader.

As mentioned earlier in this report, through a further strategic partnership with Scotia Light A/S of Denmark, we have introduced innovative solutions for off-grid solar-powered street lighting. This represents a promising new product range using our lithium-ion titanate cells in a custom configuration, which is being field-tested in the demanding environment of the Middle East, and has the potential for substantial volume contracts in that region and many other parts of the world.

Revenues in the Stationary Storage Systems Business and Mobility Business were just CHF 0.26 million for the half-year (2014: CHF 0.25 million), with the deliveries under major recent project wins such as Graciosa and E-ferry, representing some CHF 13 million revenue in aggregate, not scheduled until the end of 2015 and through into 2016.

In line with reduced revenues, the Speciality Battery Systems Business generated an EBITDA loss for the half-year of CHF(0.69) million (2014: EBITDA loss CHF(0.09) million), as a result of reduced revenues and the increased cost from new sales personnel.

The Stationary Storage Systems Business recorded a reduced EBITDA loss of CHF(3.95) million (2014: EBITDA loss CHF(4.37) million), mainly as a result of the costs absorbed under the development programme for the EPFL project, as partly offset by further costs from the reorganisation and ramp up of sales and marketing activity and personnel which has continued during 2015.

The new Mobile Storage Systems Business recorded an EBITDA loss of CHF(1.04) million for the half-year, reflecting the personnel and operating costs of this new division but without yet any revenues from project wins such as Electric Ferry.

Group central costs at the EBITDA level were CHF(3.27) million for the half-year (2014: CHF(3.13) million), an increase of CHF 0.14 million, mainly attributable to the organisational and operational restructuring needed to deliver business expansion under the new Growth Plan which, although incorporated within an efficient organisational structure to deliver increased productivity per person, has inevitably increased costs.

The net loss for the half-year was CHF(11.34) million (2014: net loss CHF(10.82) million), an increase CHF 0.52 million, as a result of an increased Group EBITDA losses described above, amounting to CHF 1.36 million at the Group level, together with an increase in finance costs of CHF 0.73 million, resulting from higher levels of convertible loans, as offset by a deferred tax credit of CHF 1.38 million arising from losses during the period which may be carried forward for offset against profits in future periods.

The earnings per share for the half-year is a loss of CHF(0.49), compared to a loss of CHF(0.65) in 2014, due to the higher weighted number of shares in issue when compared to the previous half-year.

Outlook

After registering some major commercial success in the first half of the year, as reported above, your management team has increased its focus to mitigate the execution risk associated with delivery of such large projects, including ramping up the production to the highest level since the facility was put in place.

Your Company will continue to ramp up staffing in all critical areas, in particular in Engineering and Customer Project delivery.

In particular we would like to reiterate key aspects of our vertically integrated Battery-based Energy Storage Systems (BESS) Offer:

- Your Company is uniquely placed as manufacturer of both Power-intensive cells LTO and Energy-intensive cells Graphite NMC. In both types of cells, we are leveraging our industry leading Safety Separator.

- Your Company now has complete mechanical design, electronics design and software, including source code, for Modules and Battery Management Systems. This will allow the Company's offer to be more competitive and thus win more business. The insourcing will contribute to reduced cost and improved margins for the Company.

Going by the number of Request for proposals (RfPs), it is clear the market for large-scale energy storage solutions for both Electricity and Mass Transport Segments is growing and has clearly entered into first stage of Commercial Procurements.

In particular we would like to comment on key market drivers:

- After having validated our offer, and its Return on Investment proposition ("ROI") for BESS coupled with PV Solar, Wind and Diesel through the success in Graciosa project, your Company is targeting micro-grid/ Island solutions as a key market segment. This is a very a large market spread across the world from Islands to many developing countries.

- There has been announcement of some large projects and RFPs for grid-coupled ESS providing ancillary services such as frequency and voltage regulation, where our technology is particularly well suited. It is a multi-$bn market. However it must be noted that the contracting structure and remuneration policy for such services is still evolving in key markets such as Germany, the UK and in the USA. Market reports indicate this market will be in a commercial procurement phase within two years

- Following success with the EPFL project, and as recorded in the 2014 annual results presentation at the last AGM, your Company has developed a large BESS project to the Front-end Engineering and Design ("FEED") stage. This BESS will provide Primary Control Reserve frequency regulation services to the electricity grid in a European country.

  We are currently seeking strategic investors for this project and will also consider raising additional equity capital, for this and similar projects, to accelerate Engineering, Procurement and Construction ("EPC") and to enable the start of commercial operations for the first phase of this facility around the end of this year.

- We have validated our offer and its Return on Investment ("ROI") for the Electrified Transport market through the success in winning the European tender for largest Electric Ferry in the world. We have secured initial orders for Test Systems for Electric Buses. Following successful field trials until April 2016, we would anticipate receiving an order to supply battery systems for a fleet of buses.

- International expansion remains a top priority for the Company. We will continue to pursue strategic alliances to establish a strong go-to-market and delivery partnership in selected markets around the world. Our priority remains the US, Chile, China, India and South Africa.

The company anticipates that, subject to the continued successful implementation of the Growth Plan, current funding facility from Recharge ApS will satisfy the company's working capital requirements until the achievement of Adjusted EBITDA breakeven towards end of this year (defined as EBITDA breakeven adjusted to exclude any non-cash items and as further adjusted to exclude any negative effect of growth initiatives and activities which are separately funded under Facility B or otherwise). Company and its Board are having internal exploratory discussions on the further growth capital requirements and best ways to raise the same, if needed. For clarity, no decision has been made yet.

Available cash and undrawn facilities at 30 June 2015 were CHF 7.43 million (2014: CHF 0.56 million). In addition, CHF 2 million has been drawn subsequently under the Convertible Loans from Recharge ApS and Facility B has been increased by an additional CHF 5 million for growth funding.

The financial results in the first half of the year do not yet reflect the positive impact of customer orders won and acquisitions by the Company in recent months. We are encouraged by the progress and excited by the challenges and opportunities ahead of us.

Finally, we would like to express our thanks to all our employees, and to our shareholders for their support during this period. We look forward to continuing to build Leclanché's future with them.

Jim Atack
Chairman of the Board

Anil Srivastava
Chief Executive Officer

Leclanché SA

Consolidated financial statements 2015 (unaudited)

Leclanché

Condensed consolidated income statements for the period ended 30 June 2015 and 2014 (unaudited)

	30.06.2015	30.06.2014
	kCHF	kCHF
Sales of goods and services	3'405.5	5'434.2
Other income	88.2	119.1
Total income	3'493.7	5'553.3
Raw materials and consumables used	-2'626.4	-3'771.0
Personnel costs	-5'890.8	-5'894.4
Other operating expenses	-3'917.2	-3'466.1
Earnings Before Interest, Tax, Depreciation and Amortization	-8'940.7	-7'578.1
Depreciation and amortization expenses	-2'427.2	-2'628.1
Operating Loss	-11'367.9	-10'206.2
Finance costs	-1'348.8	-611.9
Finance income	0.5	0.2
Loss before tax for the period	-12'716.2	-10'817.9
Income tax	1'375.0	-
Loss for the period	-11'341.2	-10'817.9
Earnings per share (CHF)		
- basic	-0.49	-0.65
- diluted	-0.49	-0.65

Condensed consolidated statements of comprehensive income for the period ended 30 June 2015 and 2014 (unaudited)

	30.06.2015	30.06.2014
	kCHF	kCHF
Loss for the period	-11'341.2	-10'817.9
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Actuarial income /(loss) on post employment benefit obligations	-1'466.4	-
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	-4'480.7	-151.5
Other comprehensive income/(loss) for the year	-5'947.1	-151.5
Total comprehensive loss for the year	-17'288.3	-10'969.4

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Condensed consolidated balance sheets at 30 June 2015 (unaudited) and 31 December 2014

	30.06.2015	31.12.2014
	kCHF	kCHF
ASSETS		
Non-current assets		
Property, plant and equipment	24'431.9	30'225.7
Intangible assets	4'030.3	4'174.0
Other financial assets	259.0	250.6
	28'721.2	34'650.4
Current assets		
Inventories	4'033.6	4'588.4
Trade and other receivables	4'367.8	2'215.5
Cash and cash equivalents	2'742.8	537.1
	11'144.2	7'341.0
TOTAL ASSETS	39'865.4	41'991.4
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	38'379.8	32'971.8
Share premium	63'248.4	63'497.8
Accumulated value for share-based payment	1'895.2	1'885.3
Other reserves	8'632.2	8'632.2
Translation reserve	-6'601.1	-2'120.4
Equity component of convertible loan and warrants	1'623.4	4'162.0
Actuarial loss on post-employment benefit obligations	-15'076.8	-13'610.4
Accumulated losses	-83'004.0	-72'494.8
Total Equity	9'097.1	22'923.5
Non-current liabilities		
Provisions	-	-
Defined benefit pension liability	6'464.8	4'998.4
Convertible Loan	16'647.6	3'219.3
Deferred Tax Liability	-	1'375.0
	23'112.4	9'592.6
Current liabilities		
Provisions	-	150.0
Borrowings	2'812.2	3'027.4
Trade and other payables	4'843.7	6'297.9
	7'655.9	9'475.2
Total Liabilities	30'768.3	19'067.8
TOTAL EQUITY AND LIABILITIES	39'865.4	41'991.4

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Leclanché

Condensed consolidated statement of changes in equity for the period ended June 30, 2015 (unaudited)

	Attributable to equity holders of the parent								
	Issued share capital	Share premium	Reserve for share-based payment	Other reserves	Equity component of convertible loan and warrants	Translation reserve	Actuarial gain / (loss) on post-employment benefit obligations	Accumulated losses	Total
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2014	28'220.8	56'833.8	1'677.3	8'632.2	5'216.3	-1'645.8	-12'658.4	-47'053.2	39'223.0
Loss for the period	-	-	-	-	-	-	-	-10'817.9	-10'817.9
Other comprehensive income:									
Actuarial gain on post employment benefit obligations	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-334.8	-	-	-334.8
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-1'980.6**	**-12'658.4**	**-57'871.1**	**-11'152.7**
Equity component of convertible loan and warrants	-	-	-	-	4'141.7	-	-	-	4'141.7
Reserve for share-based payment	-	-	208.0	-	-	-	-	-	208.0
Capital increase as per 9 April 2014 and 30 June 2014 (including issue costs)	4'751.0	6'664.0	-	-	-5'196.1	-	-	288.9	6'507.8
Balance at 30 June 2014	**32'971.8**	**63'497.8**	**1'885.3**	**8'632.2**	**4'161.9**	**-1'980.6**	**-12'658.4**	**-57'582.2**	**38'927.8**
Balance at 1 January 2015	32'971.8	63'497.8	1'885.3	8'632.2	4'161.9	-2'120.4	-13'610.4	-72'494.8	22'923.4
Loss for the period	-	-	-	-	-	-	-	-11'341.2	-11'341.2
Other comprehensive income:									
Actuarial loss on post employment benefit obligations	-	-	-	-	-	-	-1'466.4	-	-1'466.4
Currency translation differences	-	-	-	-	-	-4'480.7	-	-	-4'480.7
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-6'601.1**	**-15'076.8**	**-83'836.0**	**-17'288.3**
Equity component of convertible loan and warrants	-	-	-	-	-	-	-	-	-
Reserve for share-based payment	-	-	9.9	-	-	-	-	-	9.9
Capital increase as per 21.01.2015, 19.05.2015 and 15.06.2015 (including issue costs)	5'408.0	-249.4	-	-	-2'538.5	-	-	832.1	3'452.2
Balance at 30 June 2015	**38'379.8**	**63'248.4**	**1'895.2**	**8'632.2**	**1'623.4**	**-6'601.1**	**-15'076.8**	**-83'003.9**	**9'097.2**

The accompanying notes form an integral part of the interim condensed consolidated financial statements

Condensed consolidated statement of cash flows for the period ended 30 June 2015 and 2014 (unaudited)

	30.06.2015	30.06.2014
	kCHF	kCHF
Operating activities		
Loss for the period	-11'341.2	-10'817.9
Non cash adjustments:		
Depreciation of property, plant and equipment	2'063.1	2'227.2
Amortization of intangible assets	364.1	400.9
Non-realized foreign exchange differences	-643.4	-747.1
Deferred tax liability	-1'375.0	-
Recognized expense for stock option plan	9.9	261.4
Interest expense	1'348.8	611.9
Interest income	-0.5	0.2
Movement in provisions	-150.0	-20.0
Pension cost	153.5	258.1
Working capital adjustments:		
In/Decrease in trade and other receivables	-2'152.3	-1'580.5
In/Decrease in inventories	554.8	-1'591.3
In/Decrease in trade and other payables	-1'454.2	2'902.0
Net cash flows used in operating activities	**-12'622.4**	**-8'095.1**
Investing activities		
Purchase of property, plant and equipment	-99.4	-325.1
Purchase of Intangible assets.	-777.9	-
Capitalized development expenses	-59.0	-
Interest received	0.5	0.2
Net cash used in investing activities	**-935.8**	**-324.9**
Financing activities		
Net proceeds from warrants exercized	150.0	-
Net proceeds from convertible loan	15'863.9	5'923.4
Reimbursement of borrowings	-250.0	-
Net cash from / (used in) financing activities	**15'763.9**	**5'923.4**
Increase / Decrease in cash and cash equivalent	**2'205.7**	**-2'496.6**
Cash and cash equivalent at 1 January	537.1	3'060.4
Cash and cash equivalent at 30 June	2'742.8	563.8
Variation	**2'205.7**	**-2'496.6**

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Selected Notes to the interim condensed consolidated financial statements for the period ended 30 June 2015 (unaudited)

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Leclanché SA (the "Company", and together with its subsidiaries Leclanché GmbH and Leclanche Uk Ltd here after the "Group") for the half-year ended 30 June 2014 were authorized for issue in accordance with a resolution of the Board of Directors on September 2, 2015.

Leclanché SA is a stock corporation (société anonyme, Aktiengesellschaft) with registered office in Yverdon-les-Bains, Switzerland, whose shares are publicly traded.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2015 is prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed consolidated financial statements (unaudited) should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS.

The Group's business activities are not subject to any pronounced seasonal fluctuations.

3. ACCOUNTING POLICIES

The accounting policies applied by the Group in this interim condensed financial information are consistent with those applied in the consolidated financial statements as at and for the year ended December 31, 2014 except as described below:

The EPFL project has been physically delivered to the EPFL. The EPFL Grant will be deducted from the Asset. The project EPFL will remain an Asset for the next 10 years and depreciate accordingly until Leclanché will send the container to recycling.

Other amendments to IFRSs effective for the financial year ending December 31, 2015 are not expected to have a material impact on the Group.

Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected total annual profit or loss.

4. ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014 with the exception of changes in estimates regarding actuarial assumptions that are required in determining the pension liability.

5. GOING CONCERN

On 5 January 2015, shareholder approval was obtained to introduce two facilities under a new convertible loan from Recharge APS:

1. Facility A – CHF 13 million of working capital funding,
2. Facility B – CHF 8 million of growth funding, to be drawn for first phases approved under the new Growth Plan (subsequently increased to CHF 13 million as noted below)

Available cash and undrawn facilities at 30 June 2015 were CHF 7.43 million (2014: CHF 0.56 million). In addition, CHF 2 million has been drawn subsequently under the Convertible Loans from Recharge ApS and Facility B has been increased by an additional CHF 5 million for growth funding, with the term date also extended from June 2016 to June 2017.

At the time of issue of these consolidated financial statements therefore, out of the CHF 26 million of the Recharge convertible loan (Facility A & B combined), CHF 18.3 million has been drawn and CHF 16.9 million (together with the full Oakridge Loan which was acquired) has been converted into Leclanché shares.

Accordingly, the Board of Directors believes that the Company will be able to meet all of its obligations for at least the next twelve months as they fall due and the consolidated financial statements have therefore been prepared on a going concern basis.

Notwithstanding this, as operations are scaled, particularly in Sales and Delivery, the Company is aware of the significant execution risk this carries, and continues to explore options to raise further growth capital alongside the Recharge Convertible Loan, as envisaged by the agenda approved by shareholders at the Extraordinary General Meeting of 5 January 2015.

6. FINANCIAL RISK MANAGEMENT

The group’s activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group’s annual financial statements as at 31

December 2014. There have been no changes in the risk management or in any risk management policies since the year end.

FX

On January 15, 2015 the Swiss National Bank (SNB) discontinued the maintenance of a minimum exchange rate of CHF 1.20 per Euro. The SNB announcement negatively impacted the EUR/CHF exchange rate. For Leclanché Group, the closing FX as of 30.06.2015 is EUR/CHF 1.0363 compare to 1.2029 as of 31.12.2014

On top of the revenue shortfall due to the increase of the price of Leclanché product for the export markets, there is a significant balance sheet impact. The main production line (PP&E) is denominated in EUR as it refer to the Willstätt line of production (Germany).

7. SEGMENT INFORMATION

From a product perspective, management assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortization (EBITDA). This measure excludes the effects of depreciation, amortization non-operating expenses, such as restructuring costs and non-operating income. The impact on personnel costs related to IAS 19 / IFRIC 14 and finance income and charges are not included in the result for each operating segment. Since 1 January 2012, depreciation of patents & licences has been directly allocated to the segment “Stationary”.

Since 1 January 2015, the operating business has been organized in 3 segments:

- **“Speciality Battery Systems BU”** which is formed from the combination of business units formerly named “Portable” and “Distribution”. This BU conceives, develops and carries out turn-key custom solutions incorporating battery storage or charging, calling upon innovative technologies for specific applications.
- **“Mobile Storage Systems BU”** sells and supports Customers requiring Storage solutions for mass transport networks like hybrid/ full electric fleets of Bus/ Trams/ Trains/ Ferries; and Industrial Machineries like Automated Guided Vehicles (AGVs) etc.
- **“Stationary Storage Systems BU”** produces large format lithium ion cells and systems for high end applications. This segment includes: automotive, stationary and off-road.

All costs that cannot be managed directly by the three business units are Group Central Costs, and are kept under regular review by the Executive Committee.

	Speciality Battery Systems		Stationary Storage Systems		Mobile Storage Systems		Group Central Costs		Total	
Revenue	30.06.2015	30.06.2014	30.06.2015	30.06.2014	30.06.2015	30.06.2014	30.06.2015	30.06.2014	30.06.2015	30.06.2014
		restated								
Total income	3'232.4	5'300.3	261.3	253.0	-	-		-	3'493.7	5'553.3
EBITDA	-687.6	-86.8	-3'945.5	-4'365.2	-1'035.3	-	-3'272.3	-3'126.1	-8'940.7	-7'578.1
EBIT	-773.0	-145.8	-6'314.1	-6'883.9	-1'027.4	-	-3'253.4	-3'176.5	-11'367.9	-10'206.2

Reconciling items	**30.06.2015**	**30.06.2014**
	kCHF	kCHF
EBITDA	**-8'940.7**	**-7'578.1**
Depreciation and amortization	-2'427.2	-2'628.1
EBIT	**-11'367.9**	**-10'206.2**
Finance revenue	0.5	0.2
Finance costs	-1'348.8	-611.9
Income tax	1'375.0	-
Loss for the period	**-11'341.2**	**-10'817.9**

8. BRIDGE LOANS

Universal Holdings and Bruellan have agreed to restructure and extend their loans, respectively CHF 2 million and CHF 0,75 million which had been due at the end of June 2015, allowing Leclanché to secure additional long term growth capital to execute its growth plan.

Universal Holdings and Bruellan have agreed to extend their loans until respectively 31.12.2015 and 30.06.2016. Interest is charged at 8% per year for each bridge loan.

9. SHARE CAPITAL

As at 30 June 2015, following the conversion of Recharge convertible loan formerly OKME convertible loan, the share capital consists of 25’586’515 issued and fully paid-in registered shares with a par value of CHF 1.50.

3’505’312 share were issued in connection with the conversion of Recharge convertible loan formerly OKME convertible loan. In addition, 100’000 shares were issued by the exercise of the Talisman warrant.

Conditional and Authorised Capital change

As of 31.12.2014 there were 9’383’573 shares in the authorised capital and 7’912’990 shares in the conditional capital.

On 5 January 2015, shareholder approval was obtained to increase authorised capital to 10’990’600 share and 10’990’600 share for conditional capital.

As of 30.06.2015, following the increase of capital mentioned above, the authorised capital is 10’890’600 shares and the conditional capital is of 7’485’288 shares.

A substantial conversion of the Recharge ApS loan to Leclanché shares took place in July 2015, and the proforma effect is shown below in note 12. Subsequent Events.

10. COMMITMENTS

Lease commitments

Lease commitments	30.06.2015	restated 30.06.2014	30.06.2014
	kCHF	kCHF	kCHF
Within one year	1'900.5	1'930.0	2'550.0
Between 12 and 60 months	5'933.1	6'768.1	11'092.5
More than 5 years	1'864.8	2'930.4	4'653.3
	9'698.5	**11'628.5**	**18'295.9**

An error in the calculation of Lease Commitment in the 2014 Interim Report has been corrected in these accounts and the prior period comparatives have been re-stated for disclosure purpose only.

11. CONTINGENT LIABILITY

The group has contingent liabilities in respect of legal claims arising in the ordinary course of business. No provision has been recognized in this condensed interim financial information, as legal advice indicates that it is not probable that a significant liability will arise.

12. SUBSEQUENT EVENTS

Share Capital

On 15 July 2015, Recharge converted 8’500’000 shares. Talisman exercised a further 150’000 warrants. The share capital is at the date of publication of this report of 34’236’515 shares.

At the date of this report the remaining authorised capital is 4’673’710 shares and the remaining conditional capital is 5’052’178 shares.

Capitalization and Indebtedness

The following table sets out our consolidated capitalization of the Company as at June 30, 2015 (i) on an actual basis and (ii) as adjusted to reflect transactions which have occurred after the balance sheet date in respect of (a) full conversion of Facility A and partial conversion of Facility B into shares (b) partial exercise of the Talisman series A Warrants (c) an estimate of transaction costs related to the items noted above. This table should be read in conjunction with the Interim Financial Statement and the prospectus published on July 17, 2015.

	As at June 30, 2015	
	Actual	As adjusted for the Listing Shares and other transactions affecting the capitalization of the group, subsequent to 30th June 2015 (1)
	TCHF	
Cash and short-term deposits (cash)/borrowings	(2,742.8)	(3,792.8)
Current interest-bearing loans and borrowings (see note 8 above)	2,812.2	2,812.2
Non-current interest-bearing loans and borrowings	(2)16,647.6	(3)2,482.1
Total net (cash)/indebtedness	**16,717.0**	**2,482.1**
Issued share capital	38,379.8	51,354.8
Share premium	63,248.4	67,169.7
Other equity	(92,531.1)	(92,531.1)
Total equity	**9,097.1**	**25,312.6**
Total capitalization	**25,814.1**	**25,814.1**

(1) These adjusted figures reflect the following: (a) full conversion of Facility A into 7,339,549 shares at CHF 1.90 and partial conversion of Facility B into 1,160,451 shares at CHF 2.50. (b) exercise of 150,000 Talisman series A Warrants at CHF 1.50.

(2) Represents the Recharge convertible loan at June 30, 2015

(3) Represents the Recharge convertible loan after the conversion and a further 2 million which has been drawdown since June 30, 2015.

Acquisition of Trineuron

On 29 July 2015 Leclanché acquired Trineuron. The acquisition of Trineuron is in the form of a share deal whereby the company acquires a subsidiary of the Belgium company Emrol against payment of 410'000 Leclanché shares.

Design and IP rights acquisition from ADS-TEC GmbH

On 13 August 2015 Leclanché announced the acquisition of design and IP rights for modules and battery management system software from ADS-TEC GmbH. The transaction is a shares and cash deal with consideration in the form of 1'000'000 Leclanché shares and two million euros in cash.
Under the license and co-operation contract that has been signed, ADS-TEC, based in Nürtingen (Germany), which has been a partner of Leclanché for many years, will also provide production knowhow of their battery systems technology and will continue to supply systems to Leclanché for a period of time while the necessary investment and set up to facilitate modules manufacturing in Switzerland is undertaken.

Leclanché SA
Avenue des Sports 42
Case Postale
CH – 1401 Yverdon-Les-Bains

Tél. +41 24 424 65 00
Fax +41 24 424 65 01
www.leclanche.com

Disclaimer

This document contains forward-looking statements, including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives.

These statements are subject to known and unknown risks and uncertainties and could be affected by other factors that could cause actual results, plans and objectives to differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, performance of financial market, competitive factors and changes in laws and regulations.