Leclanché Group

Interim condensed consolidated financial statements 2017

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Condensed consolidated income statements for the period ended 30 June 2017 and 2016 (unaudited)

	Notes	30.06.2017	30.06.2016
		kCHF	kCHF
Sales of goods and services	8	5'795.4	5'727.9
Other income	9	4'838.2	38.2
Total income		10'633.6	5'766.1
Raw materials and consumables used		-5'529.8	-4'303.0
Personnel costs		-8'841.0	-9'612.8
Other operating expenses		-5'794.9	-4'774.7
Earnings Before Interest, Tax, Depreciation and Amortisation		-9'532.1	-12'924.4
Depreciation, amortisation and impairment expenses		-1'972.4	-2'657.6
Operating Loss		-11'504.5	-15'582.0
Finance costs		-460.4	-1'852.0
Finance income		-	22.2
Loss before tax for the period		-11'964.9	-17'411.8
Income tax		55.3	67.1
Loss for the period		-11'909.6	-17'344.7

Condensed consolidated statements of comprehensive income for the period ended 30 June 2017 and 2016 (unaudited)

	30.06.2017	30.06.2016
	kCHF	kCHF
Loss for the period	-11'909.6	-17'344.7
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	-102.8	-1'491.5
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	253.4	108.4
Other comprehensive income/(loss) for the period	150.6	-1'383.1
Total comprehensive loss for the period	-11'759.0	-18'727.8
Attributable to:		
Equity holders of the parent	-11'759.0	-18'727.8
Non-controlling interests	-	-

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

Condensed consolidated balance sheets at 30 June 2017 (unaudited) and 31 December 2016 (audited)

	Notes	30.06.2017	31.12.2016
		kCHF	kCHF
ASSETS			
Non-current assets			
Property, plant and equipment		9'731.1	9'195.8
Intangible assets		5'841.6	6'904.6
Other financial assets	10	1'307.3	755.6
		16'880.0	16'856.0
Current assets			
Inventories		12'213.8	9'607.1
Trade and other receivables	11	21'334.5	21'462.1
Cash and cash equivalents		707.7	4'544.6
		34'256.0	35'613.8
TOTAL ASSETS		51'136.0	52'469.8
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12	73'775.6	72'005.2
Share premium		12'353.9	11'293.9
Reserve for share-based payment	13	1'370.9	1'005.8
Other reserves		4'974.9	4'974.9
Translation reserve		-4'345.8	-4'599.2
Equity component of warrants (and convertible notes)	14	2'140.4	943.6
Remeasurements of post-employment benefit obligations		-17'163.5	-17'060.7
Accumulated losses		-85'808.6	-73'899.0
Total Equity		-12'702.2	-5'335.5
Non-current liabilities			
Defined benefit pension liability		9'687.6	9'480.3
Deferred tax liability		450.5	505.8
		10'138.1	9'986.1
Current liabilities			
Provisions		35.0	64.3
Convertible loans	14	23'779.9	21'814.6
Embedded derivatives	14	-	1'616.5
Borrowings		3'178.5	500.0
Trade and other payables		26'706.7	23'823.8
		53'700.1	47'819.2
TOTAL LIABILITIES		63'838.2	57'805.3
TOTAL EQUITY AND LIABILITIES		51'136.0	52'469.8

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

Leclanché
Energy Storage Solutions

Condensed consolidated statement of changes in equity for the period ended 30 June 2017 (unaudited)

	Attributable to equity holders of the parent								
	Issued share capital	Share premium (1)	Reserve for share-based payment	Other reserves	Equity component of convertible loan and warrants	Translation reserve	Remeasure-ments of post-employment benefit obligations	Accumulated losses	Total
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2016	56'854.5	72'874.5	1'936.5	8'632.2	3'479.6	-4'609.5	-16'434.2	-114'121.8	8'611.8
Loss for the period	-	-	-	-	-	-	-	-17'344.7	-17'344.7
Other comprehensive income:									-
Remeasurements of post employment benefit obligations	-	-	-	-	-	-	-1'491.4	-	-1'491.4
Currency translation differences	-	-	-	-	-	108.4	-	-	108.4
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**108.4**	**-1'491.4**	**-17'344.7**	**-18'727.7**
Cancellation of share premium and other reserves against Accumulated losses	-	-71'888.2	-	-3'657.3	-	-	-	75'545.5	-
Reserve for share-based payment	-	-	-1'842.3	-	-	-	-	1'842.3	-
Warrants exercice	150.0	136.0	-	-	-136.0	-	-	-	150.0
Capital increase by loan conversion (Facility B) - 29.04.2016	3'201.7	1'944.6	-	-	-	-	-	-	5'146.3
Capital increase by loan conversion (Facility B) - 15.06.2016	1'755.8	1'141.2	-	-	-	-	-	-	2'897.0
Capital increase by loan conversion (MCN) - 15.06.2016	1'500.0	876.0	-	-	-2'400.0	-	-	-	-24.0
Balance at 30 June 2016	**63'462.0**	**5'084.1**	**94.2**	**4'974.9**	**943.6**	**-4'501.1**	**-17'925.6**	**-54'078.7**	**-1'946.6**
Balance at 1 January 2017	72'005.2	11'293.7	1'005.8	4'974.9	943.6	-4'599.2	-17'060.8	-73'898.7	-5'335.5
Loss for the period	-	-	-	-	-	-	-	-11'909.6	-11'909.6
Other comprehensive income:									
Remeasurements of post employment benefit obligations	-	-	-	-	-	-	-102.8	-	-102.8
Currency translation differences	-	-	-	-	-	253.4	-	-	253.4
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**253.4**	**-102.8**	**-11'909.6**	**-11'759.0**
Reserve for share-based payment	-	-	365.1	-	-	-	-	-	365.1
Warrants exercice	334.2	260.4	-	-	-303.1	-	-	-	291.5
Capital increase Baring Asset Management	1'436.2	799.8	-	-	-	-	-	-	2'235.8
MCN Bruellan & Trialford	-	-	-	-	1'499.9	-	-	-	1'499.9
Balance at 30 June 2017	**73'775.6**	**12'353.9**	**1'370.9**	**4'974.9**	**2'140.4**	**-4'345.8**	**-17'163.6**	**-85'808.3**	**-12'702.2**

(1) 432 KCHF of transaction costs are accounted for as a deduction of Share premium in 2017

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 2017 and 2016 (unaudited)

	Notes	30.06.2017	30.06.2016
		kCHF	kCHF
Operating activities			
Loss for the period		-11'909.6	-17'344.7
Non cash adjustments:			
Depreciation of property, plant and equipment		886.0	1'487.2
Amortisation of intangible assets		1'086.4	1'170.4
Result on scrapping of fixed assets		-2.1	-
Allocation to provision for impairment of receivables		36.1	-
Allocation to provision on inventories		94.3	-
Non-realised foreign exchange differences		81.1	-159.3
Recognised expense for stock option plan		365.1	-
Movement in provisions		-29.3	-215.0
Pension cost		104.4	199.5
Interest expense		460.3	1'852.0
Interest income		-	-22.2
Income tax		-55.3	-67.1
Working capital adjustments:			
(In)/Decrease in trade and other receivables		2'222.9	-6'324.2
(In)/Decrease in inventories		-2'700.8	-4'821.2
In/(Decrease) in trade and other payables		2'853.7	131.5
Interest paid		-82.4	-42.5
Net cash used in operating activities		**-6'589.2**	**-24'155.6**
Investing activities			
Purchase of property, plant and equipment		-1'260.6	-1'713.7
Insurance indemnities (fire)		-	4'436.4
Investment in other financial assets	10	-2'683.1	-2'398.1
Capitalised development expenses		-	-44.0
Acquisition of intangible assets		-8.0	-
Net cash used in investing activities		**-3'951.8**	**280.6**
Financing activities			
Proceeds from share capital increase (net of transaction costs)		2'236.0	-
Proceeds from warrants exercised (net of transaction costs)		291.4	95.7
Proceeds from Mandatory Convertible Note		1'500.0	22'285.1
Proceeds from bridge loan		2'703.5	-
Repayment of borrowings		-25.0	-
Net cash from financing activities		**6'705.9**	**22'380.8**
Increase / (Decrease) in cash and cash equivalent		**-3'835.0**	**-1'494.2**
Cash and cash equivalent at 1 January		4'544.6	3'541.8
Cash and cash equivalent at 31 December		707.7	2'099.9
Effect of exchange rate changes		1.9	-52.3
Variation		**-3'835.0**	**-1'494.2**

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 2017 (unaudited)

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Leclanché SA (the "Company" and together with its subsidiaries Leclanché GmbH, Leclanché UK Ltd, Leclanché BVBA and Leclanché North America Inc., the "Group") for the half-year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Board of Directors on September 28, 2017.

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

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2017 is prepared in accordance with IAS 34, 'Interim financial reporting.' The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS.

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 31 December 2016 except as described below.

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

The following relatively minor changes have been applied by the Group from their effective date, but they had no significant impact on the Group's financial statements:

- Amendment to IAS 7 'Statement of Cash Flows', amendments as result of the Disclosure Initiative (effective date 1 January 2017)
- Amendment to IAS 12 'Income Taxes', amendments regarding the recognition of deferred tax assets for unrealised losses (effective date 1 January 2017)
- Amendment to IFRS 12 'Disclosure of Interests in Other Entities', amendments resulting from *Annual Improvement Cycle 2014-2016* (clarifying scope) (effective date 1 January 2017)

New standards, interpretations to existing standards and standards amendments that are not yet effective:
The Group has not early adopted any other new standards, interpretations to existing standards and standards amendments which need adoption by 1 January 2018 or later. The Group has commenced, but not yet completed, an assessment of the impact of the adoption of these new or amended standards on its consolidated financial statements. The relevant standards and amendments identified by the Group to date are disclosed in the Annual Financial Statement for the year ended 31 December 2016.

4. ESTIMATES

The preparation of interim condensed consolidated financial statements requires management to make judgements, 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 2016, except for the uncertainties and ability to continue as a going concern, see below.

5. UNCERTAINTIES AND ABILITY TO CONTINUE AS A GOING CONCERN

As of June 30, 2017, there is a material uncertainty regarding the Company, which may cast doubt about the going concern assumption. Under Swiss law, Leclanché SA is overindebted as of June 30, 2017. As announced at its AGM on 26 July 2017, Leclanché has been working with its major shareholders to secure its short-term funding and cure its 30 June 2017 over indebtedness position by 30 September 2017. Below you find the major steps executed between 1 July 2017 and the date of issuance of these interim condensed financial statements (detailed in Note 18 on Subsequent events):

- Maturity extension of LECN Co Invest / ACE JADE convertible loan to 30 June 2018 (see note 14)
- Transfer of kCHF 12'000 of LECN Co Invest / ACE JADE convertible loan to Golden Partner which has been converted for kCHF 5'383 in September 2017 and kCHF 5'616 in October 2017 (see note 18)
- Share capital increase in July 2017 of KCHF 3'500 from Golden Partner group (see note 18)
- Securisation of new mandatory convertible loans from Golden Partner and Bruellan amounting in total to kCHF 15'000 that have been converted in September 2017 (see note 18)
- Conversion in July 2017 of kCHF 1'500 mandatory convertible loans from Bruellan and Trialford (see note 18)
- On 27 September Leclanché has secured a new Convertible Loan Agreement with GP, ACE and JADE providing the Company with a new financing up to kCHF 11'000. kCHF 5'000 has been received before the date of issuance of these interim condensed financial statements.

In addition, the Company's Board of Director has approved the launch of a Rights Offering seeking to raise by end January 2018 capital from current shareholders and new institutional and strategic investors.

In parallel, Leclanché plan to launch a dual listing process that will allow to raise the capital required to finance its growth plan until it becomes cash positive. Management remains confident to successfully fund its business plan by Q2 2018.

Subject to the availability of sufficient equity and debt funding, 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 hence, the Interim condensed consolidated financial statements 2017 have 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 as mentioned above

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 2016.
There have been no changes in the risk management or in any risk management policies since 31 December 2016.

Fair value estimation

The nominal values less any estimated credit adjustments for the following financial assets and liabilities are assumed to approximate their fair values:

- Trade and other receivables
- Cash and cash equivalents
- Other financial assets
- Borrowings
- Convertible loan (level 3)
- Embedded derivative (level 3)
- Trade and other payables

In 2017, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. In 2016, there were no reclassifications of financial assets.

7. SEASONALITY OF OPERATIONS

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

8. 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 Amortisation (EBITDA). This measure excludes the effects of depreciation, amortisation, taxes, financial income and financial costs, as well as the effects of non-recurring expenditures. The impact on personnel costs related to IAS 19 / IFRIC 14 and finance income and charges are not included in the result of each operating segment.

Since 1 January 2016, the operating business is organised in 4 segments:

- **Utility Scale Generation & Microgrids (USGM-Stationary)** sells customised systems to support customers in both electricity generation markets (such as renewable energy integration, micro-grid or distributed power) and in transmission & distribution markets (so-called grid ancillary services).
- **Commercial & Industrial Battery Systems (CIBS)** develops and delivers both turn-key customised solutions and off-the-shelf solutions incorporating battery storage and/or charging solutions utilising both in-house and third-party technologies for civil, military, medical and industrial machineries markets.
- **E-Transport (Mobility)** sells customised systems to support customers in the mass marine and road transportation.
- **Energy Efficiency Solutions (EESO)** sells branded consumer products on selected markets (Distribution).

All costs that cannot be allocated directly to the four business units (USGM-Stationary, CIBS, E-Transport and EESO) are grouped under Corporate, and are kept under regular review by the Executive Committee.

The segment information for the reportable segment is as follows:

	E-Transport		Utility Scale Generation & Microgrids		Commercial & Industrial Battery Systems		Energy Efficiency Solutions		Corporate Costs		**Total**	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**
Sales of goods and services	101.2	266.8	1'427.0	2'519.9	3'071.6	1'566.2	1'193.0	1'366.0	2.6	9.0	5'795.4	5'727.9
EBITDA	-600.5	-1'111.6	-1'962.2	-5'524.1	-644.6	-1'669.7	-62.0	-143.4	-6'262.9	-4'475.6	-9'532.1	-12'924.4
EBIT	-603.2	-1'163.7	-3'833.0	-7'693.9	-668.1	-85.7	-62.0	-141.2	-6'338.2	-4'497.5	-11'504.5	-15'582.0

Reconciling items	**30.06.2017**	**30.06.2016**
	kCHF	kCHF
EBITDA	**-9'532.1**	**-12'924.4**
Depreciation and amortization	-1'972.4	-2'657.6
EBIT	**-11'504.5**	**-15'582.0**
Finance revenue	-	22.2
Finance costs	-460.4	-1'852.0
Income tax	55.3	67.1
Loss for the period	**-11'909.6**	**-17'344.7**

9. OTHER INCOME

In April 2016, Leclanché GmbH in Willstätt suffered an accidental fire in a section of the factory, which destroyed two machines, as well as some inventories, and damaged some infrastructure. A partial repayment has been received from the insurance company in 2016, in order to finance the replacement of the damaged equipment. In 2017, the Company has received kCHF 2,170 from the insurance as the final settlement related to the above accident.

Other income also includes grant amount in connection with a European project for kCHF 2,230.

10. OTHER FINANCIAL ASSETS

	30.06.2017	**31.12.2016**
	kCHF	kCHF
Investments	503.6	503.6
Deposits	803.7	252.1
Total	**1'307.3**	**755.6**

The increase in deposits is due to a set-up of a performance reserve of kCHF 543.3 on a project.

11. TRADE AND OTHER RECEIVABLES

	30.06.2017	31.12.2016
	kCHF	kCHF
Trade receivables, net of provision for impairment of receivables	11'681.3	12'345.9
Advances to suppliers	2'601.6	2'521.7
Short-term loan	5'011.4	2'881.3
Other receivables	2'040.2	3'713.2
Total	**21'334.5**	**21'462.1**

Advances, shown here above as short term loan, have been injected in the SPV “Maple Leaf” and the SPV “Marengo” in order to finance the project itself as well as the rent guarantee for the project’s land.

12. SHARE CAPITAL

As at 30 June 2017, following the conversion of warrants Talisman and an increase in capital by Baring Asset Management, the share capital amounts to CHF 73’775’561, consisting of 49’183’707 issued and fully paid-in registered shares with a nominal value of CHF 1.50.

13. SHARE-BASED PAYMENT

Effective from 1 January 2014, the Company introduced a performance related Capped Stock Option Plan ("CSO Plan") for senior executives that is linked to both Company and individual performance.

The 2’495’000 options of this capped Stock Option Plan, outstanding as at 30 June 2017, represent an expense of kCHF 365.2 during the 1H 2017 (including 34’000 options forfeited for kCHF 10.5). The related reserve for share-base payment amounts to kCHF 1’370.9.

14. CONVERTIBLE LOAN AND WARRANTS

Convertible loan

LECN CO Invest /ACE / JADE convertible loan maturity date was 30 June 2017 and was neither repaid nor converted at this date. The option to convert expired at 30 June 2017 and therefore the embedded derivative on LECN CO Invest /ACE / JADE convertible loan is nil as of 30 June 2017. The value of the liability is equal to the nominal value plus interest and conversion fees.

As of the end of the period:

	30.06.2017	31.12.2016
	kCHF	kCHF
LECN Co Invest / ACE / JADE convertible loan	20'714.7	20'714.7
Interest, finance charges and conversion fees	3'065.2	2'716.5
Fair value embedded derivative	-	-1'616.5
Value of LECN Co Invest/ACE/JADE Convertible loan at the end of the period	**23'779.9**	**21'814.7**

Mandatory Convertible Note (MCN)

On 11 April 2017, a Purchase and Subscription Agreement was signed between the Company and Bruellan Corporate Governance Action Fund (Bruellan) that committed Bruellan to invest the amount of CHF 1’000’001.60 in the Company. On a letter dated 12 June 2017, Bruellan confirmed its intention to convert its notes into registered shares of Leclanché. As at 30 June 2017, the equity component of the above MCN amounts to CHF 1’000’001.60 (100%).

On 19 April 2017, a Purchase and Subscription Agreement was signed between the Company and Trialford Limited (Trialford) that committed Trialford to invest the amount of CHF 500’000.80 in the Company. On a letter dated 12 June 2017, Trialford confirmed its intention to convert its notes into registered shares of Leclanché. As at 30 June 2017, the equity component of the above MCN amounts to CHF 500’000.80 (100%).

As of the end of the period:

	30.06.2017	31.12.2016
	kCHF	kCHF
Value of Mandatory Convertible Note at the beginning of the period	**-**	**-**
Face value of Mandatory Convertible Loans	-	-
Equity component of Mandatory Convertible Note	-1'500.0	2'400.0
Conversion of MCN (15/06/2016)	-	-2'400.0
Value of Mandatory Convertible Note at the end of the period	**-1'500.0**	**-**

Warrants

On 31 October 2013, the Company issued to Talisman Infrastructure International Ltd, 832’827 Series A Warrants and 594’876 Series B Warrants as compensation for non-regulated services rendered to the Company in connection with capital raising from Precept. On 21 March 2017, 222’827 Series A Warrants have been exercised and consequently 222’827 shares were issued out of the authorised capital.

Number of Warrants	Date	Series A	Series B
At 1 January 2015		832'827	594'876
Exercice	15.06.2015	-100'000	-
Exercice	23.07.2015	-150'000	-
Exercice	08.10.2015	-100'000	-
Exercice	17.11.2015	-160'000	-
At 31 December 2015	**31.12.2015**	**322'827**	**594'876**
Exercice	15.06.2016	-100'000	-
At 31 December 2016	**31.12.2016**	**222'827**	**594'876**
Exercice	21.03.2017	-222'827	-
At 30 June 2017	**30.06.2017**	**-**	**594'876**

The outstanding amount has been reattributed to equity component, as follows:

			30.06.2017			30.06.2016
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
	Series A	**Series B**	**Total**	**Series A**	**Series B**	**Total**
At the beginning of the period	303'148	640'390	943'538	439'194	640'390	1'079'584
Exercice of Warrants	-303'148	-	-303'148	-136'046	-	-136'046
At the end of the period	-	640'390	640'390	303'148	640'390	943'538

15. CONTINGENT LIABILITY

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

16. RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties.

Key management compensation

The compensation paid and accrued for to key management is shown below:

	30.06.2017	30.06.2016
	kCHF	kCHF
Salaries and other short-term employee benefits	1'523.6	1'203.3
Share-based payments	348.8	-
Total	**1'872.4**	**1'203.3**

Related parties

There is no change in related parties compared to year end 2016.

Transactions

	30.06.2017	30.06.2016
	kCHF	kCHF
Sales of goods and services:		
- to Marengo	132.8	-
- to Emrol	17.2	53.9
	150.0	**53.9**
Raw materials and consumables purchased:		
- from Emrol	-	4.1
	-	**4.1**
Personnel costs purchased:		
- from Silveron	-	56.0
- from Emrol	-	44.9
	-	**100.8**
Other operating expenses purchased:		
- from Silveron	-	50.6
- from Emrol	0.4	4.2
	0.4	**54.9**
Finance costs		
- from Golden Partner	82.5	-
	82.5	**-**

Period-end balances

	30.06.2017	31.12.2016
	kCHF	kCHF
Included in current assets:		
- receivable from Marengo	2'315.8	4'058.0
- receivable from Emrol	0.7	15.0
	2'316.5	**4'073.0**

	30.06.2017	31.12.2016
Included in current liabilities:		
- trade and other payables due to Golden Partner	700.0	700.0
- bridge loan due to Golden Partner (1)	2'703.5	-
- trade and other payables due to Silveron	381.9	381.9
- trade and other payables due to Emrol	-	0.1
	3'785.4	**1'082.0**

(1) Terms and conditions: the bridge loan due to Golden Partner has an interest rate of 12% with an option to convert.

17. EARNINGS PER SHARE

	30.06.2017	30.06.2016
	kCHF	kCHF
Net loss attributable to ordinary equity holders of the parent	-11'909.6	-17'344.7

	30.06.2017	30.06.2016
Weighted average number of ordinary shares in issue	48'565'904	38'243'227

	30.06.2017	30.06.2016
Earnings per share	CHF	CHF
- basic	-0.25	-0.45
- diluted	-0.25	-0.45

Basic profit per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.
The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration.

18. SUBSEQUENT EVENTS

Share Capital

On 19 July 2017, Finexis Equity Fund Renewable Energy (FEFRE) and Finexis Equity Fund Multi Asset Strategy (FEFMAS) invested respectively CHF 3'098'250.0 and CHF 401'752 into the Company. It corresponds to a placement of 1'549'125 and 200'876 shares respectively, based on a CHF 2.00 price per share. The capital increase was registered in the Commercial Register of the Canton of Vaud on 20 July 2017.

Authorised Capital

At the Annual General Meeting (AGM) held on 26 July 2017, the shareholders have approved a Board resolution to create an authorised capital of a maximum amount of CHF 38’200’281 (divided into a maximum of 25’466’854 registered shares of CHF 1.50 nominal value each), to extend the exercise period of the existing authorized share capital to 2 May 2019.

Conditional Capital

At the AGM held on 26 July 2017, the shareholders have accepted the Board resolution to adjust the conditional capital reserved for convertible loans, to a maximum amount of CHF 33’700’281 (divided into a maximum of 22’466’854 registered shares of CHF 1.50 nominal value each).

Convertible loan

On 26 July 2017, a Term Sheet agreement has been signed between the Company, ACE/JADE/LECN and Golden Partner International (GP) setting principally the following terms of the convertible loans:

- GP shall acquire from the members of the Ace Group, which shall transfer to GP, a portion of the ACE/JADE/LECN Notes in the total amount of kCHF 12’000, representing 52.76% of the ACE/JADE/LECN E notes as at 30 June 2017
- The details of the transfer of the ACE/JADE/LECN notes are set out in the Transfer Agreement signed by the Parties on 26 July 2017
    - Facility B: CHF 1’574’237 of principal transferred and CHF 199’643 of interest transferred (52.47% of total Facility B)
    - Facility C: CHF 9’295’724 of principal transferred and CHF 930’395 of interest transferred (52.47% of total Facility C)
- At closing, the Parties will extend the Maturity date until 30 June 2018
- Ace Group shall commit not to convert their portion of the Facilities before 1 January 2018.
- On 27 September Leclanché has secured a new Convertible Loan Agreement with GP, ACE and JADE providing the Company with a new financing up to kCHF 11’000. kCHF 5’000 has been received before the date of issuance of these interim condensed financial statements.
- On 29 September 2017, GP has converted CHF 5’383’144.50 of Facility B/C into 3’588’763 registered shares at a conversion price of CHF 1.50.
- On 6 October 2017, GP has converted CHF 5’616’855.0 of Facility B/C into 3’744’570 registered shares at a conversion price of CHF 1.50.

Mandatory Convertible Note (MCN)

On 14 July 2017, a Purchase and Subscription Agreement was signed between the Company and Golden Partner International SA SPF (GP) that committed GP to invest the amount of CHF 12’000’000. On 31 July 2017, the Company received the amount of CHF 11’978’498.90 at bank, net of commissions.

On 25 July 2017, a Purchase and Subscription Agreement was signed between the Company and Bruellan Corporate Governance Action Fund (Bruellan) that committed Bruellan to invest the amount of CHF 3’000’000. On 25 August 2017, the Company received the amount of CHF 2’940’000 at bank, net of commissions.

This capital raising and new MCNs provide the Company with capital resources to continue to convert its significant orders into revenue and maintain its overall mid-term Growth Plan.

On 20 July 2017, Bruellan MCN dated 11 April 2017 for CHF 1’000’001.60 has been converted into 666’668 registered shares at a conversion price of CHF 1.50.

On 20 July 2017 Trialford MCN dated 19 April 2017 for CHF 500’000.80 has been converted into 333’334 registered shares at a conversion price of CHF 1.50.

On 29 September 2017, Bruellan MCN for CHF 3’000’000 and GP MCN for CHF 12’000’000 have been converted into 2’000’000 and 8’000’000 registered shares respectively at a conversion price of CHF 1.50.

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Leclanché S.A. shares are listed on the SIX Swiss Exchange, Zurich (ISIN code: CH0110303119).
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