Leclanché Group

2015 Annual Report

Table of Content

Letter to our shareholders	3 - 13
Corporate governance	13 - 35
Compensation Report	36 - 41
Report of the statutory auditor on the Compensation Report	42
Consolidated financial statements 2015	43 - 86
Report of the statutory auditor on the consolidated financial statements	87 - 88
Statutory financial statements 2015	89 - 99
Report of the statutory auditor	100 - 101
Contacts & Disclaimer	102

LETTER TO OUR SHAREHOLDERS

Dear Shareholders

We are delighted to present our audited annual report for 2015. This has been a strong year for Leclanché; our strategic partnerships and investments have brought us the ability to offer world-class customer solutions in several high growth markets across our three application areas (utility-scale generation & microgrids, eTransport, and commercial & industrial battery systems). This has resulted in excellent operational momentum, with major industry-leading project wins validating our position as the leading vertically integrated energy storage solution provider. We are excited about the opportunities ahead as we execute on our pipeline and continue to build out our capabilities so we can continue to capture the rapidly growing global energy storage market.

A year ago we reported that the Company had to shift from turnaround to growth mode, with the announcement of our Growth Plan in September 2014, and that additional capital may be required to support this growth. This is exactly what we have managed to achieve, thanks to our two new major shareholders Golden Partner and ACE & Company, as well as ongoing support from Recharge A/S (who provided an additional CHF 10 million facility). In fact, we can report that in December 2015 we achieved steady-state EBITDA break-even excluding all exceptional items, driven by revenue from the Graciosa project as well as implementation of our cost reduction measures.

We are now successfully re-positioned in the market place as a **vertically integrated energy storage systems provider**, with capabilities extending from proprietary Li-ion batteries downstream through systems and solutions integration, into a global market that is forecast to grow 37% annually to 75.5 GWh by 2020[1]. Today we are delivering our solutions across three high growth market segments, as described below.

1) Utility-scale generation and microgrid applications - forecast to grow 48% annually to 4.2 GWh[1].

a) Project highlight – distributed power – Graciosa: in the Island of Graciosa in the Azores, Portugal, we are completing one of the world's largest Lithium-battery based micro-grid projects. This 3.2 MWh Battery Energy Storage System and Inverters had a combined project cost of € 9 million. Leclanché scope of work included Engineering, Procurement and Construction (EPC) for the battery park and consortium leadership for the project. The Company has already delivered its scope of work to the project and is currently installing the system. The entire production plant will be fully operational in summer 2016.

   This project is based on our proprietary power-intensive Lithium Titanate Oxide (LTO) cells which we have developed over the past six years. LTO provides the best customer fit as its leading 20 year lifetime can be matched to the lifetime of other energy infrastructure assets (e.g. wind turbines and solar photovoltaic (PV)). LTO is the only Lithium-ion technology which can operate for 20 years in this way.

b) Project highlight - grid ancillary services – Ontario: in January 2016, we announced a win for one of the world's largest utility-scale stationary storage systems in Ontario, Canada. This is a 53 MWh / 13 MW Energy Storage System or US$ 45.0 million order for turn-key Engineering, Procurement and Construction (EPC) Contract. Internally named "IESO Ontario," this project is eighteen times bigger than the Graciosa project and includes:

[1] Source : Navigant Research, April 2016

i. Battery-based Energy Storage Systems and Power Conversion System (Inverters and MV Switchgear) worth US$ 28.9 million
ii. Balance of Plant and Contingency for US$ 16.1 million
iii. In Phase Two, expected before end of the year 2018, the project will be upgraded with significant Power capacity increase to 120 MW. This will represent US$ 23.7 million new order for the Company.

This project is based on our high energy density G-NMC cells introduced this past year. This project highlights the second cell technology that Leclanché offers and operates in the grid ancillary service. The grid services are required to maintain stability as more and more renewable energy comes into the electricity mix. This market is rising fast and early players will have access to GWh sized markets in the coming years.

2) **Commercial & industrial battery systems** (including smart cities street lighting, residential energy storage, telecoms, medical, defence and other specialty applications) – forecast to grow 48% annually to 11.3 GWh[2].

c) Project highlight – solar street lighting: we delivered 200 battery modules for off-grid street lighting masts to be deployed in Saudi Arabia. The Company teamed up with Scotia A/S, to provide innovative battery pack development and supply to Octo Energy. Denmark based and long term Leclanché partner Scotia has designed and developed a state-of-the-art lighting mast with PV solar panels fully integrated in the surface of the mast including LED lighting on the top as well as the smart control and battery pack all situated inside the mast.

i. This battery module, designed and developed in Yverdon-les-Bains (Switzerland), represents the world's first LTO battery based system for this application
ii. Thanks to these cells, the system is capable of working in harsh environments with ambient temperatures ranging from -20°C to 55°C
iii. Leclanché's battery system design is fully modular and capable of delivering up to 2 days of independent operation without additional charging.

3) **eTransport** (including buses, ferries, forklifts, trains and industrial material handling) – forecast to grow 37% annually to 6 GWh[1].

d) Project highlight – largest electric ferry: we have been selected to power the largest electric ferry in the world. The E-Ferry will be sailing in 2017 between the islands of Ærø, Fynen and Als in southern Denmark. With a 4.3 MWh battery capacity, the E-Ferry sets a new benchmark for batteries in marine propulsion applications.

The state-of-the-art energy storage system will be using our high energy G-NMC cells with unique safety features including ceramic separator to ensure that performance does not come at the cost of safety. Parallel, redundant battery and drivetrain systems makes the E-Ferry exceedingly safe and reliable and it has been designed with uniquely integrated battery and drivetrain systems providing unparalleled operating efficiencies.

[2] Source: Navigant Research, April 2016

Funding

From a funding standpoint, it has been a year of stabilization. By December 31, 2015 the full CHF 13 million Facility A; full CHF 8 million under Facility B; and CHF 2.7 million from Facility B Extension had been drawn from Recharge A/S convertible loan.

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.

In December 2015, the Company raised CHF 6.9 million for investment in developing and deploying large projects. Leclanché has secured solid backing from most of its larger shareholders as well as a new significant private equity investor, ACE & Company. ACE & Company is a global private equity group based in Geneva, Switzerland. The group has five offices globally and invests across the various stages of private equity, from business angel to buyout acquisitions, including growth capital and special situations. Commenting on the new partnership with Leclanché, Adam Said, CEO and founder of ACE & Company, said that he was "proud to support Leclanché in its efforts to become a market leader in energy storage solutions and confident that the research, engineering, and technical teams at Leclanché are best able to serve the increasing demand of clients for fully integrated and specialty battery systems"

Also, on 29 December 2015, Golden Partner International SA SPF announced it had acquired all the 11'248'821 shares which belonged to the Precept Group (Precept Fund Management SPC and Oakridge Global Energy Solutions (Hong Kong) Ltd.). As of 23 December 2015, the number of registered shares amounted to 37,902,974, thus Golden Partner acquisition represents 29.68% of the company. Golden Partner International SA SPF is a Luxembourg entity which, according to the notification received, is beneficially owned by Mr Jia Yufeng, resident in China.

This has been a very fruitful 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 as Board members, and for the substantial financial support which has helped the Company accelerate its Growth plans.

Key Events and Achievements in 2015

EPFL Project

In September 2014, we announced a landmark project together with the "Swiss Institute of Technology" in Lausanne ("EPFL") and "Romande Energie" (which runs one of the largest roof top solar power plants in 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 512 kWh high-capacity long life battery storage, comprising approximately 8,000 LTO cells with related mechanical, electrical and software systems housed in a 40 foot container, has been installed on site at EPFL and has been successfully commissioned. This project is an important reference for the Company and has already proven helpful towards securing orders for megawatt-scale storage projects.

Leclanché
Energy Storage Solutions

Graciosa

In April 2015, 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 % to up to 65 % and thus allow the island to substantially reduce its dependence on fuel imports.

- In May 2015, 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 € 3.5 million 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. Further Recharge increased its investment by putting an equity of € 7.9 million to accelerate deployment of the project.

Strategic alliance with Visedo

In May of 2015, 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 eTransport vehicles. Our joint solution represents a true breakthrough for the industry as real-time tests show that it is 20% or more efficient compared with its peers currently on the market.

- The first joint project 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, 117 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 CO2 emissions by 2,000 tons and NOx 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 4 MW for short port stays and efficient operation, and will be scheduled for delivery during 2016.

Continued shareholder support from Recharge

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. In addition, a further CHF 5 million of Facility B was granted at that time and the term of the loan was extended from June 2016 to June 2017.

- 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."

Acquisition of Trineuron

In July we also announced the acquisition of Trineuron, a business unit of the Belgian Company Emrol. Trineuron's products and market foot-print are very complementary to those of Leclanché, in particular its multi-functions applications controller and cloud services platform. 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. This acquisition provides a strong 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 GmbH as referenced below.

Acquisition of design and IP rights from ads-tec GmbH

In August of this year we announced the acquisition of design and IP rights for modules and battery management system software (BMS) from ads-tec GmbH. 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 the value chain together with significantly improved competitive position and margins for our in-sourced total solutions offering.
- Consideration is in the form of 1 million Leclanché shares (preserving funds for other growth initiatives and strengthening the Company's balance sheet) and EUR 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.

Electric buses entered service in Belgium

In October 2015, the first three full electric buses were taken in to service through the effort of a consortium between Van Hool, Bombardier and Leclanché. Through their fast charge capability, they have a virtually unlimited autonomy allowing them to be used continuously in the city transport system. We designed and optimized the battery and charger systems for the given route and simulated their expected life, in support of the extended warranty. The battery was designed light and compact so that the driving performance and consumption is not negatively affected.

- All of the system components, such as Siemens drive line, Leclanché batteries and conductive chargers and Bombardier inductive chargers were efficiently integrated through the efforts of our engineers. The bus fleet is now quietly transporting passengers - mainly tourists - through the beautiful city of Bruges, while Leclanché carefully reviews the performance data fed to our cloud remote management database, ensuring the operation and long life the customer expects.
- Several AGV projects have been sold, manufactured and commissioned with some of the largest automotive companies.

Business Update

Cost reductions

Over the last year we have pursued cost reduction measures and Management will aim to always operate as efficiently as possible. That said, current operating cost levels are unlikely to be substantially reduced further, as spending will be required for business expansion. The new Growth Plan, in which we have invested more than

CHF 10 million in the year, 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 impacted the results and working capital absorbed within the year 2015, as outlined in the summary of financial results below. We have added 45 staff during the year, including the impact of merger and acquisitions.

Launch of home and office storage systems

In addition to the industry-leading customer wins noted, where all Business Units have won industry-leading reference projects, 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. Presence on this market segment, though not a large part of Company's turnover, is strategically vital. 'Behind-the-meter' deployments and dynamics will likely have profound impact on the energy storage systems market.

Industrial material handling

Our management team is focused on expanding our customer base for the commercial & industrial including specialty battery systems business unit. One particular focus, for instance, is on replacing Lead Acid batteries deployed for industrial applications. A pilot order has also been received for all-electric street sweeping machines. Upon successful trial, this is expected to open an addressable market for thousands of such machines worldwide.

Cell production

We introduced the new graphite-based G-NMC 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 our G-NMC cells were made in the second quarter along with certifications, 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.

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 G-NMC technologies, and with the use of third party electrodes from the company Litarion. Since this introduction we have been validating our own electrode production in order to have the capability of full in-house production. This gives us more flexibility in our production and supply chain planning. It is also one of the main drivers in our cost reduction efforts.

The first half of the year 2015 also saw the initial steps of the production of cells for the Graciosa project. The production was at first running in a single shift operation, with a second shift being implemented in late Q3. Approximately 50,000 cells were produced in H2 2015, with the majority being LTO cells. Most of the production took place in Q4 when the ramp up had taken full effect.

On the system integration side, the first half of 2015 was 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.

Research & Development

Available market reports indicate continuous reduction in battery cell, pack and systems average selling prices ("ASP") in the coming years. We have therefore launched aggressive cost reduction programs in both Cells R&D and Systems R&D.

A lot of our focus in R&D in 2015 has been on cost reduction by validating new raw materials procurement and related cell development to increase the Wh capacity. This work will be resulting in a cost reduction at a production level in the second half of 2016.

The Electrochemistry (Cells) R&D team continued to participate 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 LTO cells have been independently tested by the University of Applied Sciences in Landshut 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 University of Applied Sciences Offenburg and have been running deep characterisation testing for more fundamental understanding of degradation mechanisms that could affect the cells.
- As previously reported, we are also working on a high voltage LTO cell, which might allow us to increase the capacity of our standard cell, significantly reducing cost per kilowatt hour. We have had 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.
- We have also been validating from a performance and a processability standpoint our in-house electrodes for the G-NMC cells.

The systems R&D team continues to focus on all the technology that goes on top of the cell such as module, pack & rack, BMS, asset planning, asset management and asset service. We have cooperation with several Swiss, German and Belgian universities and research institutes to maintain our technological competitive advantage. The focus is on cost reduction programs such as a new module design, a new multi-purpose in-house BMS platform, and a smart multi-asset cloud database. Initial results indicate significant cost savings can be realised in H1 2017 and beyond.

Organization structure implemented

Since January 2015, the Company has been 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 for utility-scale grid ancillary services and micro-grid applications.
- *Mobile Storage Systems BU* sells and supports customers requiring storage solutions for mass eTransport applications like hybrid/full electric fleets of buses/ trams/ trains/ ferries and other industrial vehicles.
- *Speciality Battery Systems BU* will combine current portable and distribution businesses to bring even greater focus to deliver customized battery systems to its customers.
- *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.

2015 Financial Results

Key Figures

(in million CHF)	**31-Dec-15**	**31-Dec-14**
Revenue	18.2	10.8
EBITDA	-26.0	-16.9
Loss for the period	-35.5	-23.4
Earnings per share (CHF)	-1.21	-1.21
Number of Full Time Equivalent (FTE) Employees	159	114

Notwithstanding the new funding available from Recharge from January 2015 the overall financial performance of the Company was still adversely affected by the tight liquidity that had been experienced during the second half of 2015. Working to rebuild customer and supplier confidence, while contributing to new project wins and a growing sales pipeline, translated into new business in December 2015 with the revenue generated in the Graciosa project (CHF 9 million) so that 2015 consolidated revenues were just CHF 18.2 million, up by CHF 7.4 million or 69% compared with the previous year.

In line with reduced revenues, the 2015 Group EBITDA loss was CHF 26.0 million (2014: EBITDA loss CHF 16.9 million). However, this increase of EBITDA loss year on year should be read as follows:

- As stated in June 2015 interim report, thanks to the continued successful implementation of the Growth Plan and to the revenue generated by the Graciosa project, December 2015 Adjusted EBITDA was breakeven (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). This major improvement was also achieved thanks to the various strategic and restructuring decisions and investments made in the year 2015, including relentless efforts to achieve cost reduction.
- 2015 EBITDA loss in %age of Revenue is almost stable compared to 2014 with a 9% reduction. Yet adjusted EBITDA loss as defined above is showing an improvement of EBITDA loss/Revenue ratio by 25% compared to last year (-117% vs. -156%). Here too this upturn reflects the work done in reshaping Leclanché towards becoming a more efficient company.

Revenues from the Speciality Battery Systems Business, formed from the combination of the business units previously called Portable and Distribution, (SBS) were CHF 7.2 million (2014: CHF 10.0 million), down by CHF 2.8 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.

The Speciality Battery Systems Business generated an EBITDA loss for the year of CHF 2.1 million (2014: EBITDA loss CHF 0.8 million), as a result of reduced revenues and the increased cost from new sales personnel.

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) with a view to replacing this lost revenue over the course of the next 12 months. As announced, 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 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, the Company has introduced innovative solutions for off-grid solar-powered street lighting. This represents a promising new product range using Leclanché's lithium-ion titanate cells in a custom configuration, which has already translated into sales of 200 battery modules for off-grid street lighting masts for deployment in the demanding environment of Saudi Arabia.

Revenues in the Stationary Storage Systems Business and Mobility Business were CHF 10.8 million (2014: CHF 0.6 million), with the deliveries under major project wins such as Graciosa and E-Ferry. The E-Ferry project itself is representing an additional CHF 3.5 million revenue in aggregate, scheduled in the second half of 2016.

The Stationary Storage Systems Business recorded a reduced EBITDA loss of CHF 9.0 million (2014: EBITDA loss CHF 9.3 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 activities and personnel which has continued during 2015.

The new Mobile Storage Systems Business recorded an EBITDA loss of CHF 2 million for the year, reflecting the personnel and operating costs of this new division but without yet any revenues from project wins such as E-Ferry.

Additionally, it has to be noted that the CHF 10 million of Facility B have been entirely invested in Growth projects such as

- Acquisition of Trineuron and ads-tec GmbH design, IP rights for modules and (BMS)
- R&D spending seeking to identify and test new raw materials to increase the cells energy capacity
- Development of a large Battery-based Energy Storage Systems (BESS) to be commercialised in Germany for a 20 MW Energy Storage project (see Commercial Market section below)
- Recruitment of new engineers in both cells and System development organisations seeking to support the aforementioned R&D efforts and thus explaining part of the increase in the Corporate costs and in the number of FTE

We trust this emphasis put by your Company on future projects will start bearing fruit in 2016 and in the subsequent years.

Group central costs at the EBITDA level were CHF 12.9 million for the year (2014: CHF 6.8 million), an increase of CHF 6.1 million, mainly attributable to a provision covering a dispute with a grant authority which should be reversed in the first half of 2016 following the favourable settlement we are about to reach and 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 year was CHF 35.5 million (2014: net loss CHF 23.4 million), an increase of CHF 12.1 million, as a result of increased Group central costs EBITDA losses described above, amounting to CHF 6.8 million, together with an increase in finance costs of CHF 0.8 million, resulting from higher levels of convertible loans, the reversal of a deferred tax asset of CHF 1.1 million, a CHF 1.2 million impairment made on several capitalised project costs, and the grant provision mentioned above.

The earnings per share for the year is a loss of CHF 1.21 and is coincidently identical to that of 2014, because of a higher net loss and the higher weighted number of shares in issue when compared to the previous year.

Available cash and undrawn facilities at 31st December 2015 were CHF 5.8 million (2014: CHF 21.5 million) and Facility B has been increased by an additional CHF 5 million for growth funding. In addition, CHF 2.3 million has been drawn subsequently under the Convertible Loans from Recharge ApS.

Outlook

Firstly, we are now uniquely placed in the energy storage market as manufacturer of both power-intensive LTO cells and energy- intensive G-NMC cells. Secondly, we are now able to deliver a complete turnkey systems solution (including battery packs, design engineering, systems integration, software and EPC). Our move downstream in the value chain has been very successful and is core to our growth strategy.

Going forward, we aim to enhance our current organization around the following strategic pillars:

- Electrochemistry, in particular around LTO cells
- Mechanical and electronics systems hardware, such as inverters
- Energy storage systems software
- Customer applications for grid-scale stationary and mass eTransport and industrial applications
- Project management as well as engineering, procurement and construction capabilities

We are seeing an increasing number of opportunities in the market with increased activity in particular around large-scale energy storage solutions for both grid-scale electricity and mass eTransport segments. We are very excited about the opportunities, particularly around Micro-grid/ energy islands, the grid ancillary services market and eTransport, and we are confident that we can deliver 30 MWh or more of solutions this year (up from 5 MWh last year).

International expansion remains a top priority for us and we will continue to pursue strategic alliances to establish a strong go-to-market and delivery partnership in the following markets: US, Canada, China, India and South Africa.

Subject to the availability of funds, we intend to carry out selected M&A and / or strategic alliances to complement and enhance our strengths in the abovementioned areas. More details shall be provided during the course of the year.

We anticipate that, subject to the continued successful implementation of the Growth Plan and timely payments from the IESO project in Canada, current funding facilities in place will satisfy the Company's working capital requirements for the year 2016.

To support the current momentum toward sustainable and profitable growth, in particular delivering integration and services in both secured large projects and the new large projects in the pipeline, the Company and its Board have decided in principle to launch a **Large Capital Raise** using the shares to be authorized by the AGM and by the EGM held in January 2016. We are targeting this raise to be around **CHF 70 million**, including CHF 20 million for select merger/ acquisition transactions. The goal is to raise CHF 50 million in equity to finance our growth over the next two years plus CHF 20 million in loans to finance mergers and strategic acquisitions. The Large Capital Raise project was launched in February 2016 with an end 2016 targeted completion date.

In parallel Leclanché has announced on 6th of March 2016 the signature of a CHF 20 million facility for medium term growth financing whereby ACE & Company: buys the current outstanding convertible loan from Recharge A/S; extends the current convertible loan agreement with a new committed CHF 10 million as Facility C; and has agreed to raise further CHF 10 million on a best efforts basis. These proceeds will support growth investments related to the 53 MWh grid ancillary services project for IESO Ontario.

Key Risks and Mitigation:

A large-scale industrial ramp-up is well underway: after registering industry-leading commercial success in the year 2015, as reported above, we have increased our focus on mitigating 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. That said, the execution risk remains high. As mentioned we are committed to deliver 30 MWh or more in the year 2016, which is 6 times more volume than in 2015.

A large-scale Organizational ramp-up in well underway: we will continue to ramp-up staffing in all critical areas, in particular in engineering and customer project delivery. We have recruited key personnel in the US and are building the project team to deliver the IESO project in Canada.

Large capital raise mentioned above is crucial to step up the investment in all key areas, in particular R&D; production volume increase; project engineering and management; and sales & marketing.

The financial results in the year 2015 do not yet reflect the positive impact of customer orders won and acquisitions made by the Company. We are encouraged by the progress and excited by the challenges and opportunities ahead of us.

Finally, as announced on 7th of April 2016, our Cells production factory in Willstätt Germany suffered a fire accident in a section of the factory. The local firefighting brigades extinguished the fire. Measurements of the firefighting brigades have shown no health risks for the people in the vicinity of the factory. No personnel were hurt. The cause of the fire is still under investigation. While, the production in Willstätt has been stopped, Leclanché has activated the contingency plans in place and is confident to meet all its delivery commitments to customers, in particular for the IESO Ontario project in Canada.

We would like to conclude by expressing 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 and with you all.

Sincerely,

Jim Atack
Chairman of the Board

Anil Srivastava
Chief Executive Officer

CORPORATE GOVERNANCE

The following section has been prepared in accordance with the Swiss Code of Obligations and the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange Ltd.
Except when otherwise provided by law, the Articles of Association or Leclanché's Organizational Regulations, all areas of management are fully delegated by the Board of Directors to the Executive Committee.

1. Group Structure and Shareholders

Group structure

LECLANCHE S.A., Avenue des Sports 42, 1400 Yverdon-les-Bains (the "**Company**"), is listed under the Main Standard on the SIX Swiss Exchange under Swiss security number 11030311 (ISIN: CH0110303119). As at 31 December 2015, the market capitalisation of the Company was CHF 87’934’900 (31 December 2014 CHF: 105’509’774).

The Company owns 100% of the share capital of, respectively, the non-listed Leclanché GmbH, Willstätt, Germany, the non-listed Leclanché UK Ltd, London, England and the non-listed Leclanché BVBA, Belgium (the Company together with Leclanché GmbH, Leclanché UK Ltd and Leclanché BVBA, the "**Group**"). Leclanché GmbH has a nominal share capital of EUR 270,600; Leclanché UK Ltd's share capital amounts to GBP 100 and Leclanché BVBA has a nominal share capital of EUR 1,659,854. There are no other companies belonging to the Group.
The operational structure of the Group corresponds to the segment reporting presented on Note 3 of the consolidated financial statements.

Significant shareholders

Pursuant to the information provided to the Company by its shareholders in accordance with article 20 of the Swiss Stock Exchange Act (SESTA), the following shareholders held more than 3% of the voting rights of LECLANCHE S.A. as of 31 December 2015.

Shareholder	Number of Existing Shares held	Voting rights (%)[1]	Total purchase positions (Rights)	Total purchase positions (Rights,%)[1]	Total purchase positions (Overall,%)[1]	Total Sale positions (rights)	Total Sale positions (%)
ACE Core Convictions Ltd[2]	1,460,053	3.9					
Bruellan Corporate Governance Action Fund[3]	4,517,716	11.9	-	-	-	-	-
Precept Fund Management SPC acting on behalf of Precept Fund Segregated Portfolio and Oakridge Global Energy Solutions, Inc.[4] [10]	11,248,821	29.7	-	-	-	-	-
Recharge A/S [5]	4,305,312	11.4	5,237,870 [6]	14.546	28.364	-	-
Logistable Limited Group [7]	2,500,000	6.6	-	-	-	-	-

Shareholder	Number of Existing Shares held	Voting rights (%)[1]	Total purchase positions (Rights)	Total purchase positions (Rights,%)[1]	Total purchase positions (Overall,%)[1]	Total Sale positions (rights)	Total Sale positions (%)
Castle and Key Fund plc[8]	1,500,000	4.0	-	-	-	-	-
LECLANCHE SA	-	-	-	-	-	5,491,758	14.5
Other[9]	-	-	-	-	-	-	-

[1] The %ages reflected are based on the outstanding share capital of the Company as included in the Commercial Register of the Canton of Vaud (i.e., CHF 56,854,461, divided into 37,902,974 fully paid-in registered shares each with a nominal value of CHF 1.50).

[2] ACE Core Convictions Ltd., a Cayman Islands company seat in Cayman Islands and address in Elian Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands, which is fully controlled (100%) by MA Holdings Ltd., a Cayman Islands company seat in Cayman Islands and address in Campbells Corporate Services Limited, Floor 4, Willow House, Cricket Square, PO Box 268, Grand Cayman KY1-1104, Cayman Islands, which is fully controlled (100%) by Mr Fouad Said, resident in Switzerland at 234 Route de Lausanne, 1292 Chambesy, Switzerland. Date of publication of most recent notification: 24 December 2015.

[3] Bruellan Corporate Governance Action Fund ("**Bruellan**") consists of: Bruellan Corporate Governance Action Fund, Walker House, 87 Mary Street, George Town, Grand Cayman, KYI 9005 Cayman Islands is an exempted limited company under the provisions of the Company Law (as amended) of the Cayman Islands (the investment manager of Bruellan Corporate Governance Action Fund is Bruellan SA); Bruellan SA, Rue Sigismond-Thalberg 2,1204 Geneva, Switzerland, acting as investment manager of Bruellan Corporate Governance Action Fund (Bruellan SA is controlled by Bruellan Holding SA); Bruellan Holding SA, Rue Centrale 50, 3963 Crans-Montana, Switzerland. Date of publication of most recent notification: 4 August 2015.

[4] The Precept group of entities ("Precept Group") consists of the following entities: Oakridge Global Energy Solutions (Hong Kong) Ltd., is a company under the laws of Hong Kong having its registered office at Units 306 & 307, 3/F, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong; 100% of the shares in Oakridge Global Energy Solutions (Hong Kong) Ltd are held by Oakridge Global Energy Solutions, Inc. (formerly known as Oak Ridge Energy Technologies Inc.) a company under the laws of Colorado / USA having its registered office at 751 North Drive, Suites 9-12 Melbourne, Florida, USA; approximately 91% of the shares and voting rights in Oakridge Global Energy Solutions, Inc. are held by Precept Fund Management SPC acting on behalf of Prescient Fund Segregated Portfolio and Precept Fund Segregated Portfolio. Precept Fund Management SPC is an Exempted Segregated Portfolio Company under the laws of the Cayman Islands having its registered office at Ground Floor, Harbour Centre, 42 North Church Street, PO Box 1569, George Town, Grand Cayman KY1-1110, Cayman Islands. Prescient Fund Segregated Portfolio and Precept Fund Segregated Portfolio are a segregated portfolios of Precept Fund Management SPC. Both segregated portfolios are segregated portfolios of Precept Fund Management SPC under the laws of the Cayman Islands. There are a number of investors in Prescient Fund Segregated Portfolio and Precept Fund Segregated Portfolio, none of which has a controlling influence. All investors hold participating redeemable non-voting shares. 100% of the management shares (voting, non-participating shares) in Precept Fund Management SPC are held by Venice Investments Group Corp., a corporation under the laws of the British Virgin Islands, having its registered office at Road Town, Tortola, British Virgin Islands. 100% of the shares in Venice Investments Group Corp. are held by RIDAS AKTIENGESELLSCHAFT, a corporation under the laws of the Fürstentum Liechtenstein, having its registered office at c/o INDUSTRIE- UND FINANZKONTOR ETABLISSEMENT, Herrengasse 21, 9490 Vaduz, Fürstentum Liechtenstein. 100% of the shares in RIDAS AKTIENGESELLSCHAFT are held by PMServices Aktiengesellschaft, a corporation under the laws of the Fürstentum Liechtenstein, having its registered office at c/o INDUSTRIE- UND FINANZKONTOR ETABLISSEMENT, Herrengasse 21, 9490 Vaduz, Fürstentum Liechtenstein. 100% of the shares in PMServices Aktiengesellschaft are held by the Foundation Prinz Michael, a foundation under the laws of the Fürstentum Liechtenstein,

with registered office at c/o INDUSTRIE- UND FINANZKONTOR ETABLISSEMENT, Herrengasse 21, 9490 Vaduz, Fürstentum Liechtenstein. The members of the foundation board are Erich Strub, Vaduz, Gerhard Habsburg-Lothringen, Schaan, und Hans Rudolf Küpfer, Reinach. Date of publication of most recent notification: 23 September 2015.

(5) The indirect holders of Recharge A/S ("**Recharge**") are Scott Campbell Macaw, Hellerup Denmark, Robert Aron Robertsson, Reykjavik, Iceland and Christoph Dietsche, Zug Switzerland - Recharge A/S (formerly Recharge ApS) is an investment company limited by shares, incorporated under the laws of Denmark and having its seat at Frederiksgade 21, 1st Floor, 1265 Copenhagen, Denmark; 0.12% of the shares and voting rights in Recharge A/S are held by Wacam Investments ApS, an investment company limited by shares, incorporated under the laws of Denmark and having its registered office at c/o Macaw, Strandagervej 18, 2900 Hellerup, Denmark; 40% of the shares and voting rights in Wacam Investments ApS are held by Scott Campbell Macaw and 60 % of the shares and voting rights in Wacam Investments ApS are held by 123 ADVISORY ApS, a company limited by shares, incorporated under the laws of Denmark and having its registered office at c/o Scott Campbell Macaw, Strandagervej 18, 2900 Hellerup, Denmark; 100% of the shares and voting rights in 123 ADVISORY ApS are held by Scott Campbell Macaw; 0.12% of the shares and voting rights in Recharge A/S are held by Nora Trading Limited, a company limited by shares, incorporated under the laws of New Zealand and having its registered office at 38 Birmingham Drive, Middleton, Christchurch, New Zealand; 100% of the shares and voting rights in Nora Trading Limited are held by Robert Aron Robertsson.; 99.76% of the shares and voting rights in Recharge A/S are held by Recharge Holdings Limited, a limited company, incorporated under the laws of New Zealand and having its registered office at 38 Birmingham Drive, Middleton, Christchurch, New Zealand; 50% of the shares and voting rights in Recharge Holdings Limited are held by Wacam Investments ApS and 50% of the shares and voting rights in Recharge Holdings Limited are held by Nora Trading Limited; Direct owner of shares: GREEN TOWERS Holding Switzerland AG. Relationship between beneficial owner and GREEN TOWERS Holding Switzerland AG as direct owner of shares: GREEN TOWERS Holding Switzerland AG (CHE-244.656.307) is an investment company limited by shares, incorporated under the laws of Switzerland, having its registered seat at Baarerstrasse 80, 6300 Zug, Switzerland and 100% of the shares and voting rights in GREEN TOWERS Holding Switzerland AG are held by Christoph Dietsche. Date of publication of most recent notification: 23 December 2015.

(6) The total purchase positions relate to conversion rights under the Recharge Convertible Loan. The following are the summary terms of Recharge Facility B: principal: CHF 13,000,000; interest: 10% p.a.; 5% fee, payable pro rata at conversion, save for an unconverted remainder of the fee from an earlier conversion which shall be converted at the discretion of the lender in any future conversion or paid on the maturity date to the extent it has not yet been converted: the lower of (i) CHF 3.00 (if conversion occurs before 1 October 2016: CHF 2.50), (ii) 85 per cent. of the 15-day volume-weighted average price of Shares, or (iii) the subscription price at which existing shareholders may subscribe for new shares in any future rights offering; exercise period: until 30 June 2017; exercise type: physical settlement; assumption for calculation purposes: full conversion of Facility B (to the extent not yet occurred) occurs as of 15 December 2015, assuming that Facility B has been fully drawn (CHF 514,875 of Facility B have been drawn on 25 March 2015; CHF 300,000 of Facility B have been drawn on 19 May 2015; CHF 2,500,000 of Facility B have been drawn on 15 June 2015; CHF 1,000,000 of Facility B have been drawn on 4 August 2015; CHF 1,000,000 of Facility B have been drawn on 1 September 2015; CHF 1,000,000 of Facility B have been drawn on 24 September 2015; CHF 2,200,000 of Facility B have been drawn on 20 October 2015; CHF 1,100,000 of Facility B have been drawn on 27 October 2015; CHF 1,100,000 of Facility B have been drawn on 29 October 2015); the applicable conversion price as of 15 December 2015 for Facility B: CHF 2.0916.

(7) Logistable Limited Group ("**Logistable**"), Suite 3a Tisa House, 143 Main Street Gibraltar. Date of publication of most recent notification: 28 October 2015.

(8) Castle and Key Fund plc ("**Castle and Key**"), Suite 3a Tisa House, 143 Main Street Gibraltar. Date of publication of most recent notification: 28 October 2015.

(9) The Company does not have any further or updated information in connection with the notifications of Swiss & Global Asset Management AG (currently, GAM Investment Management (Switzerland) AG) and its position of 3.71% of the Company's voting rights as of 8 February 2012 (as published on 15 February 2012) and SIF Investment Funds SA (currently in liquidation) and its position of 3.84% of the Company's voting rights as of 14 December 2007 (as published on 7 March 2008). As of 31 December 2015, neither of these entities is listed on the Company's share register.

39 disclosure notifications according to article 20 SESTA were published by the Company in 2015. These notifications (including further details on the above mentioned notifications) can be accessed at: http://www.six-exchange-regulation.com

Significant events after the balance sheet date

(10) Golden Partner International SA SPF, 16 Boulevard Emmanuel Servais, 2535 Luxemburg. Date of publication of most recent notification: 5 January 2016. The share have been bought from Oakridge Global Energy Solutions the 30 December 2015. Oakridge Global Energy Solutions, Inc indicated in their SEC 8-K filing on 06 January 2016: "Under the terms of the Share Purchase Agreement Oakridge has, as of the closing date of December 30, 2015 sold 11,000,000 shares of Leclanche SA to Golden Partner International SA SPF, thereby disposing of its interest in Leclanche SA".

Cross-shareholdings

The Company has no cross-shareholdings in excess of 5% of the capital or the voting rights with any other company.

2. Capital Structure

Share capital

The issued share capital of the Company amounts to CHF 56,854,461, divided into 37,902,974 fully paid-in registered shares with a nominal value of CHF 1.50 each.

Conditional share capital

Pursuant to article 3[ter] of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of CHF 4,500,000 through the issuance of a maximum of 3,000,000 fully paid-in registered shares with a nominal value of CHF 1.50 each, by exercising option rights granted to employees of the Company and group companies in accordance with conditions determined by the Board of Directors pursuant to one or more regulations to be issued by the Board of Directors or, to the extent delegated to it, the compensation committee, taking into account performance, functions, levels of responsibility and profitability criteria. The Board of Directors determines the issue price. The pre-emptive rights of the shareholders are excluded. Shares or subscription rights may be issued to employees at a price lower than that quoted on the stock exchange. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*) of the Articles of Association. As at 31 December 2015 no shares were issued on the basis of article 3[ter] of the Articles of Association.
Pursuant to Article 3[quinquies] of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of CHF 3,078,267, by issuing a maximum of 2,052,178 fully paid-in registered shares with a nominal value of CHF 1.50 each by the exercise of conversion rights and/or warrants granted in connection with the (i) issuance on national or international capital markets of newly or already issued bonds or other financial market instruments or (ii) loans entered into by the Company or one of its group companies. The pre-emptive rights of the shareholders shall be excluded in connection with the issuance of convertible or warrant-bearing bonds or convertible loans or other financial market instruments or the grant of warrant rights. The then current owners of conversion rights and/or warrants shall be entitled to subscribe for the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors. The Board of Directors shall be authorized to exclude or restrict the advance subscription rights of shareholders (i) in connection with the Recharge Convertible Loan, (ii) in connection with the Oakridge Convertible Loan and (iii) in connection with the financing or refinancing of investments and the Company's expansion plan. The conversion rights granted to Recharge and Oakridge under the Recharge Convertible Loan and Oakridge Convertible Loan, respectively, pursuant to paragraphs (i) and (ii) above are needed for the restructuring and further expansion of

the Company. The conversion shall be made in accordance with the terms of the Recharge Convertible Loan and the Oakridge Convertible Loan, respectively. The conversion rights are exercisable until 30 June 2016, subject to extensions (all in accordance with the terms of the respective agreements). If advance subscription rights are excluded based on paragraph (iii) above, the following shall apply: the convertible or warrant-bearing debt or loan instruments shall be issued at the relevant market conditions and the new shares shall be issued pursuant to the relevant market conditions taking into account the funding and operational position of the Company, the share price and/or other comparable instruments having a market price. Issue prices below the market price of the shares are possible. Conversion rights may be exercised during a maximum 10-year period, and warrants may be exercised during a maximum 7-year period, in each case from the date of the respective issuance. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*) of the Articles of Association.

Authorized share capital

Pursuant to Article 3^{quater} of the Articles of Association, the Board of Directors is authorized until 5 January 2017 to increase the share capital up to a maximum amount of CHF 1,510,876.50 through the issue of a maximum of 1,007,251 fully paid-in registered shares with a nominal value of CHF 1.50 each. Partial capital increases are possible. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third-party or third-parties, followed by an offer to the then-existing shareholders of the Company, and (ii) in partial amounts shall be permissible. The time of issuance, the issue price, the date for entitlement to dividends, the type of contributions, the conditions for the exercise of the pre-emptive rights and the allotment of pre-emptive rights that have not been exercised are to be determined by the Board of Directors. The Board of Directors may allow the pre-emptive rights that have not been exercised to expire, or it may place such rights or shares, the pre-emptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Company. Contributions from freely disposable equity capital of the Company (including the Company's capital contribution reserves) pursuant to article 652d of the Swiss Code of Obligations up to the entire issue price per registered share are possible. The Board of Directors can exclude or limit the pre-emptive rights and allot them to individual shareholders or third-parties in favour of: (i) Recharge in connection with the Recharge Convertible Loan with the lender being entitled to pay the issue price in whole or in part by offsetting against claims under the Recharge Convertible Loan agreement, (ii) in connection with the Recharge Convertible Loan in the event Recharge requests the Company to conduct a capital increase, (iii) in connection with the financing or refinancing of the investments of the Company or the acquisitions or refinancing of acquisitions of the Company (be it by way of equity or convertible debt issues), (iv) in connection with warrants granted to Talisman Infrastructure International Ltd., a company associated with Talisman Infrastructure Ventures LLP, (v) for purposes of granting an over-allotment option (Greenshoe) of up to 20% of the total number of shares in a placement or sale of shares to the respective initial purchaser(s) or underwriter(s), or (vi) use of shares as consideration in mergers, acquisitions or investments of the Company. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*) of the Articles of Association.

Changes in share capital

During the last three financial years, the following changes in the share capital of the Company have occurred:

- At the extraordinary general meeting of shareholders of 26 August 2013, the shareholders approved a reduction of the nominal share capital of the Company by CHF 16,271,119.05 through the reduction of the nominal value of all outstanding 5,630,145 registered shares of the Company from CHF 5.00 to CHF 2.11 per share. At the same meeting, the shareholders approved the increase of share capital by CHF 16,341,152.42 through the issuance of 7,744,622 fully paid-in registered shares with a nominal value of CHF 2.11 each. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 September 2013.

- At the extraordinary general meeting of shareholders of 26 August 2013, *the shareholders approved the creation of conditional capital in the maximum aggregate amount of* CHF 12,457,433.67 *through the issuance of a maximum of* 5,903,997 *fully paid-in registered shares with a nominal value of* CHF 2.11 *each*, reserved for the exercise of conversion rights under the under the convertible loan agreement of 8 July 2013, as amended from time to time ("Convertible Loan Agreement"), between the Company and Precept Fund Management SPC on behalf of Precept Fund Segregated Portfolio ("Precept").

- At the extraordinary general meeting of shareholders of 26 August 2013, *the shareholders approved the creation of authorized capital until 26 August 2015 in the maximum aggregate amount of* CHF 14,075,360.57 *through the issuance of a maximum of a maximum of* 6,670,787 *fully paid-in registered shares with a nominal value of CHF 2.11 each*, reserved for the exercise of conversion rights under the Convertible Loan Agreement and as a basis for the issuance of option rights to Talisman Infrastructure International Ltd., a company associated with Talisman Infrastructure Ventures LLP through common ownership, for non-regulated services rendered to the Company in connection with the capital raising or other advisers or agents of the Company in connection with the restructuring.

- At the ordinary general meeting of shareholders of 3 April 2014, the shareholders approved a reduction of the nominal share capital of the Company by CHF 8,158,607.87 through the reduction of the nominal value of all outstanding 13,374,767 registered shares of the Company from CHF 2.11 to CHF 1.50 per share. At the same meeting, the shareholders approved the increase of share capital by CHF 10,703,782.50 through the issuance of 7,135,855 fully paid-in registered shares with a nominal value of CHF 1.50 each. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 April 2014.

- On 30 June 2014, Precept converted the last tranche of the Precept Loan into 1,470,581 registered shares issued under Article $3^{quinquies}$ of the Articles of Association. The increased share capital of 32,971,804.50 divided into 21,981,203 registered shares was updated in the Articles of Association effective 8 October 2014.

- On 21 January 2015, Recharge converted into equity the equivalent amount of CHF 3,659,463 due under the Oakridge Convertible Loan on the basis of a resolution passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 from the Company's conditional capital. Pursuant to this conversion into equity, the Company issued 2,439,642 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 9 April 2015.

- On 11 June 2015, TIIL converted into equity the equivalent amount of CHF 150,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 6 May 2015. 19 May 2015, Recharge converted into equity the equivalent amount of CHF 1,598,505 due under the Oakridge Convertible Loan on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 from the Company's conditional capital. Pursuant to this conversion into equity, the Company issued 1,165,670 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 15 June 2015.

- On 15 July 2015, Recharge converted into equity the equivalent amount of CHF 12,750,000 due under the Recharge Convertible Loan on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and of the Board of Directors on 6 July 2015 from both the Company's authorised and conditional capital. Pursuant to this conversion into equity, the Company issued 8,500,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 17 July 2015.

- On 22 July 2015, TIIL converted into equity the equivalent amount of CHF 225,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 16 July 2015 from the Company's authorised capital. Pursuant to this conversion into equity, the Company issued 150,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 23 July 2015.

- On 17 September 2015, the Company issued 1,000,000 new registered Shares on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 10 September 2015 from the Company's authorised capital in connection with the Company's acquisition of certain design and intellectual property rights from ads-tec GmbH. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 September 2015.

- On 8 October 2015, TIIL converted into equity the equivalent amount of CHF 150,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 6 October 2015 from the Company's authorised capital. Pursuant to this conversion into equity, the Company issued 100,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 12 October 2015.

- On 17 November 2015, TIIL converted into equity the equivalent amount of CHF 240,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 10 November 2015. Pursuant to this conversion into equity, the Company issued 160,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2015.

- On 17 November 2015, the Company issued 512,014 new registered Shares on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 10 November 2015. The contribution for each new registered share is effected by way of contribution in kind of all of the EUR 1,659,854 shares of Leclanché BVBA Turnhout, Belgium by Emrol BVBA to the Company. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2015.

- On 21 December 2015, the Company issued 1,894,445 new registered Shares on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 15 December 2015. The contribution for each new registered share is effected by way of cash contribution. The capital increase was registered in the Commercial Register of the Canton of Vaud on 22 December 2015.

Events after the balance sheet date:

- At the extraordinary general meeting of shareholders of 21 January 2016, the shareholders approved to re-increase the authorized share capital pursuant to art. 3^{quater} of the Articles of Association to a maximum amount of CHF 16,350,000 and to extend the exercise period of the existing authorized share capital to 20 January 2018.

- At the same extraordinary general meeting of shareholders of 21 January 2016, the shareholders also approved to re-increase the existing conditional share capital pursuant to art. $3^{quinquies}$ of the Articles of Association to an amount of CHF 13,500,000."

Shares

All shares are registered shares with a nominal value of CHF 1.50 each. The Company has one share class only. Each share registered with the right to vote entitles the holder to one vote at the general meeting of shareholders. The shares rank *pari passu* in all respects with each other, including voting rights, entitlement to dividends, liquidation proceeds in case of liquidation of the Company and preferential subscription rights.

Participation and profit sharing certificates

The Company has not issued any non-voting equity securities such as participation certificates (*bons de participations, Partizipationsscheine*) or profit sharing certificates (*bons de jouissance, Genussscheine*) nor has it issued preference shares (*actions privilègiées, Vorzugsaktien*).

Limitations on transferability and nominee registrations

Pursuant to article 4 (*Transferability of shares*) of the Articles of Association, acquirers of registered shares (with ownership or usufruct rights) are recorded upon demand in the share register as shareholders with voting rights if they expressly declare to have acquired their shares in their own name and for their own account or if they indicate the name, surname, domicile, address and citizenship (registered office for legal entities) of the person in which name or for which account they hold the shares. The Board of Directors may, after hearing the person concerned, cancel the entry in the share register with retroactive effect, if such entry was based on untrue or misleading information given by the acquirer.
The Articles of Association do not provide for nominee registrations.

Stock Options, Convertible Loans and Warrants

The Company issued stock options allocated under the employee stock option plan for the employees and the members of the Board of Directors adopted by the Board of Directors on 26 February 2010. Each option granted under the employee stock option plan is granted, as a rule, free of charge and entitles the holder to acquire from the Company one share against payment in cash of the exercise price. For each grant of options, the Company and the plan participant enter into an option contract. The exercise price and the exercise period are set by the Board of Directors in the option contract. The exercise price is the average of the closing prices of the shares during the five trading days preceding the date of grant of the options plus a premium to be determined by the Board of Directors at its absolute discretion. The Board of Directors may determine a restriction period during which the options cannot be exercised. The options vest on the day after the date when the restriction period lapses. The granted options forfeit if, prior to the end of the restriction period, (i) the option holder terminates the employment contract other than for valid reasons, retirement at normal retirement age as may be agreed between the option holder and the Group, death or disability, or (ii) the Group terminates the employment contract for valid reason. Except under certain circumstances (e.g. tender offer or death), the options are not transferable. The shares will be made available through the conditional capital of the Company or open market buybacks of existing shares.
No further options were granted under this plan during the financial year 2015 and the Company does not intend to issue new options under this plan in future. As at 31 December 2015, no. 158,780 options were granted under the employee stock option plan, corresponding to 0.42% of the Company's issued share capital as of 31 December 2015.

Outstanding options granted under the 2010 employee stock option plan as of 31 December 2015:

Date of grant	No. of options	Exercise price	Ratio	Restriction period	Exercise period
19.02.2010	8,780	CHF 38.40	1:1	4 years	19.02.2014 - 18.02.2016
01.07.2012	150,000	CHF 16.00	1:1	2 years	01.07.2014 – 30.06.2016

On 8 July 2013, the Company entered into a senior secured convertible loan agreement for CHF 17 million maturing on 30 June 2016 (the "**Precept Loan**") from Precept Fund Management SPC on behalf of Precept Fund Segregated Portfolio ("**Precept**"). On 30 June 2014, Precept converted the last tranche of the Precept Loan into 1,470,581 registered shares of the Company at CHF 1.50 per share as provided for in the terms of the Precept Loan.

On 31 October 2013, the Company issued to Talisman Infrastructure International Ltd ("**TIIL**") 832,827 Series A Warrants and 594,876 Series B Warrants as compensation for services rendered in connection with capital raising and in particular the retention of Precept as a new investor.

- The Series A Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 1.50 per share. The Series A Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series A Warrants is dependent on the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series A Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price) provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants shall not exceed 3.5% of the fully diluted share capital after taking into account the number of shares that would be issued if the Precept Loan were fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.
- The Series B Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 4.50 per share. The Series B Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series B Warrants is dependent on the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series B Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price) provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants shall not exceed 2.5% of the fully diluted share capital after taking into account the number of shares that would be issued if the Precept Loan were fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.

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 CSO Plan is designed to direct the focus of the executives concerned on long-term share price appreciation, to promote the long-term financial success of the Group and generally to align the interests of executives with those of shareholders. A summary of the CSO Plan is set out below. The plan will be administered by an administrative committee appointed by the Board. Under the CSO Plan an award for a certain number of options is made at the start of the financial year at an exercise price equal to 110% of the average Share Price for the sixty (60) business days preceding the award date, subject to it being (a) not less than the share price at the award date, and (b) not more than 115% of the Share Price at the award date. The actual number of options that are granted to the executive will be determined at or shortly after the end of the year depending on the corporate and individual performance, according to a pre-defined matrix and can range from 0% to 150% of the original award. Options granted are exercisable within 7 years from the date of award and vest evenly over a 3 year period. 50% of each tranche that is vested is blocked for a further 12 months. The option holder may exercise unblocked options within the exercise period by either paying the exercise price to the company to acquire the shares, or authorizing the company to sell sufficient shares to pay the exercise price of the CSOs. In event of termination of employment for any reason other than death or disability, (a) any unvested CSOs shall lapse, (b) any blocked CSOs shall become unblocked CSOs and can be exercised during a period of 30 business days after the termination date, after which they lapse, and (c) any unblocked CSOs can be exercised prior to the termination date, after which they lapse. The administrative committee has discretion to vary conditions as it deems appropriate.

In 2015, no. 119,000 options were granted under the CSO Plan, corresponding to 0.31% of the issued share capital as of 31 December 2015.

Outstanding options granted under the CSO Plan as of 31 December 2015:

Date of grant	No. of options	Exercise price	Ratio	Restriction period	Exercise period
04.04.2014	50,000	CHF4.38	1.1	No restriction period	04.04.2014 31.12.2020
04.04.2014	69,000	CHF 3.00	1.1	23'000 : 31.12.2014 23'000 : 31.12.2015 23'000 : 31.12.2016	1.01.2015 31.12.2020

On 3 June 2014, Precept through its majority owned subsidiary Oakridge Global Energy Solutions, Inc. (formerly Oak Ridge Energy Technologies, Inc; "**Oakridge**") had granted a credit facility of CHF 3,000,000 (the "**Oakridge Convertible Loan**"). The Oakridge Convertible Loan was increased to CHF 5,000,000 on 2 August 2014 and is convertible into registered shares of the Company at a conversion price of CHF 1.50. The Oakridge Convertible Loan carries an interest rate of 2% per annum which shall be capitalized and added to the total loan amount due at maturity together with a fee of CHF 0.5 million. The maturity date is 30 June 2016.

On 8 December 2014, the Company entered into a CHF 21 million credit facility convertible into registered shares with Recharge ApS (Denmark) ("**Recharge**") originally due to mature on 30 June 2016 (the "**Recharge Convertible Loan**"). The Recharge loan was subject to shareholders approval, which was received at the Extraordinary Shareholder Meeting of the 5 January 2015.

The Recharge Convertible Loan consists of two tranches, Recharge Facility A and Recharge Facility B. Subject to certain conditions and applicable fees, Recharge Facility A had a loan amount of CHF 13,000,000 at 12% interest per annum designated to fund the Company's Operating Plan and cash flow forecast. Subject to certain conditions and applicable fees, Recharge Facility B has a loan amount of CHF 8,000,000 (subsequently increased to CHF 13,000,000) at 10% interest per annum designated to fund the first phase of our Growth Plan, in particular to finance acquisition and development of technologies and battery management systems that would enable a differentiated market offer and significantly enhanced margins.

Both Recharge Facility A and Recharge Facility B are convertible into shares at Recharge's option (as provided for in the terms of the Recharge Convertible Loan). In June 2015, Recharge agreed to further increase the amounts available under Recharge Facility B by an additional CHF 5,000,000 and to extend the exercise period until 30 June 2017. As noted above, both Recharge Facility A and Recharge Facility B are subject to fees. In connection with the increase and extension of the Recharge Facility B, the Company agreed to a fee of 5% of the amount drawn under Recharge Facility B which shall be paid on the maturity date of the Recharge Convertible Loan or at the date of every earlier conversion, calculated on the amount to be converted.

As of 31 December 2015, Recharge Facility A has been fully drawn and CHF 10,714,875 of the CHF 13,000,000 million available have been drawn under Recharge Facility B. The conversion price under Recharge Facility B (which represents the remaining outstanding amounts due under the Recharge Convertible Loan) is the lower of (i) CHF 3.00 (if conversion occurs before 1 April 2016: CHF 2.50), (ii) 85% of the 15-day volume-weighted average price of the shares or (iii) the subscription price at which existing shareholders may subscribe for new shares in any future rights offering.

In 2014, Bruellan also granted the Company a bridge loan in the amount of CHF 1,000,000 which carried an interest rate of 5% per annum. By June 2015, CHF 750,000 (plus accrued interest) remained outstanding. On 30

June 2015, the Company negotiated an extension of the maturity date for the bridge loan until 30 June 2016 along with an increase in the interest rate to 8% per annum on the principal amount outstanding on that date. At this time, Recharge also acceded to the bridge loan agreement as a lender pursuant to which it would lend an equal portion of the principal amount outstanding thereunder (i.e., by paying 50% of the principal amount outstanding to Bruellan) and assume certain costs associated with the negotiation and execution of the bridge loan extension.

On 3 November 2015 the Company entered into the UBS SERV facility for production costs related to the Graciosa island micro-grid solution. The UBS SERV facility has a credit facility amount of EUR 4,000,000 at 1.5% interest per annum plus a credit commission in the amount of 0.125% per quarter based on the average debit balance. The Company will also assume the cost of the SERV working capital insurance which amounts to 1.25% per annum, calculated on the basis of the average debit balance. In addition, UBS is entitled to a structuring fee of EUR 10,000 due on the first drawdown date. The amount drawn for working capital purpose has been fully repaid as of 31 December 2015.

On 16 December 2015, in order to finance and refinance investments of the Company and the Company's expansion plan, the Company made a private share placement by issuing CHF 2,400,000 1 per cent mandatory convertible notes ("**MCN**") due 15 December 2016 mandatorily convertible into new shares of the Company at a conversion price of CHF 2.40 pursuant to two purchase and subscription agreements entered into with, respectively, Recharge and Bruellan. Recharge and Bruellan respectively invested the amount of CHF 1,200,000 corresponding to 0 purchased shares in the Company in the framework of the capital increase and 500,000 MCN each.

3. Board of Directors

The Board of Directors is ultimately responsible for the supervision and control of the management of the Company, including the establishment of the general strategies, as well as other matters which, by law, are under its responsibility. All other areas of management are delegated to the Executive Committee.

The Board of Directors consists of a minimum of three and a maximum of seven members. As a result of the Ordinance against Excessive Compensation which entered into force on 1 January 2014 ("**OaEC**"), the general meeting of shareholders elects the members of the Board of Directors and the Compensation Committee as well as the Chairman for a term of office ending after completion of the next annual general meeting of shareholders. The term is subject to prior resignation or removal. The general meeting of shareholders elects the members of the Board of Directors individually and elects the Chairman from amongst the members of the Board. Members of the Board of Directors and the Chairman can be re-elected without restrictions. The Board of Directors sets the compensation of its members, subject to approval by the general shareholders' meeting.

The Articles of Association was submitted for approval and amended in line with the OaEC at the 2015 annual general meeting of shareholders of 6 May 2015.

Members of the Board of Directors

Name	Nationality	Position	Initially appointed	Term expires
Jim Atack	British	Chairman, non-executive member	2013	2016
Stefan A. Müller	Swiss	Non-executive member (1)	1998	2016
Antoine Spillmann	Swiss	Non-Executive member	2011	2016
Bryan Urban	American	Non-executive member	2013	2016
Scott Macaw	Australian	Non-executive member	2015	2016
Robert Robertsson	Icelandic	Non-executive member	2015	2016

(1) Mr. Müller was *ad interim* Chief Financial Officer from 1 November 2010 to 28 February 2011. Mr. Müller also performed certain other operational tasks from September 2009 to October 2010. Mr. Müller served as Interim Chairman from 1 August 2013 until 26 August 2013.

Jim Atack, British, born 1950. Mr. Atack was first appointed to the Company's Board of Directors in 2013. Mr. Atack was the managing director of Petrofac Facilities Management between 2001 and 2006, after serving as Operations and Change Manager where he oversaw several substantial oilfield transitions. Mr. Atack served as a non-executive director of Altor Risk Group in the UK between 2011 and 2014 and was appointed to the board of Positive Homes, Ltd. in 2014. Mr. Atack's experience spans over thirty years of oil and gas field production and development projects, some seventeen with BP in the North Sea, Onshore UK and Alaska. He holds degrees in Civil Engineering from Loughborough University of Technology (B.Sc Hons.) and a degree in Offshore Structures from Massachusetts Institute of Technology (M.Sc). Mr. Atack was first appointed to the Leclanché board as a representative of Precept in 2013.

Stefan A. Müller, Swiss, born 1954. Since 1987, Mr. Müller has held several management roles as chief executive officer and as board member in industrial and financial corporations. He was CEO of Reuge SA, of Dreieck Industrie Leasing Ltd / Fortis Lease Switzerland Ltd, Lausanne from September 2003 until July 2010, and Vice Chairman of the Board of Directors of Fortis Lease Switzerland Ltd and Fortis Lease Real Estate Switzerland Ltd, Lausanne. From 2011 to 2014, he was a Board Member of Unigamma AG, Zurich, Asset Management and Chairman of Unigamma Immobilien AG, Zurich. Since 2009, he has been a member of the Board of Les blanchisserie générales SA in Chailly/Yverdon-les-Bains. Since 2011, he has served as Board Member and CEO of g2e glass2energy sa, Villaz-St-Pierre, and since 2012 has served Chairman of Clean Cooling Systems SA, Yverdon-les-Bains. Since 1989, he has served on the Company's Board of Directors and was its chairman between 2005 to March 2010. He graduated with a Master of Arts/lic.oec. HSG from the University of St. Gallen (HSG).

Antoine Spillmann, Swiss, born 1963. Mr. Spillmann began his career in London in 1985 where he worked ten years for several investment banks including Paine Webber, UBS Philips & Drew, S.G. Warburg Securities, Lehman Brothers International and ABN AMRO Hoare Govett in the field of equity research and sales. In 1996, Mr. Spillmann became a founding partner of Bryan Garnier & Co in London and in Geneva. In 2001, Mr. Spillmann joined as a principal partner at Bruellan SA, Geneva. Antoinne Spillmann is a member of the board of directors of ArcelorMittal SA and Bondpartners SA. From 2003 until 2007, Mr. Spillmann was a member of the board of the Swiss Association of Asset Managers. Mr. Spillmann holds a diploma in Corporate Finance and in Investment Management from the London Business School. Mr. Spillmann is a principal partner of Bruellan SA, Geneva.

Bryan Urban, American, born 1964. Mr. Urban has 25 years of energy development, finance and operational experience, covering a broad array of power generation and energy infrastructure assets in the Americas and Asia/Pacific. Mr. Urban is the Managing Partner at Silveron Capital Partners where he heads a boutique investment banking and advisory team specializing in financing and M&A transactions for power and alternative energy companies. He founded Silveron in 2006 and is responsible for the firm’s strategic initiatives, client development and deal execution. Mr. Urban has been engaged in the alternative energy sector for over 10 years, and has previously served as member of the board of directors of Blue Pillar, Inc. and Oakridge Energy Technologies, both based in the US. He actively serves on the Advisory Board for Taylor Biomass Energy in the US. Between 1992 and 2006, Mr. Urban worked for Panda Energy International and between 1999 and 2006 he was the Senior Vice President-Finance and CFO. Early in his career he spent five years with Arthur Andersen where he was involved with both audit engagements and M&A transactions. Mr. Urban is a CPA and earned a Bachelor of Science from Indiana University. Mr. Urban was elected to the Company's Board of Directors in 2013.

Scott Macaw, Australian, born 1975. Mr Macaw has a background in finance and law. He began his career in Asia before moving to Denmark in 1998. He worked in financial services until 2006 when he setup a boutique corporate finance business based in Copenhagen. He leads investment opportunities on a proprietary basis with a focus on technology. Scott is an experienced board member including sitting on a number of significant industrial operating companies. In particular, since 2002 Mr Macaw is a member of the board of directors of Wacam Investments ApS and Dansk-Europaeisk Finansiering ApS, since 2004 of DEFAP Enterprises ApS and Intrinsic Property Holding A/S and since 2006 of Wacam Investments Pty Ltd. From 2011 to 2013 he served as a member of the board of directors of Kiwi Deposit Building Society. As of 2013 Mr Macaw is also a member of the board of directors of Ethica Advisory

A/S and since 2014 he is serving as a member of the board of directors of Recharge A/S, Sable ApS, IIP A/S, Doxa Investments A/S and Blankenburgerstrasse 20 GmbH. Mr Macaw represents Recharge.

Robert Robertsson, Icelandic, born 1978. Mr Robertsson has a background in finance. He began his career managing pension fund assets in Iceland before moving to London to work for a family office focusing on strategic assets. After moving to Switzerland in 2010, Mr Robertsson currently works with a small number of active investors sourcing investment opportunities and managing strategic stakes in number of companies across various sectors through active board memberships. From 2009 to 2012, Mr Robertsson served as a member of the board of directors of Alta Food Holding BV. Since 2012, he is member of the board of directors of several companies, namely Neptune Holding BV, Unaos ehf, Urtusker ehf, Oryggismidstod Islands, ASI ehf, Sulusker ehf and Asia Seafood Inc. Since 2013, he has been a member of the board of directors of Lumar Seafood International. Starting in 2015, Mr Robertsson has served as a member of the board of directors of Samskip Holding BV, SMT Partners BV, Gefion Insurance A/S, Recharge A/S and Kimi S.a.r.l. Mr Robertsson is representing Recharge.

In 2015, the Company rented out office space to a company affiliated with Mr. Müller, a member of the Company's Board of Directors, From Jan 1 until Feb 28 the total rent paid during this period amounted to CHF 1’666. In 2014, from May 1, 2014 until December 31, 2014 the total rent paid during this period amounted to CHF 10’897. In 2013, the Company rented out office space to a company affiliated with Mr. Müller, a member of the Company's Board of Directors, from January 1, 2013 until September 30, 2013. Total rent paid during this period amounted to CHF 69’705. In 2012 the total annual rental for this office space amounted to CHF 88’270.

Mr. Spillmann is a principal partner of Bruellan SA, Geneva. In 2014, Bruellan Corporate Governance Action Fund, a fund managed by Bruellan SA, granted the Company a bridge loan in the amount of CHF 1'000'000 which carries an interest rate of 5 % per annum. See Section 2 above for more details.
The extraordinary general meeting of shareholders of 5 January 2015 elected Messrs. Scott C. Macaw and Robert A. Robertsson to the Board of Directors for a term of office until the end of the annual general meeting of 2015.
All the members of the Board of Directors listed above were re-elected at the annual general meeting of shareholders of 6 May 2015 until the end of the next annual general meeting of shareholders.

Events after the balance sheet date:

The Board of Directors announced on 21 January 2016 that Antoine Spillmann stepped down from the Board of Directors.
The extraordinary general meeting of 21 January 2016 elected Peter G. Wodtke and Adam Said to the Board of Directors (both non-executive members):

Peter G. Wodtke, US citizen, born 1934. Mr Wodtke started in banking with Citibank where he was appointed Manager of the main branch in Hong Kong in 1965, moving with Citibank to be Senior Officer in the field covering the Arab world and Iran. After brief service with J Henry Schroder Bank, in 1971 Mr Wodtke was appointed CEO of Private Investment Company for Asia, Tokyo and Singapore, following which he joined Swiss Bank Corporation and was assigned to the United States as Executive Vice President, and later as the bank’s Senior Officer for the United States and Canada. In 1982 Mr Wodtke started a corporate finance boutique in London which he ran until 2000. Mr Wodtke is an adviser to wealthy families and individuals. Experienced in finance, industry and management, Mr Wodtke has served on the boards of 45 companies in Asia, Europe, the Middle East and the United States in fields including banking, commerce, power generation, heavy industry and life sciences. He is a graduate of Princeton University.

Adam Said, Swiss citizen, born 1984. Mr. Said was co-founder of ACE & Company SA (“ACE”) in 2005 and was assigned Executive Director in 2012. He held several directorship positions in ACE’s operating companies since the group’s inception. During his tenure, he oversaw the execution of over a hundred private investment transactions across diverse stages of company’s development. Mr. Said is a member of the firm’s Investment

Committee, chairs the firm's Executive Committee, and is a member of the Board of Directors. Prior to ACE, Mr. Said held a financial analyst position at Unifund, a private family office, where he participated in the development of the firm's expansion in Saudi Arabia. There he shared responsibilities for multi-billion portfolio in public equities and actively participated in opening of the market to foreign investors. He also completed an analyst program at China International Capital Corporation (CICC) in Beijing during the Bank's establishment of its private equity division. Mr. Said continues to hold director and advisory positions on several boards outside of ACE. He received Bachelor degree from Babson College, with a concentration in Entrepreneurship and Economics, and completed his MBA at Harvard Business School.

Internal organisational structure

Meetings

The Chairman chairs the meetings of the Board of Directors and the general meeting of shareholders and supervises the execution of measures, which the Board of Directors has enacted.

The Board of Directors meets whenever required by business, at least however four times a year. The Board of Directors meets at the invitation of its Chairman. Each member of the Board of Directors may request the Chairman to convene a Board meeting by stating the reasons for such a request. A meeting of the Board of Directors requires the presence or participation of at least half of the members of the Board of Directors, or, if the Board of Directors consists of an uneven number, a majority of the members of the Board of Directors.

Resolutions

The Board of Directors passes its resolutions with a majority of the votes cast, with the Chairman holding a casting vote in case of a tie. Resolutions may be passed in writing by circular resolution, unless a member of the Board of Directors requests oral deliberation. Board resolutions by means of written resolutions require the affirmative vote of a majority of all of the members of the Board of Directors. No quorum is required to record the implementation of a capital increase, to pass resolutions regarding the amendments of the Articles of Association entailed thereby and to adopt the report on the capital increase.

Regular meetings of the Board of Directors usually last between half a day to an entire day. In 2015, the Board of Directors held 7 physical meetings and 14 telephone conferences.

Committees

At its meeting of 18 August 2011, the Board of Directors established a Chairman's Committee and an Audit Committee to strengthen the corporate governance structure of the Company and the Group. At its meeting on 26 August 2013, the Board of Directors decided to rename these committees to better reflect their responsibilities to the Appointments and Remuneration Committee and the Audit and Risk Management Committee respectively.

The Appointments and Remuneration Committee currently consists of Messrs. Atack (chairman), Müller, Urban and Macaw joined this committee on 5 January 2015. The member of the Appointments and Remuneration Committee are elected by the general meeting of shareholders for a term of office until the end of the next annual general meeting of shareholders. The task of the Appointments and Remuneration Committee is to assist the Board of Directors in (i) identifying individuals qualified to become members of the Board of Directors; (ii) proposing to the Board of Directors the appointment and removal of members of the Executive Committee; (iii) proposing to the Board of Directors compensation principles for the Group, the compensation for the Board of Directors and the Executive Committee and amendments to or introduction of new incentive plans, including share based plans; and (iv) addressing governance issues. In 2015, the Appointments and Remuneration Committee held 4 meetings.

The Audit and Risk Management Committee currently consists of Mr. Bryan Urban (chairman), Mr. Stefan Müller and Mr. Robert Robertsson who joined this committee on 5 January 2015. The task of the Audit and

Risk Management Committee is to assist the Board of Directors in its oversight of the integrity of the Company's financial statements and financial reporting process, the Company's compliance with legal and regulatory requirements, the system of internal controls, the audit process and the performance, qualification and independence of the Company's independent auditors. The Audit and Risk Management Committee serves as an independent and objective monitor of the Group's financial reporting process and system of internal control, and facilitates ongoing communication between the external auditor, management and the Board of Directors with regard to the Group's financial situation. The Audit and Risk Management Committee shall propose to the full Board of Directors proposals for the general meeting of shareholders regarding the appointment and removal of the Company's auditors. In 2015, the Audit Committee held 1 meeting.

Super Majority Rights

In addition, pursuant to the terms of the Recharge Loan, the Company agreed to provide Recharge with certain super majority rights, including board representation that consists of two representatives or constitutes at least one third of the board at all times, higher thresholds for board approval of certain corporate actions and right of first refusal to underwrite any equity issue (subject to statutory pre-emptive rights of the shareholders).

Definition of areas of responsibility

The Board of Directors has delegated the operational management of the business of the Company and of the Group to the Executive Committee, unless the law, the Articles of Associations or the Organizational Regulations provide otherwise. The scope of tasks for which the Board of Directors has retained responsibility includes in particular the following duties and competencies:

- Ultimate management and direction of the Company and issuance of the necessary directives;
- Determination of the organisation of the Company including resolutions relating to the opening of new branch offices, incorporation and sale of subsidiaries and the sale and acquisition of participations in other companies and decision on and approval of the basic financial, legal and organisational structure of the Group;
- Organization of the accounting, the internal control system (ICS), the financial control, the financial planning and assessment and supervision of risk assessment and risk management;
- Determination of the strategy and business policy of the Group;
- Approval of the business plan of the Group, prepared by the Executive Committee based on the strategic goals;
- Approval of the budget and financial planning documentation prepared by the Executive Committee prior to the yearend; in particular cost budgets which include all material cost and forecasted revenues (e.g. salary, investments, sales etc.);
- Monitor financial stability of the Group (liquidity, safety and appropriate return);
- Approval of budget increases during the financial year;
- Decision on and approval of all corporate transactions (corporate actions), in particular material acquisitions, dispositions, investments and strategic and financing transactions;
- Appointment and removal the members of the Executive Committee and of other important managers, and grant of signatory powers;
- Ultimate supervision of the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association, the Organizational Regulations and other regulations and directives;

- Preparation of the business report (including the financial statements) as well as of the shareholders meeting, and implementation of its resolutions;
- Determination of the compensation principles and the compensation framework of the Group; and
- Proposal of reorganization measures to the general meeting of shareholders if half the share capital is no longer covered by the Company's net assets; notification of the judge (filing for bankruptcy) in the case of over indebtedness.

Further, the approval of the Board of Directors is required for specific transactions that do not fall under the ordinary business activities and/or which financially exceed defined thresholds.

The Executive Committee is responsible for all areas of management of the Company that are not specifically reserved to the Board of Directors. The Executive Committee has in particular the following duties and competencies:

- Management of the operations of the Company and the Group and implementation of the strategy and business policy of the Group decided by the Board of Directors;
- Execution of decisions and instructions of the Board of Directors;
- Management and supervision of all on-going business and transactions of the Company and the Group save for decisions which require prior approval by the Board of Directors;
- Preparation and supervision of compliance with the basic business policy, the operational goals, and the budget and the general compensation principles;
- Performance of risk supervision over the Group;
- Preparation and submission of the annual and semi-annual financial statements and of the annual report for approval by the Board of Directors of as well as the periodical reporting to the Board of Directors on the ongoing state of business of the Group;
- Preparation of the yearly budget for approval by the Board of Directors and proposals to the Board of Directors regarding budget increases during the financial year;
- Preparation and implementation of the general human resources policy, employee matters of general concern and the hiring and head count planning; and
- Immediate information to the Board of Directors with respect to increased risks in the ongoing business and extraordinary events.

Information and control instruments vis-à-vis the Executive Committee

The Board of Directors supervises the Executive Committee and monitors its performance through appropriate reporting and control systems.

At each meeting of the Board of Directors, the Chief Executive Officer reports on the course of business and important business events. Other instruments that enable the Board of Directors to monitor and control the Executive Committee are:

- monthly written reports from the Executive Committee featuring key figures with comparison against the previous year and the budget, and information on order intake, order backlog and inventory and liquidity of the Group together with a brief report by the Chief Executive Officer and the Chief Financial Officer;
- annual strategic analysis of the operating segments together with a plan, amended each year by the Executive Committee, for the next few years;
- annual revision of the business risk matrix for the Group by the Executive Committee;

- special reports by the Executive Committee on important investments, acquisitions and cooperative agreements.

The Chairman is regularly (in between meetings of the Board of Directors) briefed by the Chief Executive Officer on the current course of business and is promptly informed about any extraordinary events. The Company's internal control system (ICS) consists of seven groups of analysis which are checked and reviewed on a monthly, quarterly and yearly basis. The statutory auditor assesses and reports on the effectiveness of the internal control system (ICS) to the Board of Directors once a year.
These groups of analysis are:

- Finance with a focus on cash and cash equivalents, payment rights, equity and value added tax (VAT);
- Fixed assets with a focus on the registrations of the fixed assets, their correct depreciation and impairments if necessary;
- Inventory with a control of the goods entries and deliveries as well as the correctness of the inventory;
- IT and its recovery plan;
- Payroll and related payment or accounting issues;
- Purchases with a focus on the material resources planning (MRP) and on the adequacy of merchandising entries and accuracy of invoices received;
- Sales with a focus on billing system and account receivables survey.

The Company defines and evaluates the most important risks based on a risk map comprising the following categories:

- Strategy with a focus on the market, the competitors and the technology;
- Operations with a focus on the staff, IT and the supply chain;
- Finance and cash control;
- Production and the setup of the new production line, including suppliers, approvals, deliveries, ramp-up and product quality.

Under the oversight of the Chief Executive Officer, a risk matrix is prepared at least annually and evaluated in detail by the responsible heads. Based on the evaluation, a detailed catalogue of measures for the most important risks is prepared. The most important risks, along with possible measures to prevent and mitigate potential damage are presented to the Board of Directors for decision twice a year. In addition, the Board of Directors addresses most of the above mentioned risk categories at each meeting. On this basis, the Board of Directors is monitoring the risks of the Group.
The Company has no internal audit.

External Mandates
According to art. 23^{decies} of the Articles of association, members of the Board of Directors may not hold more than four additional mandates in companies that are quoted on an official stock exchange and seven additional mandates in non-quoted companies. The following mandates are not subject to these limitations: a) mandates in companies which are controlled by the Company; b) mandates held by order and on behalf of the Company or any controlled company, it being understood that such mandates shall not be more than five for each member of the board of directors or of the executive committee; and c) mandates in associations, foundations, charitable organisations, trusts, employee welfare foundations and other comparable structures, it being understood that such mandates shall not be more than ten for each member of the board of directors or of the executive committee. The term "mandates" shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the Swiss commercial register

or a corresponding foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

4. Executive Committee

The Executive Committee is responsible for all areas of management of the Company and the Group that are not specifically reserved to the Board of Directors. Members of the Executive Committee are appointed by the Board of the Directors. The Executive Committee is chaired by the Chief Executive Officer.
The Articles of Association was submitted for approval and amended in line with the OaEC at the 2015 annual general meeting of shareholders of 6 May 2015.

Members of the Executive Committee

Name	Nationality	Position	Initially appointed
Anil Srivastava	French	Chief Executive Officer	2014
Andrew Firmston-Williams	British	Chief Financial and Operations Officer	2013
Pierre Blanc	Swiss	Chief Technology and Industrial Officer	2006
Fabrizio Marzolini	Swiss and Italian	Executive Vice President System Engineering and Integration	2013
Thierry Perronnet	French	Executive Vice President Speciality Battery Systems	2013
Martti Ukkonen	Finnish	Executive Vice President Mobile Storage Systems	2014
Stefan Louis	Belgian	Chief Strategy Officer, Vice President Systems R&D	2015

Anil Srivastava, French, born 1960, joined the Company in June 2014. Prior to joining the Company, Mr. Srivastava was the Chief Executive of Areva Renewables and a member of the Areva Group's executive committee from January 2009 to December 2011. Prior to his positions at Areva, he held senior executive positions in companies such as TomTom Group and Alcatel-Lucent. Most recently, Mr. Srivastava was a member of the Executive Board of Windreich AG in Germany between June 2012 and December 2012, Chief Executive of Windkraft Union GmbH in Germany from January 2013 to September 2013, Managing Director of Climate Holdings BV, in the Netherlands, from September 2013 to May 2014 and Director of Oakridge Inc from February 2014 to July 2014. Mr. Srivastava serves as an Advisor (with no remuneration) to the Board of Agua Via Ltd in the UK. He obtained a master's degree from the National Institute of Technology in India and graduated with an Executive MBA from the Wharton School of Business at the University of Pennsylvania in the USA.

Andrew Firmston-Williams, British, born 1957, joined the Company in 2013. Mr. Firmston-Williams holds a Bsc (Hons) degree in Economics from Hull University England. He qualified as a Chartered Accountant in London with one of the major international firms and for over a 33-year period has pursued a career in finance and general management with various small and mid-sized firms. He was one of the three founding directors of a technology-based infrastructure company in the health services market that was successfully floated on the Alternative Investment Market in London, and he also worked with private equity investors on various portfolio companies.

Pierre Blanc, Swiss, born 1970, joined the Company in 2000. He is Chief Technology and Industrial Officer of Leclanché. His previous positions include Development Manager of primary cells and Head of the R&D department at Leclanché between 2004 and 2006. Prior to that, from 2000 to 2004, Mr. Blanc was Chemical Engineer at Leclanché where he was responsible for the development and manufacturing of battery cells of major brands such as Varta, Energizer, Panasonic and Enersys. Since 2014, Mr. Blanc has been a board member (without remuneration) of the German non-profit Kompetenznetzwerk Lithium Ionen Batterien (KLiB). He holds a B.A. Moderatorship Chemistry from Trinity College Dublin.

Fabrizio Marzolini, Swiss/Italian, born 1969, joined Leclanché in 1994. He is Executive Vice President System Engineering and Integration and is responsible for the development of the battery solution battery management software and electronics. Fabrizio Marzolini holds a degree in electricity engineering from the "Ecole d'ingénieur d'Yverdon" and an executive Master of Business Administration (MBA) from Haute Ecole d'Ingénierie et de Gestion du Canton de Vaud (HEIG-VD).

Thierry Perronnet, French, born 1964, joined the Company in 2013. Mr. Perronnet has a strong background in consumer goods and technological Business to Business ("B2B") markets and has held various senior positions in sales and marketing in Europe and North America. Until recently, he was a B2B Sales & Marketing Director with Eastman Kodak for the EMEA region. Prior to that he successfully developed a Business to Business and Business to Customer ("B2C") business in data storage and photographic products for 3M, for whom he had previously worked in Europe and North America. He also contributed to the implementation of the spin-off of these businesses from 3M to create Imation in Europe. Mr. Perronnet holds a bachelor's degree from the Institut Français Alterné de Gestion.

Martti Ukkonen, Finnish, born 1962, joined the Company in July 2014 as a consultant and in October 2014 as Executive Vice President. He is responsible for the Mobile Storage Systems Business Unit operating within transportation, heavy working machine and marine vessel market segments. Prior to joining the Company, Mr. Ukkonen was CFO and a founding member of European Batteries Oy and a member of the board of Oy Finnish Electric Vehicle Technologies Ltd. between 2006 and 2013. From 1998-2006 he held an executive position as CFO in SRV Group Plc. a Finnish Real estate and Construction company. He holds a M.Sc (B.A.) from the Helsinki School of Economics in Finland.

Stefan Louis, Belgian, born 1971, joined the Company in 2015 as Chief Strategy Officer, Vice President Systems R&D, following the acquisition of Belgian lithium-ion battery business unit Trineuron. Prior to this, Mr. Louis was business manager of Emrol, a company involved with lead-acid battery distribution and related technologies. Mr. Louis also owns Belgian company Emrol, a business involved with lead-acid battery distribution and related technologies. Between January 2011 and January 2015, Mr. Louis held a position as managing director at the European HQ for Fullriver, a Guangzhou China based lead-acid and lithium-ion battery manufacturer. Mr. Louis also previously held two board positions with non-profit organizations, Recybat (a Belgian organization for battery manufacturers and importers) between June 2009 and June 2012 and Bedrijvenpark Malle (a regional network and cooperation community) between July 2010 and August 2015. He holds an MSc in Electronics from Antwerp University.

Events after the balance sheet date:

As announce in the 9 December 2015 Press Release, the Company's board has decided to appoint a new CFO to starting in February 2016.

Hubert Angleys, French, born 1958, has been appointed Chief Financial Officer and member of the Executive Committee at Leclanché SA starting February 2016.
Prior to his new role, he served as CEO of the Swiss precious metal refining group Metalor until July 2014, after holding the Chief Financial Officer position for twelve months.
Prior to joining Metalor, he held various Financial Director positions for Europe and for upstream and downstream businesses at Alcoa, the American giant aluminium group. He has also deep experience leading finance functions of international groups that operate in different sectors of activity, like Digital Equipment, Tomy Toys, RJ Reynolds Tobacco, or even Sicpa with executive oversight for treasury, tax, controllership, financial planning and analysis, audit, mergers and acquisitions and cash management.
He holds a degree in accounting, business administration and law.

Management contracts

As of 31 December 2015, there are no management contracts between the Company and third parties.

External Mandates

According to art. 23decies of the Articles of Association, members of the executive committee may hold up to two mandates in quoted or non-quoted companies, subject to approval by the Board of Directors. For a description of the scope of the term "mandate", please refer to section 3 (Board of Directors, External Mandates).

5. Compensation, Shareholdings and Loans

For the relevant information please refer to the Compensation Report on page 36.

6. Shareholders' Participation

The Articles of Association was submitted for approval and have been amended in line with the OaEC at the annual general meeting of shareholders of 6 May 2015 and accordingly they contain rules in relation to the independent voting rights representative and on the electronic participation in the general meeting of shareholders. The general shareholders' meeting shall elect the independent voting rights representative for a term of office ending after completion of the following ordinary shareholders' meeting. The independent voting rights representative may be re-elected.

Right to vote ("one share, one vote")

Any shareholder who is registered as a shareholder with voting rights has the right to attend and to vote at the general meeting of shareholders. Each share of the Company entitles its holder to one vote.

Shareholder registration

Voting rights may only be exercised by a shareholder who is recorded in the share register. Shareholders are recorded upon demand in the share register as shareholders with voting rights if they expressly declare to have acquired their shares in their own name and for their own account or if they indicate the name, surname, domicile, address and citizenship (registered office for legal entities) of the person in which name or for which account they hold the shares.

No restrictions on voting rights

Subject to the registration of the shares in the share register, the Articles of Associations do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

Representation

Shareholders having the right to vote may be represented at the general meeting of shareholders by another person authorized by a written proxy, or by a legal representative or by the independent voting rights representative. Such representative need not be shareholders of the Company.

Quorum

The general meeting of shareholders constitutes a quorum regardless of the number of shares represented and the number shareholders present to the extent that the law does not provide otherwise.

Resolutions and elections

The general meeting of shareholders passes resolutions and carries out elections by relative majority of votes, to the extent that the law or the Articles of Association do not provide otherwise. The Articles of Association state that a qualified majority of two-thirds of the share votes represented is required to pass a resolution to modify or abrogate article 4 (*Transferability of shares*), article 14 (*Votes and elections*) and to revoke more than one third of the members of the Board of Directors.

Convening

The general meeting of shareholders is convened by the Board of Directors or, if necessary, upon request by the auditors. The Board of Directors is further required to convene an extraordinary general meeting of shareholders if so requested in writing, indicating the items and the motions, by one or more shareholders holding in aggregate at least 10% of the Company's nominal share capital.

The general meeting of shareholders is called at least 20 days prior to the day of the general meeting by only one publication in the Swiss Official Gazette of Commerce and, although not required by the Articles of Association, by ordinary mail to the address of registered shareholders recorded in the share register.

Agenda

The general shareholders' meeting can only deliberate on items which are on the agenda, except for the propositions to call an extraordinary general shareholders' meeting or to carry out a special audit. One or more shareholders holding shares with a nominal value of at least CHF 1 million in the aggregate have the right to request in writing that a specific proposal be put on the agenda and voted upon at the next general meeting of shareholders.

Closing date for registration in the share register

Only those shareholders with voting rights whose names were recorded in the Company's share register on the respective closing date may attend the general meeting and exercise voting rights. For organizational reasons, the Board of Directors has determined that no new registration will be made in the share register during a period of up to two weeks before a general meeting. There are no exceptions to this rule regarding the closing date.

7. Change of Control and Defence Measures

Duty to submit an offer

The Swiss Stock Exchange Act provides that anyone who, directly, indirectly or acting in concert with third parties, acquires equity securities exceeding 33⅓% of the voting rights of a company - whether or not such rights are exercisable - is required to make an offer to acquire all listed equity securities of that company. A company may raise this threshold to 49% of the voting rights ("opting up") or may, under certain circumstances, waive the threshold ("opting out").

On 10 April 2013, the annual general meeting of shareholders of the Company resolved to include an "opting up" article in the Articles of Association of the Company that increases the threshold for a mandatory takeover offer under the Swiss Stock Exchange Act (SESTA) from the statutory threshold of 33⅓% to 49%. As a result, under this "opting up" article, an acquirer of the Shares is obliged to make a public tender offer pursuant to Article 32 SESTA only if, as a result of the acquisition of Shares, the threshold of 49% of the Company's voting rights (whether exercisable or not) is exceeded.

Change of control clauses

There are no change of control clauses (e.g., golden parachutes) included in agreements or schemes benefitting members of the Board of Directors and/or of the Executive Committee except for in the employee stock option plan approved by the Board of Directors on 26 February 2010 which provides that in the event of a successful tender offer where the offeror acquires more than 50% of the shares, the option holders have the right to exercise their options during the additional tender offer period, irrespective of whether a possible restriction period (during which the options cannot be exercised) has lapsed or not.

8. Auditors

The Company's statutory auditor has been PricewaterhouseCoopers SA, Avenue Charles-Ferdinand-Ramuz 45, in Lausanne, for the financial years 2012, 2013 and 2014. At the Annual General Meeting of 6 May 2015, the shareholders appointed PricewaterhouseCoopers SA, in Lausanne, as the statutory auditor for the financial year 2015. Mrs. Corinne Pointet Chambettaz holds the position of auditor in charge since 2015. Before this, Mr. Felix Roth held the position of auditor in charge for the financial years 2008 to 2014. As required by law, the lead auditor has to be changed every seven years.

In 2015, the fees of PricewaterhouseCoopers SA for the audit of the consolidated and statutory financial statements of the Group Leclanché amounted to CHF 419,521 and for other services (including tax services) amounted to CHF 85,881.

The Board of Directors each year evaluates the performance of the auditor and decides whether the auditor should be proposed to the annual general meeting of shareholders for re-election. Criteria applied for the performance assessment of the auditor are the quality of the management letter, technical and operational competence, independent and objective view, sufficient resources employed, focus on areas of significant risk to the Company, willingness to probe and challenge, ability to provide effective, practical recommendations and open and effective communication and coordination with management.

9. Information Policy

The Company is committed to a policy of open, transparent and continuous information. The Company publishes annual and semi-annual reports. Detailed information is provided at the annual general meeting of shareholders. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange.

Annual and semi-annual reports, ad hoc announcements and other press releases, the current share price, as well as general information about the Company can be found at the Company's website «www.leclanche.ch».

Interested persons can subscribe to the free e-mail service to receive all ad hoc announcements and other press releases as well as financial reports via e-mail at http://www.leclanche.com/investor-relations/investor-communication/register-for-updates/.

Interested persons may also communicate with the Company directly through the following contact:

Anil Srivastava
Chief Executive Officer
E-mail: anil.srivastava@leclanche.com / Tel.: +41 24 424 65 56

Leclanché Group

Compensation Report 2015

Leclanché
Energy Storage Solutions

1. Compensation report

This compensation report provides information on the remuneration of the members of the Board of Directors and Executive Committee which in the past was presented in the corporate governance report and consolidated financial statements of the Company.

1.1. Legislation

The legislation and regulations governing the compensation practices of the Group are set out in the following documents:

- Swiss Code of Obligations
- Ordinance Against Excessive Compensation at Listed Companies (VegüV), and section 95 para. 3 of the Swiss constitution
- Listing Rules of the SIX Swiss Exchange
- Directive on Information Relating to Corporate Governance
- Swiss Code of Best Practice for Corporate Governance
- Articles of Association of the Company

1.2. Guiding principles

The Company operates a remuneration system designed to align the interests of the members of the Board of Directors and Executive Committee with those of the Group, shareholders and other stakeholders. The individual remuneration components take account of the Group's sustainable short- and long-term business development. As the objective is also to attract and retain highly qualified executives and professionals, the remuneration system is focused on providing competitive remuneration with a fixed and a variable component. The remuneration system is periodically reviewed by the Board of Directors.

1.3. Compensation system

1.3.1. Members of the Board of Directors

The members of the Board of Directors receive a non-performance related compensation in the form of a Board of Directors fee, which is proposed on an annual basis by the Appointments and Remuneration Committee and decided upon by the entire Board of Directors. The fee amount depends on the exposures and responsibilities and the specific tasks performed by each individual member during the financial year and is paid in cash.

1.3.2. Members of the Executive Committee

The compensation for the members of the Executive Committee is verified and proposed on an annual basis by the Appointments and Remuneration Committee. The total compensation, which comprises fixed and variable components, is decided upon by the entire Board of Directors. The members of the Executive Committee receive a base salary commensurate with the job profile and the employee's experience and skills and a performance related cash bonus. The base salary is assessed annually against responsibility and experience and is adjusted when needed. A target cash bonus is defined for each member of the Executive Committee at the beginning of the financial year and this forms the basis for the calculation of the cash bonus actually paid at or shortly after the end of the financial year. The amount of bonus actually paid is determined taking into account corporate and individual targets and may vary according to a matrix from 0% to 150% of the target amount.

1.3.3. Equity incentive plans

Two plans exist: the Stock option plan (prior to 2014) and the Capped Stock Option Plan (attribution in 2014).

Capped Stock Option Plan

Members of the Executive Committee are eligible to participate in the Capped Stock Option Plan which came into effect in 2014. The Board of Directors can issue options to its members, members of the Executive Committee as well as to other key employees.

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 CSO Plan is designed to direct the focus of the executives concerned on long-term share price appreciation, to promote the long-term financial success of the Group and generally to align the interests of executives with those of shareholders. The plan will be administered by an administrative committee appointed by the Board. Under the CSO Plan an award for a certain number of options is made at the start of the financial year at an exercise price equal to 110% of the average Share Price for the sixty (60) business days preceding the award date, subject to it being (a) not less than the share price at the award date, and (b) not more than 115% of the Share Price at the award date. The actual number of options that are granted to the executive will be determined at or shortly after the end of the year depending on the corporate and individual performance, according to a pre-defined matrix and can range from 0% to 150% of the original award. Options granted are exercisable within 7 years from the date of award and vest evenly over a 3 year period. 50% of each tranche that is vested is blocked for a further 12 months. The option holder may exercise unblocked options within the exercise period by either paying the exercise price to the company to acquire the shares, or authorizing the company to sell sufficient shares to pay the exercise price of the CSOs. In event of termination of employment for any reason other than death or disability, (a) any unvested CSOs shall lapse, (b) any blocked CSOs shall become unblocked CSOs and can be exercised during a period of 30 business days after the termination date, after which they lapse, and (c) any unblocked CSOs can be exercised prior to the termination date, after which they lapse. The administrative committee has discretion to vary conditions as it deems appropriate.

Stock option plan

The employee stock option plan has been adopted which has been adopted by the Board of Directors on 26 February 2010. Each option granted under the employee stock option plan is granted, as a rule, free of charge and entitles the holder to acquire from the Company one share against payments in cash of the exercise price. For each grant of options, the Company and the plan participant enter into an option contract. The exercise price and the exercise period are set by the Board of Directors in the option contract. The exercise price is the average of the closing prices of the shares during the five trading days preceding the date of grant of the options plus a premium to be determined by the Board of Directors at its absolute discretion. The Board of Directors may determine a restriction period during which the options cannot be exercised. The options vest on the day after the date when the restriction period lapses. The granted options forfeit if, prior to the end of the restriction period, (i) the option holder terminates the employment contract other than for valid reasons, retirement at normal retirement age as may be agreed between the option holder and the Group, death or disability, or (ii) the Group terminates the employment contract for valid reasons. Except under certain circumstances (e.g. tender offer or death), the options are not transferable. No further options were granted under this plan during the financial year 2014 and 2015 and it is not intended to issue new options under this plan in future.

1.4. Ordinance Against Excessive Compensation at Listed Companies (Vegüv), and section 95 para. 3 of the Swiss constitution

A revised version of the Articles of Association with regard to the Board of Directors and Executive Committee compensation, taking into account the Ordinance Against Excessive Compensation at Listed Companies (OAEC, VegüV) has been submitted to the 2015 Shareholders' General Meeting and has been approved.

1.5. Compensation in fiscal year 2015

This section of the compensation report provides information on the compensation paid by the Company in the fiscal year 2015 to the Board of Directors, Chief Executive Officer and Executive Committee as required by the OAEC.

1.5.1. Board of Directors

In the fiscal year 2015 the members of the Board of Directors received an aggregate total compensation of CHF 359,500 (prior year: CHF 260,255).

Detailed information on the compensation of the members of the Board of Directors:

Total compensation 2015

Name	Position	Base cash compensation (kCHF)	Consulting fees (kCHF)	Options (kCHF)	Social charges (kCHF)	Total
Jim Atack	Chairman	100.0	-	-	-	**100.0**
Bryan Urban	Member	50.0	-	-	-	**50.0**
Stefan Müller	Member	50.0	-	-	4.1	**54.1**
Antoine Spillmann	Member	50.0	-	-	4.1	**54.1**
Scott Macaw	Member	50.0	-	-	-	**50.0**
Robert Robertsson	Member	50.0	-	-	1.3	**51.3**
Amount due at year-end						**84.4**

Total compensation 2014

Name	Position	Base cash compensation (kCHF)	Consulting fees (kCHF)	Options (kCHF)	Social charges (kCHF)	Total
Jim Atack	Chairman	100.0	-	-	-	**100.0**
Armin Weiland	Member (office terminated at the 2014 AGM)	-	-	-	-	**-**
Bryan Urban	Member	50.0	-	-	-	**50.0**
Stefan Müller	Member	50.0	-	2.1	4.1	**56.2**
Antoine Spillmann	Member	50.0	-	-	4.1	**54.1**
Amount due at year-end						**126.8**

1.5.2. Executive Committee

In the fiscal year 2015 the aggregate overall compensation of the Executive Committee amounted to CHF 2,159,927 (prior year CHF 2,708,165).

The highest total compensation in the Group in fiscal year 2015 was earned by Mr. Anil Srivastava. His total compensation in fiscal year 2015, consisting of the fixed annual base salary, the variable performance-related compensation, and pension, insurance and perquisites, amounted to CHF 713,697 (2014: CHF 600,800).

The employment contracts with members of the Executive Committee do not contain any severance payments. There are no employment contracts with members of the Executive Committee with notice periods of more than six months.

Total compensation 2015

All amounts in kCHF	**Base cash compensation**	**Cash bonus**	**Options**	**Social charges**	**Total**
Global payment	1,586.6	241.8	51.2	280.3	**2,159.9**
of which highest payment to Anil Srivastava (CEO)	500.0	100.0	29.7	84.0	**713.7**

Total compensation 2014

All amounts in kCHF	**Base cash compensation**	**Cash bonus**	**Options**	**Socials charges**	**Total**
Global payment	1,781.3	391.8	208.8	327.8	**2,708.2**
of which highest payment to Anil Srivastava (CEO)	291.6	250.0	-	59.1	**600.8**

1.5.3. Service benefits and benefits in kind

The rent of a flat of two members of the executive committee has been paid in 2015 by Leclanché. The yearly rent amounts to CHF 59,140. One agreement finished on 31 December 2015. The second agreement is until 31 May 2017.

No other service benefits and benefits in kind have been granted to members of the Board of Directors or to members of the Executive Committee in the year under review.

1.5.4. Sign-on bonuses

No sign-on payments have been granted to members of the Board of Directors or to members of the Executive Committee in the year under review.

1.5.5. Loans, guarantees, guarantee obligations, pledges in favour of third parties and other securities

No loans, guarantees, guarantee obligations, pledges in favour of third parties and other securities have been granted to present or past members of the Board of Directors or to present or past members of the Executive Committee (including persons related to them) in the year under review, and no such loans, guarantees, guarantee obligations, pledges in favour of third parties and other securities are outstanding.

1.5.6. Loan Waivers

No Group company waived repayment of any loan obligations due a member of the Board of Directors or Executive Committee in the year under review.

1.5.7. No fees or compensation for any additional services

In the year under review the members of the Board of Directors and Executive Committee did not receive any fees or compensation for any additional services rendered to any Group company.

1.5.8. Former members of management

No compensation was paid to persons who ceased to be a member of the Board of Directors or Executive Committee in the year under review or in prior years, nor to parties related to them.

1.5.9. Related parties

In the year under review, no compensation was paid to related parties of the Board of Directors or Executive Committee.

1.5.10. Shareholdings in the Company

Detailed information about the participations of the members of the Board of Directors and the Executive Committee (including related parties) through shares and option rights in the Company can be found in note 11 of the 2015 statutory financial statement.

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

Report of the statutory auditor
to the General Meeting
LECLANCHE SA
Yverdon-les-Bains

We have audited the remuneration report (pages 39 - 41) dated 13 April 2016 of LECLANCHE SA for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of LECLANCHE SA for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Aude Joly
Audit expert Auditor in charge	Audit expert

Lausanne, 13 April 2016

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch

Leclanché Group

Consolidated financial statements 2015

Leclanché
Energy Storage Solutions

Consolidated income statement for the year ended December 31, 2015

	Notes	31.12.2015	31.12.2014
		kCHF	kCHF
			restated
Sales of goods and services	3	17'882.5	10'356.8
Other income	4.1	325.5	427.8
Total income		18'208.0	10'784.6
Raw materials and consumables used		-16'554.1	-7'977.2
Personnel costs	4.3	-14'297.2	-12'374.6
Other operating expenses	4.2	-13'384.3	-7'354.9
Earnings Before Interest, Tax, Depreciation and Amortization		-26'027.6	-16'922.1
Depreciation, amortization and Impairment expenses	7, 8	-5'795.5	-4'573.9
Operating Loss		-31'823.1	-21'496.0
Finance costs		-2'670.2	-1'920.3
Finance income		0.5	3.3
Loss before tax for the year		-34'492.8	-23'413.0
Income tax	5	-1'084.6	-
Loss for the year		-35'577.4	-23'413.0
Earnings per share (CHF)			
- basic	6	-1.21	-1.21
- diluted	6	-1.21	-1.21

Consolidated statement of comprehensive loss for the year ended December 31, 2015

	31.12.2015	31.12.2014
	kCHF	kCHF
		restated
Loss for the year	-35'577.4	-23'413.0
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Actuarial income /(loss) on post employment benefit obligations	-2'823.8	-952.0
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	-2'642.3	-321.4
Other comprehensive income/(loss) for the year	-5'466.1	-1'273.4
Total comprehensive loss for the year	-41'043.5	-24'686.4

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

Consolidated balance sheet at December 31, 2015

	Notes	31.12.2015 kCHF	31.12.2014 kCHF restated	01.01.2014 kCHF restated
ASSETS				
Non-current assets				
Property, plant and equipment	7	17'813.5	22'078.5	25'643.3
Intangible assets	8	9'627.3	4'174.0	4'785.1
Other financial assets	19	259.4	250.6	248.4
		27'700.2	26'503.1	30'676.8
Current assets				
Inventories	11	4'351.4	4'588.4	4'568.1
Trade and other receivables	12	4'669.0	2'215.5	3'651.1
Cash and cash equivalents	19	3'541.8	537.1	3'060.4
		12'562.2	7'341.0	11'279.6
TOTAL ASSETS		40'262.4	33'844.1	41'956.4
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	13	56'854.5	32'971.8	28'220.8
Share premium		72'874.5	63'497.8	56'833.8
Accumulated value for share-based payment	10	1'936.5	1'885.3	1'677.3
Other reserves	13	8'632.2	8'632.2	8'632.2
Translation reserve		-4'609.5	-1'967.2	-1'645.8
Equity component of convertible loan and warrants		3'479.6	4'161.9	5'216.3
Actuarial loss on post-employment benefit obligations	9	-16'434.2	-13'610.4	-12'658.4
Accumulated losses		-114'121.8	-79'420.3	-56'296.2
Total Equity		8'611.8	16'151.1	29'980.0
Non-current liabilities				
Provisions		-	-	100.0
Defined benefit pension liability	9	8'221.2	4'998.4	3'840.2
Convertible Loan	15A	7'563.5	3'219.3	4'136.3
Borrowings	15B	500.0	-	-
Embedded Derivative	15A	625.0	-	-
Deferred Tax Liability	5	1'084.6	-	-
		17'994.3	8'217.7	8'076.5
Current liabilities				
Provisions	14	275.0	150.0	100.0
Borrowings	15B	750.0	3'027.4	
Trade and other payables	16	12'631.3	6'297.9	3'799.9
		13'656.3	9'475.3	3'899.9
Total Liabilities		31'650.6	17'693.0	11'976.4
TOTAL EQUITY AND LIABILITIES		40'262.4	33'844.1	41'956.4

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

Leclanché
Energy Storage Solutions

Consolidated statement of changes in equity for the year ended December 31, 2015

	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
Restatement (please refer to note 1 R)	-	-	-	-	-	-	-	-9'243.0	-9'243.0
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	-56'296.2	29'980.0
Loss for the year	-	-	-	-	-	-	-	-23'413.0	-23'413.0
Other comprehensive income:									
Actuarial gain on post employment benefit obligations	-	-	-	-	-	-	-952.0	-	-952.0
Currency translation differences	-	-	-	-	-	-321.4	-	-	-321.4
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-1'967.2**	**-13'610.4**	**-79'709.2**	**-24'686.4**
Equity component of convertible loan and warrants	-	-	-	-	4'141.7	-	-	-	4'141.7
Reserve for share-based payment	-	-	208.0	-	-	-	-	-	208.0
Capital decrease as per 9 April 2014	-8'158.6	8'158.6	-	-	-	-	-	-	-
Capital increase as per 9 April 2014 and 30 June 2014 (including issue costs)	12'909.6	-1'494.6	-	-	-5'196.1	-	-	288.9	6'507.8
Balance at 31 December 2014	**32'971.8**	**63'497.8**	**1'885.3**	**8'632.2**	**4'161.9**	**-1'967.2**	**-13'610.4**	**-79'420.3**	**16'151.1**
Balance at 1 January 2015	32'971.8	63'497.8	1'885.3	8'632.2	4'161.9	-1'967.2	-13'610.4	-79'420.3	16'151.1
Loss for the year	-	-	-	-	-	-	-	-35'577.4	-35'577.4
Other comprehensive income:									
Actuarial loss on post employment benefit obligations	-	-	-	-	-	-	-2'823.8	-	-2'823.8
Currency translation differences	-	-	-	-	-	-2'642.3	-	-	-2'642.3
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-4'609.5**	**-16'434.2**	**-114'997.7**	**-41'043.5**
Equity component of convertible loan and warrants	-	-	-	-	2'400.0	-	-	-	2'400.0
Reserve for share-based payment	-	-	51.20	-	-	-	-	-	51.2
Warrants Exercice	765.0	693.8	-	-	-693.8	-	-	-	765.0
Capital increase ex-OKME as per 21 January 2015 and 19 May 2015	5'258.0	-	-	-	-2'388.5	-	-	875.9	3'745.4
Capital increase Recharge as per 17 July 2015	12'750.0	3'921.3	-	-	-	-	-	-	16'671.3
Capital increase ADS TEC and Trineuron Deal	2'268.0	3'056.6	-	-	-	-	-	-	5'324.6
Capital increase as of 21 December 2015	2'841.7	1'705.0	-	-	-	-	-	-	4'546.7
Balance at 31 December 2015	**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**

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

Consolidated statement of cash flows for the year ended December 31, 2015

	Notes	31.12.2015	31.12.2014
		kCHF	kCHF
			restated
Operating activities			
Loss for the year		-35'577.4	-23'413.0
Non cash adjustments:			
Depreciation of property, plant and equipment	7	2'961.4	3'537.2
Amortization of intangible assets	8	1'195.5	1'036.7
Impairment of Intangibles assets	8	1'574.0	-
Non-realized foreign exchange differences		-254.8	221.5
Deferred Liability taxes	5	1'084.6	-
Recognized expense for stock option plan	10	51.2	208.0
Interest expense		2'670.2	1'920.3
Interest income		-0.5	-3.3
Movement in provisions	14	125.0	-50.0
Employer's contribution to defined benefit plan	9	-416.9	-424.7
Pension cost	9	402.7	206.1
Working capital adjustments:			
In/Decrease in trade and other receivables		-2'206.2	1'435.6
In/Decrease in inventories		861.6	-20.3
In/Decrease in trade and other payables		6'105.4	2'498.0
Interest paid		-102.9	-
Net cash flows used in operating activities		**-21'527.1**	**-12'847.8**
Investing activities			
Purchase of property, plant and equipment	7	-473.6	-389.8
Investment in other financial assets		-	2.2
Capitalized development expenses	8	-3'154.9	-485.9
Grant on capitalized development expenses		1'067.5	-
Acquisition of Intangible assets		-1'964.0	-
Interest received		0.5	3.3
Net cash used in investing activities		**-4'524.5**	**-870.2**
Financing activities			
Proceeds from share capital increase		4'546.7	-
Proceeds from warrants exercized	13	765.0	-
Proceeds from convertible loan	15A	23'263.9	8'200.0
Proceeds from Mandatory Convertible Note	15A	2'400.0	-
Cash-in from bridge loan	15B	500.0	3'000.0
Repayment of bridge loan	15B	-2'395.0	-
Net cash from / (used in) financing activities		**29'080.6**	**11'200.0**
Increase / Decrease in cash and cash equivalent		**3'029.0**	**-2'518.0**
Cash and cash equivalent at 1 January		537.1	3'060.4
Cash and cash equivalent at 31 December		3'541.8	537.1
Effect of exchange rate changes		24.3	5.3
Variation		**3'029.0**	**-2'518.0**

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

CORPORATE INFORMATION

The consolidated financial statements of Leclanché SA (the "Company", and together with its subsidiaries Leclanché GmbH, Leclanché UK Ltd and Leclanché BVBA, the "Group") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors of 12 April 2016. They are still subject to formal approval by the annual general meeting.

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

The principal activities of the Group are described in Note 3.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of preparation

The consolidated financial statements of Leclanché SA are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and its predecessor organization, the International Accounting Standards Committee (IASC).

The policies set out below are consistently applied to all the years presented. These consolidated financial statements were prepared under the historical cost convention, except for items to be recorded at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. See Note 2 for areas involving a higher degree of judgment and significant estimates.

The annual closing date of the individual financial statements of all Group companies is 31 December.

(B) New and amended accounting standards and IFRIC interpretations

(a) Standards and Interpretation effective in the current period

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that have a material impact on the group.

(b) Standard and Interpretations in issue not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

In addition, various other already issued standards will be amended or clarified as part of the annual improvements 2013, 2014 and 2015, none of which is deemed to have a significant impact on the Group's operations.

There is currently no intention to adopt these new and amended accounting standards before the effective date. The Group will apply the IFRS 15 Revenue from contact with customers from 1 January 2018 and IFRS 16 Leases from 1 January 2019; the Group is currently assessing the impact of these standards.

(C) Group accounting

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(D) Foreign currencies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swiss Franc "CHF", which is the Group's presentation currency.

The local currency is generally used as the reporting currency throughout the world. In the respective entity financial statements, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the balance sheet date. Transactions are recorded using the prevailing exchange rate at the time of the transaction. All resulting foreign exchange transaction gains and losses are recognized in the subsidiary's income statement.

Income, expense and cash flows of the consolidated companies have been translated into Swiss francs using average exchange rates. The balance sheets are translated using the year-end exchange rates. Translation differences arising from movements in the exchange rates used to translate equity, long-term internal financing deemed as net investment in a foreign operation and net income are included in other comprehensive income.

(E) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee.

(F) Revenue recognition

Revenue includes the fair value from the sale of goods and services, net of value-added tax, rebates, discounts and sales commissions and after eliminating sales within the Group.

(a) Sale of goods

Sale of goods is recognized when delivery to the customer has occurred, the significant risks and rewards have been transferred to the buyer and collection of the related receivables is reasonably assured. Sale of goods may include delivery of batteries, rechargeable batteries, systems for electrical storage device and some accessories.

(b) Services rendered

Revenue for services rendered includes various types of services such as system integration, specific developments and customization or maintenance. For larger projects revenue is recognised according to the stage of completion (contract milestone agreed in the quotation), for smaller project once the project is completed.

(c) Interest income

Interest income is recognized using the effective interest method.

(G) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government grants related to intangible asset shall be presented in the statement on financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(H) Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(I) Property, plant and equipment

All property, plant and equipment are shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repair and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management and is calculated on a straight-line basis over the useful life, according to the following schedule:

	Useful life in years
Production machinery	8 - 10
Machinery, equipment	5 – 8
Tools	3 – 5
Computers and information networks	3 – 5
Office furniture and equipment	5 – 8
Vehicles	5

Assets are depreciated on a straight-line method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal or retirement of tangible fixed assets are determined by comparing the proceeds received with the carrying amounts and are included in the consolidated income statements.

(J) Intangible assets

(a) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

(b) Patents, licences and rights of use

The patents have been acquired as part of a business combination. The useful life (7 to 12 years) assigned to the patents is based on the maturity of the patents and the value was assessed based on estimated economic benefit that such patents rights can provide.

Separately acquired rights of use are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(c) Know-how and software

Separately acquired know-how and software are shown at historical cost. Know-how and software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life (3 to 5 years) and are subsequently carried at cost less accumulated amortisation and impairment losses.

(K) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date. Financial assets are recognised initially at fair value plus transaction costs for trade and receivables. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are presented in the income statement within “Financial income/costs”, in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method, when maturity is over one year. Carrying amount is after consideration of an allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

(L) Loans and borrowings

Interest bearing loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, if maturity exceeds 12 months. A financial liability is recognised when the obligation is discharged or cancelled or expires.

Compound financial instruments issued by the group comprise convertible loans that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method whereas the equity component is not re-measured.

(M) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of work in progress and manufactured finished goods comprises direct production costs and an appropriate proportion of production overheads and factory depreciation. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Furthermore, inventories which are no longer part of production and sales plans are directly written off from the gross value of inventories. A valuation adjustment is booked for slow-moving and obsolete inventory.

(N) Trade and other receivables

Trade accounts receivables are carried at invoiced amounts, less adjustments for doubtful receivables. A provision for impairment is made for doubtful receivables based on a review of all material outstanding amounts at the reporting date.

(O) Cash and cash equivalents

Cash and cash equivalents include cash in hand and highly liquid investments with original maturities of three month or less. This position is readily convertible to known amounts of cash. Bank overdrafts are shown within short-term financial debt in current liabilities on the balance sheet.

(P) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

(Q) Employee benefits

(a) Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Employee participation

The Group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(R) Restatement comparative prior-year consolidated financial statements

During 2012, Leclanché started a development project to build-up novel coating technology for large format lithium ion cells. As per the consolidated financial statements of Leclanché SA for the years 2013 and 2014, these machinery are being amortised, together with the other machinery, over a 10-year period.

Leclanché Management realised that the 10-year depreciation period was wrong. Instead a 30-month period should have been used for the machinery linked to the novel coating technology project. It does reflect elements such as the need for additional development and engineering work to reach a viable commercial process, the uncertainty linked to a world first water based production.

As the machinery, under the corrected useful life of 30 months, are fully depreciated as of 1 January 2014, IFRS requires to reflect the change as a correction of an error. Consequently, within the 2015 consolidated financial statements, the consolidated equity as of 1 January 2014 has been corrected, as well as the consolidated income statement for the year 2014.

The following positions in the prior year consolidated financial statement have been amended:

Opening of balance sheet of the prior year as of 1 January 2014:

- Property Plant & Equipment : kCHF -9,243
- Accumulated losses : kCHF 9,243

Balance sheet as of 31 December 2014 (cancelation of the depreciation):

- Property Plant & Equipment : kCHF 943
- Depreciation : kCHF -943
- Deferred Tax Liability : kCHF -1,375
- Income tax: kCHF -1,375

The effect of this restatement on basic and diluted loss per share amount to CHF 0.12 for the year 2014.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's principal accounting policies are set out in Note 1 of the Group's consolidated financial statements and conform to International Financial Reporting Standards (IFRS). Significant judgments and estimates are used in the preparation of the consolidated financial statements which, to the extent that actual outcomes and results may differ from these assumptions and estimates, could affect the accounting in the areas described in this section.

Uncertainties and ability to continue as a going concern

Pursuant to the Board firm views that it was necessary, based on its current business plan, to secure additional medium-term financing and to diversify its financing base to meet its working capital requirements and the capital required to scale the business operations as envisaged by the new growth strategy, the Company announced on 6 March 2016 the signing of a CHF 20 million facility for medium term growth financing. Proceeds of this so called Facility C will support growth investments related to the 53 MWh grid ancillary services project for IESO Ontario and the 4.3 MWh E-Ferry project in Denmark seeking to electrify a diesel ferry. These two major projects come as a successful addition to the Graciosa project delivered in December 2015 which encompassed the installation of a 3.2 MWh turnkey battery energy storage system for an hybrid power plant in the Azores Islands in Portugal. These commercial tender wins obtained in a very competitive environment confirms that Leclanché is becoming an important actor in the market of fully integrated battery storage solutions.

The company anticipates that, subject to a successful completion of the Turnaround Plan and the successful implementation of the new Growth Plan, funding under Facility C complemented by secured loans from SERV (Swiss Export Credit Agency) will satisfy the company's working capital requirements for at least the next twelve months.

The fire accident that happened in a section of the Leclanché GmbH in Willstätt factory on 7 April 2016 will not affect the ability of Leclanché to deliver its customers. Indeed the relevant contingency plans in place have been activated so that the Company can meet all its delivery commitments to customers.

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 hence, the consolidated financial statements 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 alongside the Facilities C and the secured loans.

Development costs and patents

Development costs and patents are capitalised in accordance with the accounting policy of Note 1(J). Initial capitalisation is based on management's judgment that the technological and economic feasibility is confirmed, usually when a product development project is conducted based on concrete specification of a third party. In determining the amount to be capitalised, management makes assumptions regarding the expected future cash flows, discount rate to be applied and expected period of benefits. In 2015, development costs have been capitalised for total kCHF 1,409. (2014: kCHF 486).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected cash flows from the asset and choose a suitable discount rate. The realisation of the projects is a key assumption of the Impairment testing performed. Based on management assessment projects that cannot meet the revenue expectations have been impaired for the total amount kCHF 1,574 as of 31 December 2015.

Valuation of Convertible Loans

Based on the conversion mechanism, which leads to a variable number of shares, the Recharge convertible loan has been accounted for as a debt instrument with an embedded derivative for the conversion elements. The host has been subsequently accounted for at amortised cost, whereas the embedded derivative has been fair valued with changes recorded to profit and loss.

Deferred income tax asset

Deferred income tax assets are recognised for all unused tax losses only to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Judgement is required from management to determine the amount of tax asset that can be recognised, based on forecasts and tax planning strategies. Given the uncertainty in the realisation of future taxable profits, no tax asset has been recognized as of 31 December 2015. Had the Group estimated that all available tax losses could be used, the effect would have been an additional income of kCHF 25,003.7 as of 31 December 2015 (2014: kCHF 13,436).

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The independent actuary of the Group uses statistical based assumptions covering future withdrawals of participants from the plan and estimates on life expectancy. The actuarial assumptions used may differ materially from actual results due to changes in market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences could impact significantly the amount of pension income or expenses recognised in future periods.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions.

3. 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, taxes, financial income and financial costs. 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 2015, the operating business is organized in 3 segments:

- **Stationary Storage Systems (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).
- **Speciality Battery Systems (SBS)** develops and delivers both turn-key customised solutions and off-the-shelf solutions incorporating battery storage and/or charging solutions utilizing both in-house and third-party technologies.
- **Mobile Storage Systems (Mobility)** sells customised systems to support customers in the mass transportation and industrial machineries markets.

Compared to prior year, the 2 operating segments "Portable" and "Distribution" have been grouped to form the new "Specialty Battery Systems" (SBS) segment, and a new segment "Mobile Storage System" (Mobility) has been introduced. As a consequence, prior year figures for the SBS system have been restated.

All costs that cannot be managed directly by the three business units (SBS, Stationary and Mobility) are grouped under Corporate, and are kept under regular review by the Executive Committee. As a consequence, 4 reportable segments are presented.

In 2015, the Group realised 54.8% (2014: 30.5%) of its revenue with one customer belonging to the Stationary segment.

For geographical information, sales are allocated based on where the client is located.

	SBS		Stationary		Mobility		Corporate Costs		Total	
Revenue	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
		restated		restated				restated		restated
Total income	6'286.5	10'028.0	10'789.7	634.2	900.0	-	231.9	122.4	18'208.0	10'784.6
EBITDA	-2'115.6	-764.5	-8'994.3	-9'352.9	-2'004.4	-	-12'913.3	-6'804.7	-26'027.6	-16'922.1
EBIT	-2'248.8	-881.2	-14'470.6	-13'688.5	-2'171.7	-	-12'932.0	-6'926.3	-31'823.1	-21'496.0
Assets and Liabilities										
Segment assets	5'711.0	3'541.1	27'796.6	28'448.7	2'953.5	-	3'801.2	1'854.3	40'262.4	33'844.1
Segment liabilities	-3'349.1	-2'748.5	-7'774.2	-995.4	-256.0	-	-20'271.4	-13'949.1	-31'650.6	-17'693.0
Other segment information										
Depreciation, amortization and Impairement	-133.2	-116.7	-5'476.3	-4'335.6	-167.3	-	-18.7	-121.6	-5'795.5	-4'573.9
Acquisitions of tangible and intangible	-	128.7	6'210.1	3'485.5	1'704.8	-	-	-	7'914.9	3'614.2

	Switzerland		France		Portugal		Other		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Revenue	5'185.5	5'081.8	1'491.0	5'025.0	10'084.2	2.0	1'447.3	675.7	18'208.0	10'784.6

	Switzerland		Germany		Belgium		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Non-current assets	9'430.3	1'248.2	17'115.1	25'254.9	1'154.8	-	27'700.2	26'503.1

Reconciling items	**31.12.2015**	**31.12.2014**
	kCHF	kCHF
EBITDA	**-26'027.6**	**-16'922.1**
Depreciation and amortization	-5'795.5	-4'573.9
EBIT	**-31'823.1**	**-21'496.0**
Finance revenue	0.5	3.3
Finance costs	-2'670.2	-1'920.3
Income tax	-1'084.6	-
Loss for the year	**-35'577.4**	**-23'413.0**

4. REVENUES AND EXPENSES

4.1 OTHER INCOME

	2015	**2014**
	kCHF	kCHF
Government grants	35.0	54.9
Other income	290.5	372.9
	325.5	**427.8**

4.2 OTHER OPERATING EXPENSES

	2015	**2014**
	kCHF	kCHF
Consulting costs	4'171.0	1'489.1
Rental costs	1'672.4	1'787.8
Losses on receivables	31.5	407.3
Travel costs	1'191.5	939.6
Manufacturing costs	428.9	261.8
Sales & marketing costs	295.1	292.3
Transport and packaging	827.3	708.0
Exchange losses / (gains)	-434.3	2.4
Building facilities	941.1	994.2
Administration costs	788.0	351.8
Sundry duties and capital taxes	707.4	-99.0
Insurances	124.0	129.5
Royalties	547.3	-
Miscellaneous	2'093.1	90.1
	13'384.3	**7'354.9**

4.3 PERSONNEL COSTS

	2015	2014
	kCHF	kCHF
Salaries	12'475.3	10'693.5
Social charges	1'368.0	1'267.0
Recognized expense for stock option plans	51.2	208.0
Pension cost (defined benefit plan)	402.7	206.1
	14'297.2	**12'374.6**

For details on Pension cost refer to Note 9; for recognised expense for stock option plan refer to Note 10.

4.4 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenditures recognised as an expense during 2014 amount to kCHF 1,961 (2014: kCHF 3,165).

5. INCOME TAX EXPENSE

	2015	2014
	kCHF	kCHF
Income Tax expense		restated
Current income tax	-	-
(Decrease)/Increase on deferred income tax	1'084.6	-
Income tax expenses/(benefit)	**1'084.6**	**-**

Reconciliation between tax expense and the product of accounting profit multiplied by domestic tax rate for the period for the years ending 31 December 2015 and 2014 is as follows:

	2015	2014
	kCHF	kCHF
		restated
Accounting profit /(loss) before income tax	-34'492.8	-23'413.0
Taxes at the weighted average income tax rate of 25.29% (2014:26.88%)	-14'857.2	-7'171.9
Effect of unrecorded tax losses	13'772.6	7'171.9
Total	**-1'084.6**	**-**

The income tax rate of 25.29% is the weighted average of the tax rates prevailing in Switzerland, Belgium and Germany, respectively.

Deferred tax assets and liabilities tax at 31 December relate to the following:

	2015	2014
	kCHF	kCHF
Deferred tax liability		restated
Intangible assets	292.8	386.3
Property, plant and equipment	843.9	756.1
	1'136.7	**1'142.3**
Deferred tax assets		
Unused tax losses carried forward	52.1	1'142.3
	52.1	**1'142.3**
Net deferred tax liability	**1'084.6**	**-**

The Group has tax losses available in Switzerland until 2022 for offset against future taxable profits of the Company. The Maturity table here after shows the tax losses for which no deferred tax asset is recognised:

	2015	2014
Maturity Date	kCHF	kCHF
2015	-	-
2016	330.9	330.9
2017	8'195.0	8'195.0
2018	7'450.7	7'450.7
2019	6'024.7	6'024.7
2020	23'445.2	23'445.2
2021	12'118.5	12'118.5
2022	41'284.7	-
Total	**98'849.7**	**57'565.0**

6. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing net result for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

The following reflects the income and share data used in the earnings per share computations:

	2015	2014
	kCHF	kCHF
		restated
Net loss attributable to ordinary equity holders of the parent	-35'577.4	-23'413.0

	2015	2014
Weighted average number of ordinary shares in issue	29'473'461	19'340'057

	2015	2014
Earnings per share	CHF	CHF
- basic	-1.21	-1.21
- diluted	-1.21	-1.21

(b) Diluted earnings per share

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The existing potential ordinary shares relate to the stock option plan (note 10), to the warrants (note 15A) and to the convertible loan (note 15A) do not affect the diluted loss per share since they would be anti-dilutive (same as 2014).

7. PROPERTY, PLANT AND EQUIPMENT

	Machinery, installations and tools	Furniture and computers	Vehicles	Construction in progress	Total
	kCHF	kCHF	kCHF	kCHF	kCHF
Gross values :					
As at 01.01.2014	47'095.5	1'468.2	355.0	203.1	49'121.8
Additions	310.5	40.8	-	38.5	389.8
Disposals	-	-	-	-107.6	-107.6
Transfer	109.2	-	-	-109.2	-
Exchange differences	-762.1	-5.1	-	-1.7	-768.9
As at 31.12.2014	46'753.1	1'503.9	355.0	23.1	48'635.1
Depreciations and impairments					
As at 01.01.2014	12'499.5	1'381.7	355.0	-	14'236.2
Restatement *	9'243.0	-	-	-	9'243.0
As at 01.01.2014 restated	21'742.5	1'381.7	355.0	-	23'479.2
Depreciation charge for the year	3'464.6	71.8	-	-	3'536.4
Disposals	-	-	-	-	-
Exchange differences	-451.3	-7.7	-	-	-459.0
As at 31.12.2014	24'755.8	1'445.8	355.0	-	26'556.6
Net values as at 31.12.2014	**21'997.3**	**58.1**	**-**	**23.1**	**22'078.5**
Gross values :					
As at 01.01.2015	46'753.1	1'503.9	355.0	23.1	48'635.1
Additions	414.9	58.7	-	-	473.6
Business Combination	197.5	10.3	92.3	-	300.1
Disposals	-	-	-	-	-
Transfer	-	-	-	-	-
Exchange differences	-3'616.8	-26.2	4.0	-	-3'639.0
As at 31.12.2015	43'748.7	1'546.7	451.3	23.1	45'769.8
Depreciations and impairments					
As at 01.01.2015	24'755.8	1'445.8	355.0	-	26'556.6
Depreciation charge for the year	2'896.1	42.4	22.9	-	2'961.4
Disposals	-	-	-	-	-
Exchange differences	-1'532.6	-26.8	-2.3	-	-1'561.7
As at 31.12.2015	26'119.3	1'461.4	375.6	-	27'956.3
Net values as at 31.12.2015	**17'629.4**	**85.3**	**75.7**	**23.1**	**17'813.5**

* See note 1R for details regarding the restatement as a result of an error.

8. INTANGIBLE ASSETS

	Development costs	Patents and licences	Know-how and Software	Total
	kCHF	kCHF	kCHF	kCHF
Gross values :				
As at 01.01.2014	4'316.5	4'944.0	-	9'260.5
Additions	485.9	-	-	485.9
Exchange differences	-33.6	-93.7	-	-127.3
As at 31.12.2014	4'768.8	4'850.3	-	**9'619.1**
Amortization and Impairment				
As at 01.01.2014	1'259.1	3'216.0	-	4'475.1
Amortization	630.6	406.1	-	1'036.7
Exchange differences	-	-66.7	-	-66.7
As at 31.12.2014	1'889.7	3'555.4	-	5'445.1
Net values as at 31.12.2014	**2'879.1**	**1'294.9**	**-**	**4'174.0**
Gross values :				
As at 01.01.2015	4'768.8	4'850.3	-	9'619.1
Additions	1'408.9	6'108.7	7.5	7'525.1
Business combination	743.3	-	213.0	956.3
Disposal	-2'557.4	-	-	-2'557.4
Exchange differences	-188.9	-547.3	8.2	-728.0
As at 31.12.2015	4'174.7	10'411.7	228.7	**14'815.1**
Amortization and Impairment				
As at 01.01.2015	1'889.7	3'555.4	-	5'445.1
Amortization	792.4	361.8	41.3	1'195.5
Impairement	1'574.0	-	-	1'574.0
Disposal	-2'557.4	-	-	-2'557.4
Exchange differences	-43.4	-425.6	-0.4	-469.4
As at 31.12.2015	1'655.3	3'491.6	40.9	5'187.8
Net values as at 31.12.2015	**2'519.4**	**6'920.1**	**187.8**	**9'627.3**

Development costs: the Group has recognised 6 development projects to be capitalised as follows:

Project C: recognised at December 31, 2007: kCHF 1,928
Availability for use: during 2011, useful life: 6 years

Project D: recognised at 31 December 2014: kCHF 1,894
Availability for use: during 2014, fully impaired in 2015

Project E: recognised at 31 December 2014: kCHF 289
Availability for use: during 2014, fully impaired in 2015

Project F: recognised at 31 December 2014: kCHF 192
Availability for use: during 2015, fully impaired in 2015

Project G: recognised at 31 December 2015: kCHF 245
Availability for use: during 2015, useful life: 10 years.

Project H: recognised at 31 December 2015: kCHF 637
Availability for use: during 2016, useful life: 5 years.

Project I: recognised at 31 December 2015: kCHF 381
Availability for use: during 2016, useful life: 5 years.

Project J: recognised at 31 December 2015: kCHF 213
Availability for use: during 2016, useful life: 5 years.

Project K: recognised at 31 December 2015: kCHF 772
Availability for use: during 2015, useful life: 5 years.

The impairment charge of kCHF 1,574 arose following the impairment tests performed by management on Project D, E and F as individual assets. As the recoverable amount is nil, the carrying amount of these 3 projects has been entirely written-off.

9. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group has one defined benefit pension plan, covering all of its Swiss employees, which requires contributions to be made to separately administrated funds. Both the employer and the employees contribute to the plan, the employer paying half of the total contributions. The pension plan provides lifetime pensions determined based on cumulative savings of the individual plan member and converted into an annual pension at fixed conversion rate. Lump sum payments are possible if conditions are respected.

The amounts recognised in the balance sheet are as follows:

	2015	2014
	kCHF	kCHF
Present value of funded obligations	43'689.7	42'303.9
Fair value of plan assets	-35'468.5	-37'305.5
Deficit of funded plans	**8'221.2**	**4'998.4**

The movement in the net defined benefit liability over the year is as follow:

	Present value of obligation	Fair value of plan assets	Total
	kCHF	kCHF	kCHF
At 1 January 2014	39'984.0	-36'143.9	3'840.1
Current service cost	954.9	-	954.9
Interest expense/(income)	839.7	-759.0	80.7
Employee Contributions	-	-404.7	-404.7
	41'778.6	**-37'307.6**	**4'471.0**
Remeasurements			
Change in Financial Assumptions	4'668.9	-	4'668.9
Other Actuarial (gain) / losses	-2'131.8	-	-2'131.8
(Gain) / losses on plan assets	-	-1'585.0	-1'585.0
	2'537.1	**-1'585.0**	**952.1**
Contribution			
Company Contribution	-	-424.7	-424.7
Benefits payments	-2'011.8	2'011.8	-
At 31 December 2014	**42'303.9**	**-37'305.5**	**4'998.4**

	Present value of obligation	Fair value of plan assets	Total
	kCHF	kCHF	kCHF
At 1 January 2015	42'303.9	-37'305.5	4'998.4
Current service cost	1'182.9	-	1'182.9
Interest expense/(income)	423.0	-373.1	49.9
Employee Contributions	-	-416.9	-416.9
	43'909.8	**-38'095.5**	**5'814.3**
Remeasurements			
Change in Financial Assumptions	1'438.5	-	1'438.5
Other Actuarial (gain) / losses	670.8	-	670.8
(Gain) / losses on plan assets	-	714.5	714.5
	2'109.3	**714.5**	**2'823.8**
Contribution			
Company Contribution	-	-416.9	-416.9
Benefits payments	-2'329.4	2'329.4	-
At 31 December 2015	**43'689.7**	**-35'468.5**	**8'221.2**

The Group expects to contribute kCHF 452 to its defined benefit pension plan in 2016. The actual return on plan assets in 2015 was kCHF 341 (loss).

The major categories of plan assets are as follows:

	2015	2014
	kCHF	kCHF
Cash	1'153.1	1'509.5
Swiss Bonds	12'312.8	12'301.9
Foreign Bonds	644.0	1'202.9
Swiss Shares	7'848.0	7'156.3
Foreign Shares	7'396.9	8'313.7
Real estates	5'152.2	4'423.1
Alternative investments	961.5	2'398.1
Fair value of plan assets	**35'468.5**	**37'305.5**

All assets except Cash and Buildings (kCHF 3,035) within the category Real estates are quoted.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Legal coverage (art. 44 OPP2) of the pension fund is 100.3% as of 31 December 2015 (2014: 110.3%)

The principal assumptions used in determining pension benefit obligations for the Group's plan are shown below:

	2015	2014
	%	%
Discount rate	0.7%	1.0%
Salary growth rate	1.5%	1.5%
Pension growth rate	0.5%	0.5%

The demographic basis for 2014 and 2015 is the LPP 2010 generational table.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

Impact of defined benefit obligation		2015		2014	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	-6.1%	6.8%	-6.0%	6.7%
Salary growth rate	0.5%	0.2%	-0.2%	0.2%	-0.1%
Pension growth rate	0.5%	5.4%	-5.0%	5.4%	-5.0%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Weighted average duration of the defined benefit obligation is 13 years (2014: 12.7 years).

Estimated benefit payments for the next ten years

Figures in kCHF	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years
At 31.12.2014	2'495.6	2'413.2	6'844.7	10'502.9
At 31.12.2015	2'568.5	2'375.6	6'929.2	10'805.8

10. SHARE BASED PAYMENTS

(a) Stock Option plan

On 26 February 2010, the Board of Directors approved a stock option plan for the members of the Board of Directors and selected employees of Leclanché. Each option granted under the employee stock option plan is granted, as a rule, free of charge and entitles the holder to acquire from the Company one share against payment in cash of the exercise price. For each grant of options, the Company and the plan participant enter into an option contract. The exercise price and the exercise period are set by the Board of Directors in the option contract. The exercise price is the average of the closing prices of the shares during the five trading days preceding the date of grant of the options plus a premium to be determined by the Board of Directors at its absolute discretion. The Board of Directors may determine a restriction period during which the options cannot be exercised. The options vest on the day after the date when the restriction period lapses. The granted options forfeit if, prior to the end of the restriction period, (i) the option holder terminates the employment contract other than for valid reasons, retirement at normal retirement age as may be agreed between the option holder and the Group, death or disability, or (ii) the Group terminates the employment contract for valid reason. Except under certain circumstances (e.g. tender offer or death), the options are not transferable. The shares will be made available through the conditional capital of the Company or open market buybacks of existing shares.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31.12.2015		31.12.2014	
	Weighted Average excercise price in CHF per share	Options	Weighted Average excercise price in CHF per share	Options
At 1 January	17.24	158'780	19.10	174'060
Granted	-	-	-	-
Forfeited	-	-	38.40	-3'250
Exercised	-	-	-	-
Expired	-	-	38.40	-12'030
At 31 December	**17.24**	**158'780**	**17.24**	**158'780**

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry Date	Excercise price in CHF per share	Options 31.12.2015	Options 31.12.2014
18.02.2016	38.40	8'780	8'780
30.06.2016	16.00	150'000	150'000
Total		**158'780**	**158'780**

The fair value of the grants under the stock option plan was estimated using the Black Scholes valuation model with the following assumptions and issues:

	2012 attribution	2011 attribution	2010 attribution
Number of options granted	203'000	8'930	48'320
Grant date	01.07.12	25.10.11	25.06.10
Vesting period	2 years after grant date	grant date	grant date
Expiration date	2 years after vesting date	2 years after vesting date	2 years after vesting date
Weighted average share price at grant date	13.60	37.65	39.50
Exercise price	16.00	28	38.40 / 40.13 / 43.56
Expected life	3.00	2.99 / 4.99	2.65 / 4.65
Volatility	68.87%	64.72%	89.94%
Expected dividend yield	0%	0%	0%
Risk free interest rate	0.07%	0.66%	0.49% / 0.81%
Fair value of option at grant date	13.60	18.75	24.04
Expected turnover of personnel	0.00%	0.00%	0.00%

For the Stock Option plan, the expense recognised in the income statement for share options granted to directors and employees amounts to kCHF 0 on 31 December 2015 (kCHF 165 in 2014).

There have not been any grants under the Stock Option plan after 2012. Grants since 2014 are awarded under the Capped Stock Option plan as per Note 10 (b) below.

(b) Capped Stock Option plan

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 CSO Plan is designed to direct the focus of the executives concerned on long-term share price appreciation, to promote the long-term financial success of the Group and generally to align the interests of executives with those of shareholders. The plan will be administered by an administrative committee appointed by the Board. Under the CSO Plan an award for a certain number of options is made at the start of the financial year at an exercise price equal to 110% of the average Share Price for the sixty (60) business days preceding the award date, subject to it being (a) not less than the share price at the award date, and (b) not more than 115% of the Share Price at the award date. The actual number of options that are granted to the executive will be determined at or shortly after the end of the year depending on the corporate and individual performance, according to a pre-defined matrix and can range from 0% to 150% of the original award. Options granted are exercisable within 7 years from the date of award and vest evenly over a 3 year period. 50% of each tranche that is vested is blocked for a further 12 months. The option holder may exercise unblocked options within the exercise period by either paying the exercise price to the company to acquire the shares, or authorizing the company to sell sufficient shares to pay the exercise price of the CSOs. In event of termination of employment for any reason other than death or disability, (a) any unvested CSOs shall lapse, (b) any blocked CSOs shall become unblocked CSOs and can be exercised during a period of 30 business days after the termination date, after which they lapse, and (c) any unblocked CSOs can be exercised prior to the termination date, after which they lapse. The administrative committee has discretion to vary conditions as it deems appropriate.

The fair value of the grants under the CSO plan was estimated using the Monte Carlo valuation model with the following assumptions and issues:

	2014 attribution	2014 attribution	2015 attribution
Number of options granted	50'000	69'000	500'000
Grant date	04.04.14	19.03.15	19.03.15
Vesting period	04.04.14	31.12.2014 : 33% 31.12.2015 : 33% 31.12.2016 : 33%	19.03.2015 : 33% 31.12.2015 : 33% 31.12.2016 : 33%
Expiration date	31.12.20	31.12.20	31.12.20
Share price at grant date	3.81	4.19	4.19
Exercise price	4.38	3.00	1.50
Cap	17.52	12.00	6.00
Volatility (annualized)	80.66%	81.92%	81.92%
Risk free interest rate (annualized)	0.81%	0.07%	0.07%
Fair Value of the option at the grant date	0.86	1.09	0.09

For the Stock Option plan, the expense recognised in the income statement for share options granted to directors and employees amounts to kCHF 51.2 on 31 December 2015 (2014 : kCHF 43.0).

(c) 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.

- The Series A Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 1.50 per share. The Series A Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series A Warrants is dependent on the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series A Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price) provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants shall not exceed 3.5% of the fully diluted share capital after taking into account the number of shares that would be issued if the Precept Loan were fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.

- The Series B Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 4.50 per share. The Series B Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series B Warrants is dependent on the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series B Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price) provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants shall not exceed 2.5% of the fully diluted share capital after taking into account the number of shares that would be issued if the Precept Loan were fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.

These Warrants, issued in connection with capital raising (in connection with capital raising from Precept) have been valued at fair value at grant date using the Black Scholes Model and incorporating the same underlying assumptions as for the valuation of the Precept convertible loan, as they are considered to be directly attributable transaction costs of the convertible loan provided by Precept (and of any shares issued resulting from conversion of the loan)

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		**322'827**	**594'876**

No warrant has been exercised during 2014 and 2013.

11. INVENTORIES

	2015	**2014**
	kCHF	kCHF
Raw material	3'270.2	3'229.9
Work in progress (at cost)	314.5	538.2
Finished goods	1'584.2	820.3
Prov. Inventory Obsolescence	-817.5	-
Total inventories	**4'351.4**	**4'588.4**

The amount of write-down and valuation adjustments of inventories recognised as an expense is kCHF 818 (2014: kCHF 61) which is recognised in raw materials and consumables used.

12. TRADE AND OTHER RECEIVABLES (CURRENT)

	2015	**2014**
	kCHF	kCHF
Trade receivables, net of allowance for doubtful accounts	2'290.5	1'534.2
Advances to suppliers	1'180.5	347.6
Other receivables	1'198.0	333.7
Total	**4'669.0**	**2'215.5**

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

As at 31 December 2015, trade receivables at nominal value of kCHF 104 (2014: kCHF 52) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2015	**2014**
	kCHF	kCHF
At 1 January	52.3	104.4
Increase of provision	51.9	-
Use of provision	-0.0	-52.1
At 31 December	**104.2**	**52.3**

As at 31 December, the analysis of trade and other receivables that were past due but not impaired is as follows:

	Total	Neither past due nor impaired	Past due but not impaired < 30 days	30-60 days	60-90 days	> 90 days
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
2015	3'488.4	2'383.0	410.3	369.0	4.5	217.5
2014	1'867.9	1'294.1	389.5	37.6	33.1	61.3

There is no significant default in the trade and other receivables past due but not impaired.

13. SHARE CAPITAL AND RESERVES

13.1 Ordinary Share capital

At 31 December 2015, the issued share capital of the Company amounts to CHF 56,854,461, divided into 37,902,974 fully paid-in registered shares with a nominal value of CHF 1.50 each.

Number of Shares	**31.12.2015**	**31.12.2014**
Ordinary shares, nominal value CHF 1.50	37'902'974	21'981'203

Number of Shares	**31.12.2015**	**31.12.2014**
At January 1st	21'981'203	13'374'767
Shares issued	15'921'771	8'606'436
At December 31st	**37'902'974**	**21'981'203**

Significant shareholders

(As per share register and SIX Disclosure of Shareholdings)

	%	**31.12.2015**	**%**	**31.12.2014**
		Unit		Unit
Golden Partner International SA SPF	29.7%	11'248'821	-	-
Recharge A/S	11.4%	4'305'312	-	-
Bruellan Corporate Gov Fd	11.9%	4'517'716	20.6%	4'517'716
Logistable Limited Group	6.6%	2'500'000	-	-
Castle and Key Fund plc	4.0%	1'500'000	-	-
ACE Core Convictions Ltd.	3.9%	1'460'053	-	-
Precept Fund Management SPC	0.0%	-	53.4%	11'748'821
Sum of all other shareholders below 3 %	32.6%	12'371'072	26.0%	5'714'666
Total shares issued	100.0%	**37'902'974**	100.0%	**21'981'203**

Changes in share capital

During the last two financial years, the following changes in the share capital of the Company have occurred:

- At the ordinary general meeting of shareholders of 3 April 2014, the shareholders approved a reduction of the nominal share capital of the Company by CHF 8,158,607.87 through the reduction of the nominal value of all outstanding 13,374,767 registered shares of the Company from CHF 2.11 to CHF 1.50 per share. At the same meeting, the shareholders approved the increase of share capital by CHF 10,703,782.50 through the issuance of 7,135,855 fully paid-in registered shares with a nominal value of CHF 1.50 each. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 April 2014.
- On 30 June 2014, Precept converted the last tranche of the Precept Loan into 1,470,581 registered shares issued under Article $3^{quinquies}$ of the Articles of Association. The increased share capital of 32,971,804.50 divided into 21,981,203 registered shares was updated in the Articles of Association effective 8 October 2014.
- On 21 January 2015, Recharge converted into equity the equivalent amount of CHF 3,659,463 due under the Oakridge Convertible Loan on the basis of a resolution passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 from the Company's conditional capital. Pursuant to this conversion into equity, the Company issued 2,439,642 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 9 April 2015.
- On 11 June 2015, TIIL converted into equity the equivalent amount of CHF 150,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 6 May 2015. 19 May 2015, Recharge converted into equity the equivalent amount of CHF 1,598,505 due under the Oakridge Convertible Loan on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 from the Company's conditional capital. Pursuant to this conversion into equity, the Company issued 1,165,670 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 15 June 2015.
- On 15 July 2015, Recharge converted into equity the equivalent amount of CHF 12,750,000 due under the Recharge Convertible Loan on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and of the Board of Directors on 6 July 2015 from both the Company's authorised and conditional capital. Pursuant to this conversion into equity, the Company issued 8,500,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 17 July 2015.
- On 22 July 2015, TIIL converted into equity the equivalent amount of CHF 225,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 16 July 2015 from the Company's authorised capital. Pursuant to this conversion into equity, the Company issued 150,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 23 July 2015.
- On 17 September 2015, the Company issued 1,000,000 new registered Shares on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 10 September 2015 from the Company's authorised capital in connection with the Company's acquisition of certain design and intellectual property rights from ads-tec GmbH. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 September 2015.
- On 8 October 2015, TIIL converted into equity the equivalent amount of CHF 150,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 6 October 2015 from the Company's authorised capital. Pursuant

to this conversion into equity, the Company issued 100,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 12 October 2015.

- On 17 November 2015, the Company issued 512,014 new registered Shares on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 10 November 2015. The contribution for each new registered share is effected by way of contribution in kind of all of the EUR 1,659,854 shares of Leclanché BVBA Turnhout, Belgium by Emrol BVBA to the Company. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2015.
- On 17 November 2015, TIIL converted into equity the equivalent amount of CHF 240,000 Series A Warrants on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 10 November 2015. Pursuant to this conversion into equity, the Company issued 160,000 new registered Shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2015.
- On 21 December 2015, the Company issued 1,894,445 new registered Shares on the basis of resolutions passed at the extraordinary general meeting of shareholders of the Company on 5 January 2015 and the Board of Directors on 15 December 2015. The contribution for each new registered share is effected by way of cash contribution. The capital increase was registered in the Commercial Register of the Canton of Vaud on 22 December 2015.

Events after the balance sheet date

- At the extraordinary general meeting of shareholders of 21 January 2016, the shareholders approved to re-increase the authorised share capital pursuant to art. 3 quarter of the Articles of Association to a maximum amount of CHF 16,350,000 and to extend the exercise period of the existing authorized share capital to 20 January 2018.
- At the same extraordinary general meeting of shareholders of 21 January 2016, the shareholders also approved to re-increase the existing conditional share capital pursuant to art. $3^{quinquies}$ of the Articles of Association to an amount of CHF 13,500,000.

Conditional share capital

Pursuant to article 3^{ter} of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of CHF 4,500,000 through the issuance of a maximum of 3,000,000 fully paid-in registered shares with a nominal value of CHF 1.50 each, by exercising option rights granted to employees of the Company and Group companies in accordance with conditions determined by the Board of Directors pursuant to one or more regulations to be issued by the Board of Directors or, to the extent delegated to it, the appointments and remuneration committee, taking into account performance, functions, levels of responsibility and profitability criteria. The Board of Directors determines the issue price. The pre-emptive rights of the shareholders are excluded. Shares or subscription rights may be issued to employees at a price lower than that quoted on the stock exchange. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*) of the Articles of Association. As at 31 December 2015 no shares were issued on the basis of article 3^{ter} of the Articles of Association.

Pursuant to Article $3^{quinquies}$ of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of CHF 3,078,267, by issuing a maximum of 2,052,178 fully paid-in registered shares with a nominal value of CHF 1.50 each by the exercise of conversion rights and/or warrants granted in connection with the (i) issuance on national or international capital markets of newly or already issued bonds or other financial market instruments or (ii) loans entered into by the Company or one of its group companies. The pre-emptive rights of the shareholders shall be excluded in connection with the issuance of convertible or warrant-bearing bonds or convertible loans or other financial market instruments or the grant of warrant rights. The then current owners of conversion rights and/or warrants shall be entitled to subscribe for the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors. The Board of Directors shall be authorised to exclude or restrict the advance subscription rights of shareholders (i) in connection with the Recharge Convertible Loan, (ii) in connection with the Oakridge Convertible Loan and (iii) in connection with the financing or refinancing of investments and the Company's expansion plan. The conversion rights granted to Recharge and Oakridge under the Recharge Convertible Loan and Oakridge Convertible Loan, respectively, pursuant to paragraphs (i) and (ii) above are needed for the restructuring and further expansion of the Company. The conversion shall be made in accordance with the terms of the Recharge Convertible Loan and the Oakridge Convertible Loan, respectively. The conversion rights are exercisable until 30 June 2016, subject to extensions (all in accordance with the terms of the respective agreements). If advance subscription rights are excluded based on paragraph (iii) above, the following shall apply: the convertible or warrant-bearing debt or loan instruments shall be issued at the relevant market conditions and the new shares shall be issued pursuant to the relevant market conditions taking into account the funding and operational position of the Company, the share price and/or other comparable instruments having a market price. Issue prices below the market price of the shares are possible. Conversion rights may be exercised during a maximum 10-year period, and warrants may be exercised during a maximum 7-year period, in each case from the date of the respective issuance. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*) of the Articles of Association.

Authorized share capital

Pursuant to Article 3^{quater} of the Articles of Association, the Board of Directors is authorized until 5 January 2017 to increase the share capital up to a maximum amount of CHF 1,510,876.50 through the issue of a maximum of 1,007,251 fully paid-in registered shares with a nominal value of CHF 1.50 each. Partial capital increases are possible. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third-party or third-parties, followed by an offer to the then-existing shareholders of the Company, and (ii) in partial amounts shall be permissible. The time of issuance, the issue price, the date for entitlement to dividends, the type of contributions, the conditions for the exercise of the pre-emptive rights and the allotment of pre-emptive rights that have not been exercised are to be determined by the Board of Directors. The Board of Directors may allow the pre-emptive rights that have not been exercised to expire, or it may place such rights or shares, the pre-emptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of the Company. Contributions from freely disposable equity capital of the Company (including the Company's capital contribution reserves) pursuant to article 652d of the Swiss Code of Obligations up to the entire issue price per registered share are possible. The Board of Directors can exclude or limit the pre-emptive rights and allot them to individual shareholders or third-parties in favour of: (i) Recharge in connection with the Recharge Convertible Loan with the lender being entitled to pay the issue price in whole or in part by offsetting against claims under the Recharge Convertible Loan agreement, (ii) in connection with the Recharge Convertible Loan in the event Recharge requests the Company to conduct a capital increase, (iii) in connection with the financing or refinancing of the investments of the Company or the acquisitions or refinancing of acquisitions of the Company (be it by way of equity or convertible debt issues), (iv) in connection with warrants granted to Talisman Infrastructure International Ltd., a company associated with Talisman Infrastructure Ventures LLP, (v) for purposes of granting an over-allotment option (Greenshoe) of up to 20% of the total number of shares in a placement or sale of shares to the respective initial purchaser(s) or underwriter(s), or (vi) use of shares as consideration in mergers, acquisitions or investments of the Company. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*) of the Articles of Association.

13.2 Other reserves

Other reserves include the following:	2015	2014
	kCHF	kCHF
Non-Distributable (as of 31 December)	8'632.2	8'632.2

The non-distributable reserves in Leclanché GmbH amount to EUR 4.3 million (2014: EUR 4.3 million).

14. PROVISIONS

	Litigation	Tax Litigation	Total
	kCHF	kCHF	kCHF
1 January 2015	**150.0**	**-**	**150.0**
Arising during the year	-	**275.0**	275.0
Released	-	-	-
Utilised	-150.0	-	-150.0
31 December 2015	**-**	**275.0**	**275.0**
Current 2014	150.0	-	150.0
Non-current 2014	-	-	-
	150.0	**-**	**150.0**
Current 2015	-	-	-
Non-current 2015	-	275.0	275.0
	-	**275.0**	**275.0**

Litigation

The 2014 provision covers a legal claim brought against the Company. The provision charge is recognised in the Profit & Loss statement as “other operating expenses”. A settlement for this case was reached in 2015 and the amount provided for in 2014 was paid in March 2015.

The 2015 provision covers a litigation regarding withholding taxes and social charges.

15A. CONVERTIBLE LOAN AND WARRANTS

Convertible loan

Recharge

On 8 December 2014, the Company entered into a CHF 21 million credit facility convertible into registered shares with Recharge ApS (Denmark) ("**Recharge**") originally due to mature on 30 June 2016 (the "**Recharge Convertible Loan**"). The Recharge loan was subject to shareholders approval, which was received at the Extraordinary Shareholder Meeting of the 5 January 2015.

The Recharge Convertible Loan consists of two tranches, Recharge Facility A and Recharge Facility B. Subject to certain conditions and applicable fees, Recharge Facility A had a loan amount of CHF 13,000,000 at 12% interest per annum designated to fund the Company's Operating Plan and cash flow forecast. Subject to certain conditions and applicable fees, Recharge Facility B has a loan amount of CHF 8,000,000 at 10% interest per annum designated to fund the first phase of our Growth Plan, in particular to finance acquisition and development of technologies and battery management systems that would enable a differentiated market offer and significantly enhanced margins.

Both Recharge Facility A and Recharge Facility B are convertible into shares at Recharge's option (as provided for in the terms of the Recharge Convertible Loan). In June 2015, Recharge agreed to further increase the amounts available under Recharge Facility B by an additional CHF 5,000,000 and to extend the exercise period until 30 June 2017. As noted above, both Recharge Facility A and Recharge Facility B are subject to fees. In connection with the increase and extension of the Recharge Facility B, the Company agreed to a fee of 5% of the amount drawn under Recharge Facility B which shall be paid on the maturity date of the Recharge Convertible Loan or at the date of every earlier conversion, calculated on the amount to be converted.

As of 31 December 2015, Recharge Facility A has been fully drawn and CHF 10,714,875 of the CHF 13,000,000 million available have been drawn under Recharge Facility B. The conversion price under Recharge Facility B (which represents the remaining outstanding amounts due under the Recharge Convertible Loan) is the lower of (i) CHF 3.00 (if conversion occurs before 1 April 2016: CHF 2.50), (ii) 85% of the 15-day volume-weighted average price of the shares or (iii) the subscription price at which existing shareholders may subscribe for new shares in any future rights offering. As of 31 December 2015, Facility A and part of the Facility B including interest and fees, i.e. kCHF 16,846, has been converted into share capital in July 2015, resulting into 8,500,000 shares. As a consequence, the draw downs at 31 December 2015 amount to total kCHF 7,845

As of 31 December:

	2015	2014
	kCHF	kCHF
Recharge convertible loan	7'845.3	-
Interest, finance charges & fees	343.2	-
Fair value embedded derivative	-625.0	-
Value of Recharge Convertible loan at December 31	**7'563.5**	-

Precept / Oak Ridge

On 3 June 2014, Precept through its majority owned subsidiary Oakridge Global Energy Solutions, Inc. (formerly Oak Ridge Energy Technologies Inc. "**Oak Ridge**") had granted a credit facility of CHF 3,000,000 (the "**Oak Ridge Loan**"). The Oak Ridge Loan was increased to CHF 5,000,000 on 2 August 2014 and was convertible into registered shares of the Company at a conversion price of CHF 1.50. The Oak Ridge Loan carried an interest rate of 2% per annum which shall be capitalized and added to the total loan amount due at maturity together with a fee of CHF 0.5 million. The maturity date was 30 June 2016. By May 2015, the full amount had been converted into registered shares at an effective conversion price of CHF 1.50 per share.

On 8 July 2013, the Company entered into a senior secured convertible loan agreement for CHF 17 million maturing on 30 June 2016 (the "**Precept Loan**") from Precept Fund Management SPC on behalf of Precept Fund Segregated Portfolio ("**Precept**"). The Precept Loan carried an interest rate of 2% per annum which will be capitalised and added to the total loan amount due at maturity together with a fee of kCHF 500. By 30 June 2014, the full amount had been converted in several tranches into registered shares at an effective conversion price of CHF 1.50 per share.

The fair value of the liability component of the convertible loan at 31 December approximates the book value.

	Date of Drawdown	2015	2014
		kCHF	kCHF
Precept 4th Drawdown (Conversion in April 2014)	13.02.2014	-	1'500.0
Precept 5th Drawdown (Conversion in June 2014)	28.04.2014	-	1'000.0
Precept 6th Drawdown (Conversion in June 2014)	30.04.2014	-	700.0
Face value of convertible Loans Drawn from Precept		**-**	**3'200.0**
OKME 1st Drawdown (Conversion in January 2015)	19.06.2014	-	2'850.0
OKME 2nd Drawdown (Conversion in January 2015)	23.06.2014	-	150.0
OKME 3rd Drawdown (Conversion in January and May 2015)	08.08.2014	-	1'600.0
OKME 4th Drawdown (Conversion in May 2015)	15.09.2014	-	400.0
Face value of convertible Loans Drawn from OKME		**-**	**5'000.0**

	2015	2014
	kCHF	kCHF
Value of Precept Convertible loan at January 1	-	**4'136.3**
Face value of convertible Loans Drawn from Precept	-	3'200.0
Interest & finance charges	-	1'266.8
Converted into share capital	-	-6'951.4
Equity component of convertible loan	-	-1'651.7
Value of Precept Convertible loan at December 31	**-**	**-**
Value of OKME Convertible loan at January 1	**3'219.3**	-
Face value of convertible Loans Drawn from OKME	-	5'000.0
Interest & finance charges	211.0	607.8
Converted into share capital	-5'258.0	-
Equity component of convertible loan	1'827.7	-2'388.5
Value of OKME Convertible loan at December 31	**-**	**3'219.3**

Mandatory Convertible Note (MCN)

On 16 December 2015, in order to finance and refinance investments of the Company and the Company's expansion plan, the Company made a private share placement by issuing CHF 2,400,000 1% mandatory convertible notes ("**MCN**") due 15 December 2016 mandatorily convertible into new shares of the Company at a conversion price of CHF 2.40 pursuant to two purchase and subscription agreements entered into with, respectively, Recharge and Bruellan. Recharge and Bruellan respectively invested the amount of CHF 1,200,000 corresponding to 0 purchased shares in the Company in the framework of the capital increase and 500,000 MCN each.

An account pledge agreement exists between Leclanché and Recharge as security for the Convertible Loan covering all its present and future receivables, claims from intra-group loans and bank account claims. The Convertible loan is also secured by all current and future patent applications filed and patent registrations held worldwide and all current and future trademark applications filed and trademark registrations held by Leclanché and by all present and future shares in Leclanché GmbH, Willstätt, Germany.

Value of Mandatory Convertible Note at January 1	-	-
Face value of Mandatory Convertible Loans	2'400.0	-
Equity component of Mandatory Convertible Note	-2'400.0	-
Value of Mandatory Convertible Note at December 31	-	-

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. Please read note 10 (c) for further information about these Warrants.

These Warrants, considered to be directly attributable transaction costs for the capital raising, have been valued on the same basis as the Precept convertible loan and following the full conversion of the precept loan, the outstanding amount has been reattributed to equity component. As follows:

	2015	2014
	kCHF	kCHF
Debt Component	-	-
Equity Component	1'079.6	1'773.4
Total	**1'079.6**	**1'773.4**

15B. BORROWINGS

	2015	2014
	kCHF	kCHF
Current		
Collaterised borrowings (including interest)	750.0	3'027.4
Non-Current		
Collaterised borrowings (including interest)	500.0	-
	1'250.0	3'027.4

In 2014, Bruellan Corporate Governance Action Fund, a fund managed by Bruellan SA, granted the Company a bridge loan in the amount of CHF 1 million which carries an interest rate of 5% per annum. An effective repayment of kCHF 250 occurred during 2015. The remaining bridge loan has been split in 2 parts of kCHF 375. One of this part is owned by Bruellan Corporate Governance Action Fund and the other part is owned by Recharge A/S. Both parts carries an interest of 8% per annum paid quarterly. The original maturity date was 30 June 2015 and has been extended until 30 June 2016.

In 2014, Universal Holdings granted the Company a bridge loan in the amount of CHF 2 million which carried an interest rate of 5%. After an extension, the bridge loan matured on 31 December 2015. And was fully repaid including interest in December 2015.

In December 2015, the bank UBS granted Leclanché a long term loan of CHF 0.5 million which is guaranteed by the Canton de Vaud.

16. TRADE AND OTHER PAYABLES (CURRENT)

	2015	2014
	kCHF	kCHF
Trade payables	6'002.4	3'331.1
Other payables	6'628.9	2'966.8
	12'631.3	**6'297.9**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months

17. COMMITMENT AND CONTINGENCIES

Operating lease commitments - Group as a lessee

The Group has entered into commercial leases for the rent of offices and manufacturing areas in Switzerland and in Germany. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Leclanché SA in Switzerland has mainly rent contracts (until 2018).

Leclanché GmbH in Germany has mainly IT leasing contracts (until 2017) and rent contracts (until 2022).

Leclanché BVBA in Belgium has mainly a rent contract (until 2018).

	2015	2014
	kCHF	kCHF
Within one year	2'071.6	1'908.7
After one year but not more than five years	5'801.7	7'416.2
More than five years	1'279.2	1'509.6
	9'152.5	**10'834.5**

Purchase commitments

Leclanché has no purchase commitment as of 31 December 2015. (2014: kCHF 0)

18. RELATED PARTY DISCLOSURES

The financial statements include the financial statements of Leclanché SA and of the subsidiaries listed in the following table:

			% equity interest	
Name	Acitvity	Country of incorporation	2015	2014
Leclanché GmbH	Manufacturing of lithium ion batteries	Germany	100	100
Leclanché Uk LTD	Selling subsidiary of Leclanché SA	England	100	100
Leclanché BVBA	Development and selling activity	Belgium	100	-

According to IAS 24, only those relations and transactions which have not been consolidated are to be reported in the consolidated financial statements.

Therefore, transactions between the Group and its subsidiary, which is a related party of the Group, have been eliminated at consolidation level and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

In order to facilitate the understanding of potential effects of the related parties on the profit or loss and financial position of the Group, the trading transactions with related parties that are not Group members, the loans to related parties, the key management personnel and its compensation, as well as other related party transactions and outstanding balances and relationships are listed hereafter:

- From 1 January 2015 until 28 February 2015, the Company rented out office space to a company affiliated with Mr. Stefan Müller, a member of the Company's Board of Directors, the total rent paid during this period amounted to CHF 1,666. For 2014, from 1 May 2014 until 31 December 2014, the total rent paid during this period amounted to CHF 10,897.
- Mr. Antoine Spillmann is a principal partner of Bruellan SA, Geneva. In 2014, Bruellan Corporate Governance Action Fund, a fund managed by Bruellan SA, granted the Company a bridge loan in the amount of kCHF 375 which carries an interest rate of 8% per annum. (2014: principal kCHF 1,000 at 5% interest). In connection with the capital increase of the Company in 2012 and 2015, Bruellan SA was entitled to receive from the Company a commission fee of respectively kCHF 343 and kCHF 100, which Bruellan has agreed to defer until the Company reaches positive EBITDA or such earlier date as the Board of Directors may decide upon.

Key management compensation

	2015	2014
	kCHF	kCHF
Salaries and other short-term employee benefits	2'108.7	2'500.9
Share-based payments	51.2	177.1
Total	**2'159.9**	**2'678.0**

Loans to member of the Board of Directors or Executive Committee

No loans have been granted to present or past members of the Board of Directors or to present or past members of the Executive Committee (including persons closely related to them), and no such loans were outstanding as of 31 December 2015 and 2014.

19. FINANCIAL INSTRUMENTS / RISK MANAGEMENT

Categories of financial instruments

	FVTPL	Loans and receivables	Amortised cost
Trade and other receivables		X	
Cash and cash equivalents		X	
Other financial assets		X	
Derivative financial instruments	X		
Borrowings / Convertible Loan			X
Trade and other payables			X

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

The different levels have been defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
(b) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).
(c) Level 3: inputs for the asset or liability that are not based on observable market data.
There were no transfers between the levels during the year.

	2015	2014
	kCHF	kCHF
Financial assets		
Trade and other receivables	4'669.0	2'215.5
Cash and cash equivalents	3'541.8	537.1
Other financial assets	259.4	250.6
Financial liabilities		
Borrowings	750.0	3'027.4
Convertible loan (Level 3)	7'563.5	3'219.3
Embedded Derivative (Level 3)	625.0	-
Trade and other payables	12'631.3	6'297.9

Embedded Derivative

	kCHF
Opening 1 January 2015	-
Convertible loan	625.0
Gains/(losses) recognised in OCI	-
Gains/(losses) recognised in income statement	-
Closing balance 31.12.2015	625.0

Recognised fair value measurement

The significant unobservable inputs used to fair value the Recharge convertible loan (level 3) were: drawn dates, estimated conversion date, market rate (30%). Relationship of unobservable inputs to fair value: if the market rate were 5% higher or lower, the FV of the embedded derivative would increase / decrease by kCHF 215

Due to their current nature, the carrying amount of the financial assets and financial liabilities is deemed to be representative of their fair value.

Risk assessment

The implementation of the risk management has been delegated from the Board of Directors to the Executive Committee. The Executive Committee had the task to design and implement the risk management within Leclanché SA. The ultimate responsibility of the risk management is of the Board of Directors and a yearly review takes place during one of the Board of Directors meetings.

Foreign currency risks

As a result of its operation with foreign partners, the group is exposed to foreign currency risk mainly on the EUR and to a lesser extent on USD and GBP. The convertible loan and borrowing is denominated in CHF and consequently does not expose the Group to any exchange rate risk.

The following table demonstrate the sensitivity of reasonably possible changes in EUR exchange rate on the Group net profit (operating activities), or on equity.

	Change in rate	Impact on loss	Impact on equity
		kCHF	kCHF
2015	+/- 5%	+/- 772.8	+/- 2'324.0
2014	+/- 5%	+/- 800.0	+/- 1'492.0

Hedging activities

No hedging activities during 2015 or 2014.

Interest rate risk

There is no exposure of the Group's convertible loan and borrowings to interest rate change as a result of its fixed rate character. The interest rate on cash and cash equivalents as of 31 December 2015 was below 0.5%.

Credit risk

The Group performs credit verification procedures on customers which trade on credit. In addition, Receivables are monitored on an ongoing basis with the result that the Groups' exposure to bad debt is regarded as being not significant. The maximum exposure is the carrying amount of trade receivables as per Note 12. There is a concentration of credit risk with one customer in the Portable segment, nevertheless no recoverability risk is identified.

With respect to credit risk arising from the other financial assets, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Liquidity risk

The following table sets out the carrying amount, by maturity, of the Group's financial liabilities based on undiscounted payments.

Year ended 31 December 2015

	Less than 3 months	Between 3 months and 1year	Between 1 and 5 years	Total
	kCHF	kCHF	kCHF	kCHF
Trade and other payables	6'002.4	6'628.9	-	12'631.3
Convertible loan	-	-	7'563.5	7'563.5
Borrowings	-	750.0	500.0	1'250.0

Year ended 31 December 2014

	Less than 3 months	Between 3 months and 1year	Between 1 and 5 years	Total
	kCHF	kCHF	kCHF	kCHF
Trade and other payables	6'297.9	-	-	6'297.9
Convertible loan	-	-	3'219.3	3'219.3
Borrowings	-	3'027.4	-	3'027.4

Capital management

Please refer to notes 13, 15A and 15B regarding fund raisings executed during the year.

The Company's favourable forward looking plans have allowed to secure CHF 30.6 million of capital funding in 2015 thus allowing a significant improvement of the current cash flow:

- Facility A - CHF 13 million capital funding
- Facility B - CHF 8 million capital funding
- Extension of Facility B - CHF 2.7 million capital funding
- Mandatory convertible notes from Recharge A/S and Bruellan Corporate Governance Action Fund CHF 2.4 million
- Share emission - CHF 4.5 million

The company anticipates that, subject to the continued successful implementation of the Growth Plan and timely payments from the IESO project in Canada, current funding facilities in place will satisfy the Company's working capital requirements for the year 2016.

20. BUSINESS COMBINATION

On 1 July 2015 Leclanché SA acquired 100% of the share capital of Trineuron, a business unit of the Belgian company Emrol. Trineuron is active in the design and manufacturing of lithium ion storage systems mainly for transport applications and with a strong focus on the use of lithium Titanate technology.

At the acquisition date, Trineuron has been renamed Leclanché BVBA.

The acquisition was in in the form of a share deal whereby the company acquires a subsidiary of Emrol against payment of 512,014 Leclanché shares. The fair value of the shares issued as part of the consideration paid for Trineuron was based on the published share price as of 1 July 2015 of Leclanché (level 1). The total purchase consideration is kCHF 1,900. Issue costs of kCHF 65 which were directly attributable to the issue of the shares have been recognised in the income statement under Other operating expenses (consulting costs).

The assets and liabilities recognised as a result of the acquisition are as follows (at fair value):

	01.07.2015
	kCHF
Accounts receivable	247.3
Inventory	624.6
Devlopment cost & software	786.4
Know-how	170.0
PP&E	300.1
Accounts payable	-205.7
Other liabilities	-22.7
	1'900.0

No goodwill resulted from the acquisition
There were no acquisitions in the year ending 31 December 2014.

Summary of Acquisition

The fair value of acquired of Accounts receivable is kCHF 247. The gross contractual amount for accounts receivable is kCHF 247 of which none is expected to be uncollectible.

Revenue and profit contribution

The acquired business contributed revenues of kCHF 900 and net loss of kCHF 405 to the Group for the period from 1 July 2015 to 31 December 2015.

21. SUBSEQUENT EVENTS

EGM 21 January 2016

On 21 January 2016, shareholder approval was obtained regarding the increase of authorised and conditional capital to enable Leclanché to raise funds to support its 2016 growth plans. During the same EGM, two new board members were elected (Peter G. Wodtke and Adam Said) while Antoine Spillmann was stepping down from the Board.

Raise of capital

Leclanché has announced on the 6 March 2016 the signature of a CHF 20 million facility for medium term growth financing whereby ACE & Company buys the current outstanding convertible loan from Recharge A/S, extend the current convertible loan agreement with a new committed CHF 10 million as Facility C and agreed to raise further CHF 10 million on best effort basis. These proceeds will support growth investments related to the 53 MWh grid ancillary services project for IESO Ontario.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report of the statutory auditor
to the General Meeting of
LECLANCHE SA
Yverdon-les-Bains

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of LECLANCHE SA, which comprise the income statement, statement of comprehensive loss, balance sheet, statement of changes in equity, statement of cash flows and notes (pages 44 – 86), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Page 2)

pwc

Emphasis of Matter

We draw your attention to note 2 to these consolidated financial statements, which states that the company is aware of the significant execution risk of its turnaround and growth plan. This, along with other matters as described in note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

During our audit, performed in accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system which has been designed, in accordance with the instructions of the Board of Directors, for the preparation of consolidated financial statements is not sufficiently supported by written documentation at subsidiary level and for the financial closing process at the group level, which are material to the group.

In our opinion, except for the matter described in the preceding paragraph, an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Aude Joly
Audit expert Auditor in charge	Audit expert

Lausanne, 13 April 2016

2

Leclanché SA

Statutory financial statements 2015

Balance sheet at 31 December 2015

Assets	Notes	2015	2014
Current assets			
Cash and cash equivalents		3'351.5	469.9
Trade receivables -		1'937.1	1'497.2
due from third parties		*2'012.2*	*1'062.2*
Bad Debt on third parties		*-75.1*	*-52.3*
due from shareholders		-	*487.3*
Other current receivables - due from third parties		918.1	177.4
Inventories	2	1'515.6	1'716.4
Accrued income and prepaid expenses		82.8	39.0
Advances to suppliers		1'076.6	273.5
Total current assets		**8'881.7**	**4'173.4**
Non-current assets			
Financial assets -		46'167.3	59'055.6
Loans to group companies (of which subordinated kCHF 66'906.7)		*83'916.8*	*78'805.1*
Allowance on receivable from group companies		*-38'000.0*	*-20'000.0*
Other financial assets		*250.5*	*250.5*
Investment in subsidiaries	3	7'186.0	6'352.5
Allowance on investment in subsidiaries		*-6'352.5*	*-6'352.5*
Property, plant and equipment		798.9	934.7
Intangible assets	4	8'025.4	1'072.4
Total non-current assets		**55'825.1**	**61'062.7**
Total assets		**64'706.8**	**65'236.1**

Leclanché
Energy Storage Solutions

Balance sheet at 31 December 2015

Liabilities	**Notes**	**2015**	**2014**
Short-term liabilities			
Trade payables -		6'829.7	2'570.7
due to third parties		*5'417.5*	*2'532.3*
due to group companies		*1'412.2*	*38.4*
Short-term interest-bearing liabilities -		3'150.0	3'027.4
due to shareholders		*3'150.0*	*3'027.4*
Other short-term liabilities -		556.6	293.0
due to third parties		*556.6*	*293.0*
Accrued expenses and deferred income		2'607.7	2'382.5
Advances from customers		*282.3*	-
Short-term provisions		*275.0*	*150.0*
Total short-term liabilities		**13'701.3**	**8'423.6**
Long-term liabilities			
Long-term interest-bearing liabilities -		9'091.0	5'047.0
due to third parties		*500.0*	-
due to shareholders		*8'591.0*	*5'047.0*
Total long-term liabilities		**9'091.0**	**5'047.0**
Total liabilities		**22'792.3**	**13'470.6**
Shareholders' equity			
Share capital	10	56'854.5	32'971.8
Reserves from capital contribution	10	71'888.2	64'337.3
Legal reserves from retained earnings	10	3'657.3	3'657.3
Accumulated losses	10	-49'200.9	-37'082.4
Net result for the year	10	-41'284.6	-12'118.5
Total shareholders' equity		**41'914.5**	**51'765.5**
Total liabilities		**64'706.8**	**65'236.1**

Income statement for the year ended December 31, 2015

	Notes	2015	2014
Net proceeds from sales of goods and services		20'265.8	10'295.2
Cost of materials		-18'550.2	-6'266.8
Personnel costs		-9'361.4	-8'172.9
Other operating expenses	12	-8'141.6	-4'183.5
Earnings before interest, taxes, depreciation and amortization		**-15'787.4**	**-8'328.0**
Depreciation, amortization and impairment		-1'015.4	-969.9
Impairment on financial assets	13	-18'000.0	-5'000.0
Earnings before interest and taxes		**-34'802.8**	**-14'297.9**
Financial income	14	3'779.0	3'773.7
Financial expenses	15	-10'260.8	-1'594.3
Net result for the year		**-41'284.6**	**-12'118.5**

Notes to the financial statements 2015

1. Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared for the first time in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). The financial figures of previous year in the balance sheet and income statement have been prepared according to the new structure. There were no significant changes in presentation and measurement. Leclanché SA renounced to prepare additional information in the notes to the financial statements and a cash flow statement as the entity prepares consolidated financial statements in accordance with a recognised financial reporting standard.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Carrying amount is after consideration of an allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of work in progress and manufactured finished goods comprises direct production costs and an appropriate proportion of production overheads and factory depreciation. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Furthermore, inventories which are no longer part of production and sales plans are directly written off from the gross value of inventories. A valuation adjustment is booked for slow-moving and obsolete inventory.

Recognition of revenue

Revenue includes the fair value from the sale of goods and services, net of value-added tax, rebates, discounts and sales commissions.

Sale of goods is recognised when delivery to the customer has occurred, the significant risks and rewards have been transferred to the buyer and collection of the related receivables is reasonably assured. Sale of goods may include delivery of batteries, rechargeable batteries, systems for electrical storage device and some accessories.

Revenue for services rendered includes various types of services such as system integration, specific developments and customisation or maintenance.

Property, plant and equipment

All property, plant and equipment are shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repair and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management and is calculated on a straight-line basis over the useful life, according to the following schedule:

Property, plant and equipment	Useful life	Method
Production machinery	8 - 10 years	10 % linear
Machinery, equipment	5 – 8 years	20 % linear
Tools	3 – 5 years	20 % linear
Computers and information networks	3 – 5 years	20 % linear
Office furniture and equipment	5 – 8 years	20 % linear
Vehicles	5 years	20 % linear

Intangible assets

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Leased assets

All leases are classified as operating leases and the rentals payable are expensed on a straight line basis over the lease term.

Reserves from capital contribution

The reserve from capital contribution is the difference between the net proceeds of the share capital increase and the nominal amount (share premium). The direct costs attributable to a capital increase with a share premium is deducted from the reserves from capital contribution.

Investment in subsidiaries

Investment in subsidiaries are shown at cost, less subsequent impairment. Cost includes expenditure that is directly attributable to the acquisition of the subsidiary.

Going concern

Pursuant to the Board firm views that it was necessary, based on its current business plan, to secure additional medium-term financing and to diversify its financing base to meet its working capital requirements and the capital required to scale the business operations as envisaged by the new growth strategy, the Company announced on 6 March 2016 the signing of a CHF 20 million facility for medium term growth financing. Proceeds of this so called Facility C will support growth investments related to the 53 MWh grid ancillary services project for IESO Ontario and the 4.3 MWh E-Ferry project in Denmark seeking to electrify a diesel ferry. These two major projects come as a successful addition to the Graciosa project delivered in December 2015 which encompassed the installation of a 3.2 MWh turnkey battery energy storage system for an hybrid power plant in the Azores Islands in Portugal. These commercial tender wins obtained in a very competitive environment confirms that Leclanché is becoming an important actor in the market of fully integrated battery storage solutions.

The Company anticipates that, subject to a successful completion of the Turnaround Plan and the successful implementation of the new Growth Plan, funding under Facility C complemented by secured loans from SERV (Swiss Export Credit Agency) will satisfy the Company’s working capital requirements for at least the next twelve months.

The fire accident that happened in a section of the Leclanché GmbH in Willstätt factory on 7 April 2016 will not affect the ability of Leclanché to deliver its customers. Indeed the relevant contingency plans in place have been activated so that the Company can meet all its delivery commitments to customers.

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 hence, the Leclanché SA financial statements have been prepared on a going concern basis.

Notwithstanding this, as operations are scaled, particularly in Sales and Supply Chain, the Company is aware of the significant execution risk this carries, and continues to explore options to raise further growth capital alongside the Facilities C and the secured loans.

Details, analyses and explanations to the financial statements

1. Inventories

kCHF	31.12.2015	31.12.2014
Raw materials	1'671.2	1'588.9
Work in progress	6.4	67.8
Finished goods	482.0	59.8
Obsolecence and slow moving provision	-644.0	-
Total inventory	**1'515.6**	**1'716.4**

2. Investment in subsidiaries

		31.12.2015		31.12.2014	
Name and legal form	Registered office	Capital	Vote	Capital	Vote
Leclanché GmbH (capital EUR 270'600)	Willstätt (Germany)	100%	100%	100%	100%
Leclanché Uk Ltd (capital GBP 100)	London (England)	100%	100%	100%	100%
Leclanché BVBA (capital EUR 1'659'854)	Turnhout (Belgium)	100%	100%	0%	0%

In 2015, Leclanché BVBA was acquired through the issuance of 512,014 Leclanché shares.

3. Intangible assets

The increase of intangibles assets is mainly related to the acquisition of the perpetual right to use the stationary module of ads-tec GmbH in connection with the capital increase of 17 September 2015 (CHF 6.1 million) as well as the development costs of the EPFL project net of grants received (CHF 0.6 million).

4. Pension liabilities

On 31 December 2015, the liability to the pension scheme amounted to kCHF 72 (2014: kCHF 67)

5. Warranties in favour of third parties

The amount of warranties in favour of third parties is kCHF 251 (2014: kCHF 251).

6. Assets used to secure own liabilities and assets under reservation of ownership

An account pledge agreement exists between Leclanché and Recharge as security for the Convertible Loan covering all its present and future receivables claims from intra-group loans and bank account claims. The Convertible loan is also secured by all current and future patent applications filed and patent registrations held worldwide and all current and future trademark applications filed and trademark registrations held by Leclanché and by all present and future shares in Leclanché GmbH, Willstätt, Germany.

7. Commitments

The lease liabilities for Leclanché SA is kCHF 2,099 (2014: kCHF 2,931) Commitments are based on rental contracts in Yverdon (ending 2018) and car leasing contracts.

8. Shares held by management, administrative bodies and employees

31 December 2015

Name	Position	Shares (number)	Options (number) [1]
Stefan Müller	Member of the Board of Directors	8'090	3'250 [3]
Antoine Spillmann	Member of the Board of Directors	795	-
Anil Srivastava	Chief Executive Officer	-	500'000 [7]
Pierre Blanc	Chief Technical Officer	-	3'900 [3] 100'000 [4] 15'000 [6]
Fabrizio Marzolini	Head of Systems Development	40	650 [3] 25'000 [4] 15'000 [6]
Thierry Perronnet	General Manager Distribution	-	9'000 [6]
Andrew Firmston-Williams	Chief Financial Officer	-	50'000 [5] 30'000 [6]

[1] The options were granted free of charge. Each option entitles the holder to acquire from the Company one share against payment in cash of the exercise price. The granted options forfeit if, prior to the end of the restriction period, (i) the holder terminates the employment contract other than for valid reasons, retirement at normal retirement age as may be agreed between the option holder and the Group, death or disability, or (ii) the Group terminates the employment contract for valid reason. Except under certain circumstances (e.g. tender offer or death), the options are not transferable.

[2] End of the exercice period during 2014, no exercice of option.

[3] Grant date: 19.02.2010; exercise price: 38.40; restriction period: 4 years; exercise period: 19.02.2014 - 18.02.2016

[4] Grant date: 01.07.12; exercise price: 16.00; restriction period: 2 years; exercise period: 01.07.2014 - 30.06.2016

[5] Grant date: 04.04.2014; exercise price: 4.38; exercise period: 07.04.2014 - 31.12.2020

[6] Grant date: 19.03.2015; exercise price: 3.00; exercise period: 19.03.2015 - 31.12.2020

[7] Grant date: 19.03.2015; exercise price: 1.50; exercise period: 19.03.2015 - 31.12.2020

31 December 2014

Name	Position	Shares (number)	Options (number) [1]
Stefan Müller	Member of the Board of Directors	8'090	3'250 [3]
Antoine Spillmann	Member of the Board of Directors	795	-
Pierre Blanc	Chief Technical Officer	-	3'900 [3] 100'000 [4] 15'000 [6]
Fabrizio Marzolini	Head of Systems Development	40	650 [3] 25'000 [4] 15'000 [6]
Thierry Perronnet	General Manager Distribution	-	9'000 [6]
Andrew Firmston-Williams	Chief Financial Officer	-	50'000 [5] 30'000 [6]

[1] The options were granted free of charge. Each option entitles the holder to acquire from the Company one share against payment in cash of the exercise price. The granted options forfeit if, prior to the end of the restriction period, (i) the holder terminates the employment contract other than for valid reasons, retirement at normal retirement age as may be agreed between the option holder and the Group, death or disability, or (ii) the Group terminates the employment contract for valid reason. Except under certain circumstances (e.g. tender offer or death), the options are not transferable.

[2] End of the exercice period during 2014, no exercice of option.

[3] Grant date: 19.02.2010; exercise price: 38.40; restriction period: 4 years; exercise period: 19.02.2014 - 18.02.2016

[4] Grant date: 01.07.12; exercise price: 16.00; restriction period: 2 years; exercise period: 01.07.2014 - 30.06.2016

[5] Grant date: 04.04.2014; exercise price: 4.38; exercise period: 07.04.2014 - 31.12.2020

[6] Grant date: 19.03.2015; exercise price: 3.00; exercise period: 19.03.2015 - 31.12.2020

9. Share capital

	Share capital	Reserves from capital contribution	Legal reserves from retained earnings	Accumulated losses	Total
	kCHF	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2014	28'220.8	56'520.7	3'657.3	-37'082.5	51'316.3
Loss for the year	-	-	-	-12'118.4	-12'118.4
Capital decrease as per 9 April 2014	-8'158.6	8'158.6	-	-	-
Capital increase as per 9 April 2014 and 30 June 2014	12'909.6	-342.0	-	-	12'567.6
Balance at 31 December 2014	**32'971.8**	**64'337.3**	**3'657.3**	**-49'200.9**	**51'765.5**
Balance at 1 January 2015	32'971.8	64'337.3	3'657.3	-49'200.9	51'765.5
Loss for the year	-	-	-	-41'284.6	-41'284.6
Warrants Exercice	765.0	-	-	-	765.0
Capital increase as per 2015	23'117.7	7'550.9	-	-	30'668.6
Balance at 31 December 2015	**56'854.5**	**71'888.2**	**3'657.3**	**-90'485.5**	**41'914.5**

10. Significant shareholders

(As per share register and SIX Disclosure of Shareholdings)

	%	31.12.2015	%	31.12.2014
		Unit		Unit
Golden Partner International SA SPF	29.7%	11'248'821	-	-
Recharge A/S	11.4%	4'305'312	-	-
Bruellan Corporate Gov Fd	11.9%	4'517'716	20.6%	4'517'716
Logistable Limited Group	6.6%	2'500'000	-	-
Castle and Key Fund plc	4.0%	1'500'000	-	-
ACE Core Convictions Ltd.	3.9%	1'460'053	-	-
Precept Fund Management SPC	0.0%	-	53.4%	11'748'821
Sum of all other shareholders below 3 %	32.6%	12'371'072	26.0%	5'714'666
Total shares issued	100.0%	**37'902'974**	100.0%	**21'981'203**

11. Other operating expenses

kCHF	**31.12.2015**	**31.12.2014**
IP related costs	778.7	183.0
Freight costs	289.0	320.7
Rent	844.3	847.4
Legal & Audit costs	1'366.8	370.9
Consulting costs	1'802.4	655.5
Others cost	3'060.4	1'806.0
Total	**8'141.6**	**4'183.5**

12. Impairment on financial assets

The management has performed an impairment assessment on the recoverability of the intercompany loan with Leclanché GmbH. The allowance of this intercompany loan has been increased by CHF 18 million vs. CHF 5 million in 2014.

13. Financial income

kCHF	31.12.2015	31.12.2014
Interest	**3'779.0**	**3'773.7**

14. Financial expenses

kCHF	31.12.2015	31.12.2014
Bank charges	91.9	13.1
Interest	2'705.3	939.2
Exchange loss	7'463.6	642.0
Total	**10'260.8**	**1'594.3**

15. Full Time Equivalent

The number of full-time equivalents did not exceed 250 on an annual average basis.

16. Subsequent events occurring after the balance sheet date

EGM 21 January 2016

On 21 January 2016, shareholder approval was obtained regarding the increase of authorised and conditional capital to enable Leclanché to raise funds to support its 2016 growth plans. During the same EGM, two new board members were elected (Peter G. Wodtke and Adam Said) while Antoine Spillmann was stepping down from the Board. Losses were also compensated against reserves for a total of amount CHF 49,200,900.

Raise of capital

Leclanché has announced on 6 March 2016 the signature of a CHF 20 million facility for medium term growth financing whereby ACE & Company buys the current outstanding convertible loan from Recharge A/S, extend the current convertible loan agreement with a new committed CHF 10 million as Facility C and agreed to raise further CHF 10 million on best effort basis. These proceeds will support growth investments related to the 53 MWh grid ancillary services project for IESO Ontario.

REPORT OF THE STATUTORY AUDITOR

Report of the statutory auditor
to the general meeting of
LECLANCHE SA
Yverdon-les-Bains

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of LECLANCHE SA, which comprise the balance sheet, income statement and notes (pages 90 – 99), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Emphasis of Matter

We draw your attention to note 1 to these financial statements, which states that the company is aware of the significant execution risk of its turnaround and growth plan. This, along with other matters as described in note 1, indicates the existence of a material uncertainty which may cast significant doubt

REPORT OF THE STATUTORY AUDITOR (Page 2)

pwc

about the ability of the company to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Aude Joly
Audit expert Auditor in charge	Audit expert

Lausanne, 13 April 2016

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

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

www.leclanche.com

Leclanché S.A. shares are listed on the SIX Swiss Exchange, Zurich (ISIN code: CH0110303119).
www.six-swiss-exchange.com