



**Condensed Consolidated Interim Financial Statements
of Addex Therapeutics Ltd as at June 30, 2015
(Unaudited)**

Addex Therapeutics Ltd
Condensed Consolidated Interim Balance Sheets
as at June 30, 2015 and December 31, 2014 (unaudited)

	<u>Notes</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Amounts in Swiss Francs			
ASSETS			
Current assets			
Cash and cash equivalents.....	7	3,579,307	1,979,609
Other current assets.....		224,081	159,389
Total current assets.....		3,803,388	2,138,998
Non-current assets			
Intangible assets.....	8	173	13,216
Property, plant and equipment.....	8	21,189	44,677
Non-current financial assets.....	9	75,100	1,802,331
Total non-current assets.....		96,462	1,860,224
Total assets.....		3,899,850	3,999,222
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables and accruals.....	10	977,537	1,494,595
Provision for other current liabilities.....		—	14,397
Total current liabilities.....		977,537	1,508,992
Non-current liabilities			
Retirement benefit obligations.....	12	186,506	144,536
Total non-current liabilities.....		186,506	144,536
Shareholders' equity			
Share capital.....	11	10,998,405	9,984,888
Share premium.....		262,073,221	260,020,862
Other reserves.....		6,285,457	6,127,826
Accumulated deficit.....		(276,621,276)	(273,787,882)
Total shareholders' equity.....		2,735,807	2,345,694
Total liabilities and shareholders' equity.....		3,899,850	3,999,222

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

Addex Therapeutics Ltd
Condensed Consolidated Interim Statements of Income
for the six-month periods ended June 30, 2015 and 2014 (unaudited)

	<u>Notes</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Amounts in Swiss Francs			
Income			
Other income.....	15	89,501	—
Total income.....		<u>89,501</u>	<u>—</u>
Operating expenses			
Research and development.....		948,806	304,952
General and administration.....		1,948,149	662,033
Total operating expenses.....	16	<u>2,896,955</u>	<u>966,985</u>
Operating loss.....		<u>(2,896,955)</u>	<u>(966,985)</u>
Finance income.....		39,814	334
Finance expense.....		(65,754)	(3,657)
Finance result, net.....	17	<u>(25,940)</u>	<u>(3,323)</u>
Net loss before tax.....		<u>(2,833,394)</u>	<u>(970,308)</u>
Income tax expense.....		—	—
Net loss for the period.....		<u>(2,833,394)</u>	<u>(970,308)</u>
Loss per share for loss attributable to the equity holders of the Company, expressed in Swiss francs per share basic and diluted.....	18	(0.26)	(0.10)

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Addex Therapeutics Ltd
Condensed Consolidated Interim Statements of Comprehensive Income
for the six-month periods ended June 30, 2015 and 2014 (unaudited)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Amounts in Swiss Francs		
Net loss for the period.....	(2,833,394)	(970,308)
Other comprehensive loss		
Currency translation differences.....	<u>(137,150)</u>	<u>(11,794)</u>
Other comprehensive (loss)/gain for the period, net of tax	(137,150)	(11,794)
Total comprehensive loss for the period.....	<u>(2,970,544)</u>	<u>(982,102)</u>

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

Addex Therapeutics Ltd
Condensed Consolidated Interim Statements of Changes in Equity
for the six-month periods ended June 30, 2015 and 2014 (unaudited)

	In Swiss Francs				
	Share capital	Share premium	Other reserves	Accumulated deficit	Total
Balance at January 1, 2014	9,843,247	259,689,854	5,505,898	(272,013,024)	3,025,975
Net loss for the period	-	-	-	(970,308)	(970,308)
Other comprehensive loss for the period – translation difference	-	-	(11,794)	-	(11,794)
Total comprehensive loss for the period	-	-	(11,794)	(970,308)	982,102
Cost of share capital issuance	-	4,320	-	-	4,320
Value of share-based services	-	-	9,588	-	9,588
Net purchase of treasury shares	355	(7,745)	-	-	(7,390)
Balance at June 30, 2014	9,843,602	259,686,429	5,503,692	(272,983,332)	2,050,391
Balance at January 1, 2015	9,984,888	260,020,862	6,127,826	(273,787,882)	2,345,694
Net loss for the period	-	-	-	(2,833,394)	(2,833,394)
Change in OCI IAS 19	-	-	(38,183)	-	(38,183)
Other comprehensive loss for the period – translation difference	-	-	(137,150)	-	(137,150)
Total comprehensive loss for the period	-	-	(175,333)	(2,833,394)	(3,008,727)
Issue of common Shares	1,526,036	1,843,334	-	-	3,369,370
Cost of share capital issuance	-	(61,631)	-	-	(61,631)
Value of share-based services	-	-	332,964	-	332,964
Net purchase of treasury shares	(512,519)	270,656	-	-	(241,863)
Balance at June 30, 2015	10,998,405	262,073,221	6,285,457	(276,621,276)	2,735,807

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Addex Therapeutics Ltd
Condensed Consolidated Interim Statements of Cash Flows
for the six-month periods ended June 30, 2015 and 2014 (unaudited)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Amounts in Swiss Francs		
Cash flows from operating activities		
Net loss for the period.....	(2,833,394)	(970,308)
Adjustments for:		
Depreciation and amortization.....	36,532	61,067
Gain on disposal of fixed assets.....	—	(382,266)
Value of share-based services.....	333,496	9,588
Changes in retirement benefit obligations.....	3,787	56,833
Finance result, net.....	25,940	3,323
Changes in working capital:		
Other current and non-current assets.....	1,507,107	510,742
Deferred income, payables and accruals.....	(511,461)	(548,484)
Net cash used in operating activities.....	(1,437,993)	(1,259,505)
Net cash from/(used in) investing activities.....	39,814	446,799
Net cash from/(used in) financing activities.....	3,065,709	(3,070)
Increase / (decrease) in cash and cash equivalents.....	1,667,530	(815,776)
Cash and cash equivalents at beginning of the period.....	1,979,609	2,913,396
Exchange loss on cash and cash equivalents.....	(67,832)	(3,853)
Cash and cash equivalents at end of the period.....	3,579,307	2,093,767

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

Addex Therapeutics Ltd
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the first half of 2015 (amounts in Swiss Francs) (unaudited)

1. General information

Addex Therapeutics Ltd, formerly Addex Pharmaceuticals Ltd, (the Company) and its subsidiaries (together, the Group) are a discovery based pharmaceutical group focused on discovery, development and commercialization of small-molecule pharmaceutical products for the treatment of human health. The Company is a Swiss stockholding corporation domiciled c/o Addex Pharma SA, Chemin des Aulx 14, CH-1228 Plan-les-Ouates, Geneva, Switzerland and the parent company of Addex Pharma SA and Addex Pharmaceuticals France SAS. Its registered shares are traded at the SIX, Swiss Exchange, under the ticker symbol ADXN.

To date, the Group has financed its cash requirements primarily from share issuances and out-licensing certain of its research and development stage products. The Group is a development stage enterprise and is exposed to all the risks inherent in establishing a business. Inherent in the Group's business are various risks and uncertainties, including the substantial uncertainty that current projects will succeed. The Group's success may depend in part upon its ability to (i) establish and maintain a strong patent position and protection, (ii) enter into collaborations with partners in the pharmaceutical industry, (iii) acquire and retain key personnel, and (iv) acquire additional capital to support its operations. The Board of Directors (Board) believes the Group will be able to meet all of its obligations for a further 12 months as they fall due and, hence, the condensed consolidated interim financial statements have been prepared on a going concern basis.

These condensed consolidated interim financial statements have been approved by the Board of Directors on September 29, 2015.

2. Basis of preparation

These condensed consolidated interim financial statements for the six months ended June 30, 2015, have been prepared in accordance with IAS 34 "Interim Financial Reporting". These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS.

The condensed consolidated interim financial statements have been prepared in accordance with IFRS and under the historical cost convention.

The preparation of financial statements in accordance with IAS 34 requires the use of 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. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment which are significant to the condensed consolidated interim financial statements are disclosed in the consolidated financial statements for the year ended December 31, 2014. Refer to note 4.

Addex Therapeutics Ltd
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the first half of 2015 (amounts in Swiss Francs) (unaudited)-(Continued)

3. Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2014.

The adoption of new standards, amendments to standards and interpretations which are mandatory for financial periods beginning on or after 1 January 2015 did not have a material impact on the Group financial position or disclosures made in these condensed consolidated interim financial statements.

New standards, amendments to standards and interpretations, that have been issued but are not mandatory for the financial year beginning January 1, 2015, have not been early adopted in preparing these condensed consolidated interim financial statements. None of these new standards, amendments to standards and interpretations are expected to have a significant effect on the condensed consolidated interim financial statements of the Group.

4. Critical accounting estimates and judgments

Uncertainties and ability to continue operations

As discussed in note 1 under “general information”, The Board of Directors (Board) believes the Group will be able to meet all of its obligations for a further 12 months as they fall due and, hence, the condensed consolidated interim financial statements have been prepared on a going concern basis. The Group is currently engaged in a number of activities to ensure that it can continue its operations, including monetizing its assets, raising additional capital and pursuing strategic alternatives. The outcome of these activities is inherently uncertain and had the Board assessed differently the ability of the Group to execute on its current financial plans and the ability of the Group to meet all of its obligations for a further 12 months then the Group would have presented the condensed consolidated interim financial statements on a liquidation basis.

Commitments and contingencies

In assessing the need for provisions for legal cases, estimates and judgements are made by the Group with support of external legal advisors and other technical experts in order to determine the probability, timing and amounts involved. The Group is currently in dispute with the French tax authorities and in this regard an amount of EUR1,202,610 (CHF1,417,956) had been deposited in an escrow account and recorded in non-current assets on the Group’s balance sheet. Based on a recent judgment rendered by the Tribunal de Grande Instance de Grenoble against the Group, and the release of the escrow account to the French tax authorities, the Group has written off the amount of the escrow account with a corresponding charge to the statement of income of CHF1,417,956. The Group has filed an appeal to the judgment.

5. Interim measurement note

Seasonality of the business: The business is not subject to any seasonality, but expenses are largely determined by the phase of the respective projects, particularly with regard to external development expenditures.

Costs: Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Addex Therapeutics Ltd
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the first half of 2015 (amounts in Swiss Francs) (unaudited)-(Continued)

6. Segment reporting

6.1 Reportable segments

The Group operates in one segment, which is the business of developing drugs for human health.

6.2 Entity wide information

Information about products, services and major customers

External income of the Group is derived from the business of developing drugs for human health and is earned from collaborative arrangements and the sale of license rights to pharmaceutical companies. Income was recognized during the six-month periods ended June 30, 2015 and no income was recognized during the six-month periods ended June 2014.

Information about geographical areas

External income is recorded in the Swiss operating company as fees from collaborations and sale of license rights. Income was recognized during the six-month periods ended June 30, 2015 and no income was recognized during the six-month periods ended June 2014.

The geographical analysis of assets is as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Switzerland.....	3,890,395	2,531,046
<i>Current</i>	3,793,933	2,117,080
<i>Non-current</i>	96,462	413,966
Europe.....	9,456	1,468,176
<i>Current</i>	9,456	21,917
<i>Non-current</i>	—	1,446,259
Total assets	<u>3,899,850</u>	<u>3,999,222</u>

The geographical analysis of operating expenses is as follows:

	<u>Six Months Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Switzerland.....	1,338,933	1,754,526
Europe.....	1,434,097	20,332
Total operating expenses	<u>2,773,030</u>	<u>1,774,858</u>

All the capital expenditure during the six-month periods ended June 30, 2015 and 2014 were made in Switzerland and France.

Addex Therapeutics Ltd
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the first half of 2015 (amounts in Swiss Francs) (unaudited)-(Continued)

7. Cash and cash equivalents

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Cash at bank and on hand.....	3,579,307	1,979,609
Total cash and cash equivalents.....	<u>3,579,307</u>	<u>1,979,609</u>

All cash and cash equivalents were held either at bank or on hand as at June 30, 2015 and December 31, 2014.

8. Property, plant and equipment & intangible assets

	Property, plant and equipment	Intangible assets
Six months ended June 30, 2014		
Opening net book amount as at January 1, 2014....	179,524	52,584
Disposals.....	(63,319)	(751)
Depreciation and amortization.....	(41,427)	(19,641)
Closing net book amount as at June 30, 2014...	<u>74,778</u>	<u>32,192</u>
Six months ended June 30, 2015		
Opening net book amount as at January 1, 2015....	44,677	13,216
Depreciation and amortization.....	(23,488)	(13,043)
Closing net book amount as at June 30, 2015...	<u>21,189</u>	<u>173</u>

9. Non-current financial assets

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Security rental deposits.....	75,100	356,072
Other deposits.....	—	1,446,259
Total non-current financial assets.....	<u>75,100</u>	<u>1,802,331</u>

As at December 31, 2014, the Company has recorded an amount of EUR1,202,610 (CHF1,446,259) in other non-current financial assets for an escrow account related to claims from the French tax authorities that are in dispute. As at June 30, 2015, this amount has been recognized in the statement of income (see note 4.1).

10. Payables and accruals

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Trade payables.....	152,045	647,304
Social security and other taxes.....	—	11,500
Accrued expenses.....	825,492	835,791
Total payables and accruals.....	<u>977,537</u>	<u>1,494,595</u>

Addex Therapeutics Ltd
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the first half of 2015 (amounts in Swiss Francs) (unaudited)-(Continued)

11. Share Capital

	Number of shares		
	Common Shares	Treasury shares	Total
Balance at January 1,	10,173,576	(330,329)	9,843,247
Net purchase of treasury shares.....	—	355	355
Balance at June 30,	10,173,576	(329,974)	9,843,602
Balance at January 1, 2015.....	10,173,576	(188,688)	9,984,888
Issue of common Shares.....	1,526,036	—	1,526,036
Net purchase of treasury shares.....	—	(512,519)	(512,519)
Balance at June 30,	11,699,612	(701,207)	10,998,405

Share capital

At June 30, 2015, the total outstanding share capital is CHF11,699,612 (June 30, 2014: CHF 10,173,576), consisting of 11,699,612 shares (June 30, 2014: 10,173,576). All shares have a nominal value of CHF1 and are fully paid.

On March 9, 2015, the Group issue 1,526,036 new shares from the authorized capital. Of the new shares, 921,667 were placed at CHF3 per share with investors and 604,369 were placed with Addex Pharma SA at CHF1, and are held as treasury shares. As part of the capital increase the Company granted 100,000 options to Herculis Partners SA at an exercise price of CHF3.3 with an expiry in March 2020.

12. Employee benefits

The amounts recognized in the income statements were as follows:

	Six Months Ended	
	June 30, 2015	June 30, 2014
Service costs.....	(11,575)	(84,168)
Interest cost.....	(12,409)	(18,704)
Interest income.....	11,535	13,432
Employees' contributions.....	10,586	15,186
Pension income / (cost).....	(1,863)	(74,254)

Addex Therapeutics Ltd
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the first half of 2015 (amounts in Swiss Francs) (unaudited)-(Continued)

Changes in prepaid pension cost:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Prepaid /(accrued) pension cost at beginning of period.....	2,098,949	2,098,949
Company's pension income / (cost).....	(74,254)	(74,254)
Company's contribution.....	17,421	17,421
Prepaid pension cost at end of period.....	<u>2,042,116</u>	<u>2,042,116</u>

Changes in other comprehensive income:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Other comprehensive income at beginning of period.....	(2,217,330)	(2,217,330)
Other actuarial losses.....	(38,183)	—
Other comprehensive income at end of period..	<u>(2,255,513)</u>	<u>(2,217,330)</u>

13. License and collaboration agreements

Janssen Pharmaceuticals Inc. (formerly Ortho-McNeil-Janssen Pharmaceuticals Inc).

On December 31, 2004, the Group entered into a research collaboration and license agreement with Janssen Pharmaceuticals Inc. (JPI). In accordance with this agreement, JPI has acquired an exclusive worldwide license to develop mGluR2PAM compounds for the treatment of human health. The Group is eligible for future payments contingent on the products from the research achieving certain development milestones. The Group is also eligible for low double digit royalties on net sales. No income has been recognized under this agreement in the six-month periods ended June 30, 2015 and 2014.

14. Other income

	<u>Six Months Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Research grants.....	89,501	—
Total other income.....	<u>89,501</u>	<u>—</u>

During the six-month period ended June 30, 2015, the Group recognized CHF 89,501 (2014: CHF0) of other income.

Addex Therapeutics Ltd
Selected Notes to the Condensed Consolidated Interim Financial Statements
for the first half of 2015 (amounts in Swiss Francs) (unaudited)-(Continued)

15. Operating expenses by nature

	<u>Six Months Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Staff costs.....	242,239	265,434
Depreciation and amortization.....	36,532	61,067
External research and development costs.....	297,783	138,483
Laboratory consumables.....	3,521	82,739
Operating leases.....	135,436	17,320
French Tax Litigation and penalties charges.....	1,417,956	—
Other operating expenses.....	763,488	401,942
Total operating expenses.....	<u>2,896,955</u>	<u>966,985</u>

16. Finance income and expenses

	<u>Six Months Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interest income.....	39,814	334
Unrealized foreign exchange loss.....	(65,754)	(3,657)
Finance result, net.....	<u>25,940</u>	<u>(3,323)</u>

17. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of common shares in issue during the period excluding common shares purchased by the Group and held as treasury shares.

	<u>Six Months Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Loss attributable to equity holders of the Company.....	(2,833,394)	(970,308)
Weighted average number of shares in issue.....	10,998,405	9,843,247
Basic and diluted loss per share.....	<u>(0.26)</u>	<u>(0.10)</u>

The Company has one category of dilutive potential shares as at June 30, 2015 and 2014: equity sharing certificates. As of June 30, 2015 and 2014, equity sharing certificates have been ignored in the calculation of the loss per share, as they would be anti-dilutive.

18. Events subsequent to June 30, 2015 balance sheet date

There has been no other material event after the balance sheet date.