



**Condensed Consolidated Interim Financial Statements  
of Addex Therapeutics Ltd as at June 30, 2014  
(Unaudited)**

**Addex Therapeutics Ltd**  
**Condensed Consolidated Interim Balance Sheets**  
**as at June 30, 2014 and December 31, 2013 (unaudited)**

	<u>Notes</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Amounts in Swiss Francs			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents.....	7	2,093,767	2,913,396
Other current assets.....		387,054	987,612
<b>Total current assets.....</b>		<b>2,480,821</b>	<b>3,901,008</b>
<b>Non-current assets</b>			
Intangible assets.....	8	32,192	52,584
Property, plant and equipment.....	8	74,778	179,524
Non-current financial assets.....	9	1,823,457	1,746,535
<b>Total non-current assets.....</b>		<b>1,930,427</b>	<b>1,978,643</b>
<b>Total assets.....</b>		<b>4,411,248</b>	<b>5,879,651</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Payables and accruals.....	10	1,813,589	2,353,400
Provision for other current liabilities.....	11	—	9,841
<b>Total current liabilities.....</b>		<b>1,813,589</b>	<b>2,363,241</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations.....	13	547,268	490,435
<b>Total non-current liabilities.....</b>		<b>547,268</b>	<b>490,435</b>
<b>Shareholders' equity</b>			
Share capital.....	12	9,843,602	9,843,247
Share premium.....		259,686,429	259,689,854
Other reserves.....		5,503,692	5,505,898
Accumulated deficit.....		(272,983,332)	(272,013,024)
<b>Total shareholders' equity.....</b>		<b>2,050,391</b>	<b>3,025,975</b>
<b>Total liabilities and shareholders' equity.....</b>		<b>4,411,248</b>	<b>5,879,651</b>

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, 2014 and 2013 (unaudited)**

	<u>Notes</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Amounts in Swiss Francs			
<b>Income</b>			
Other income.....	15	—	142,090
<b>Total income.....</b>		<u>—</u>	<u>142,090</u>
<b>Operating expenses</b>			
Research and development.....		304,952	9,315,620
General and administration.....		662,033	4,759,789
<b>Total operating expenses.....</b>	16	<u>966,985</u>	<u>14,075,409</u>
<b>Operating loss.....</b>		<u>(966,985)</u>	<u>(13,933,319)</u>
Finance income.....		334	1,765
Finance expense.....		(3,657)	(5,383)
<b>Finance result, net.....</b>	17	<u>(3,323)</u>	<u>(3,618)</u>
<b>Net loss before tax.....</b>		<u>(970,308)</u>	<u>(13,936,937)</u>
Income tax expense.....		—	—
<b>Net loss for the period.....</b>		<u>(970,308)</u>	<u>(13,936,937)</u>
Loss per share for loss attributable to the equity holders of the Company, expressed in Swiss francs per share basic and diluted.....	18	(0.10)	(1.61)

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

**Addex Therapeutics Ltd**  
**Condensed Consolidated Interim Statements of Comprehensive Income**  
**for the six-month periods ended June 30, 2014 and 2013 (unaudited)**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Amounts in Swiss Francs		
<b>Net loss for the period.....</b>	<b>(970,308)</b>	<b>(13,936,937)</b>
<b>Other comprehensive loss</b>		
Currency translation differences.....	<u>(11,794)</u>	<u>24,738</u>
<b>Other comprehensive (loss)/gain for the period, net of tax</b>	<b>(11,794)</b>	<b>24,738</b>
<b>Total comprehensive loss for the period.....</b>	<b><u>(982,102)</u></b>	<b><u>(13,912,199)</u></b>

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, 2014 and 2013 (unaudited)**

	In Swiss Francs				
	Share capital	Share premium	Other reserves	Accumulated deficit	Total
<b>Balance at January 1, 2013</b> .....	8,633,531	257,715,600	5,517,741	(257,551,196)	14,315,676
Net loss for the period .....	-	-	-	(13,936,937)	(13,936,937)
Other comprehensive gain for the period- translation difference .....	-	-	24,738	-	24,738
<b>Total comprehensive loss for the period</b> .....	-	-	24,738	(13,936,937)	(13,912,199)
Cost of share capital issuance .....	-	(87,933)	-	-	(87,933)
Value of share-based services .....	-	-	201,047	-	201,047
Net purchase of treasury shares .....	3,117	(19,110)	-	-	(15,993)
<b>Balance at June 30, 2013 (restated)</b> .....	<b>8,636,648</b>	<b>257,608,557</b>	<b>5,743,526</b>	<b>(271,488,133)</b>	<b>500,598</b>
<b>Balance at January 1, 2014</b> .....	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)
<b>Total comprehensive loss for the period</b> .....	-	-	(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)
<b>Balance at June 30, 2014</b> .....	<b>9,843,602</b>	<b>259,686,429</b>	<b>5,503,692</b>	<b>(272,983,332)</b>	<b>2,050,391</b>

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

**Addex Therapeutics Ltd**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**for the six-month periods ended June 30, 2014 and 2013 (unaudited)**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>Amounts in Swiss Francs</b>		
<b>Cash flows from operating activities</b>		
Net loss for the period.....	(970,308)	(13,936,937)
Adjustments for:		
Depreciation and amortization.....	61,067	1,543,240
Gain on disposal of fixed assets.....	(382,266)	(21,878)
Impairment losses on non-current assets.....	—	822,648
Value of share-based services.....	9,588	200,923
Changes in retirement benefit obligations.....	56,833	(1,225,243)
Finance result, net.....	3,323	3,618
Changes in working capital:		
Other current and non-current assets.....	510,742	(32,094)
Deferred income, payables and accruals.....	(548,484)	1,988,287
<b>Net cash used in operating activities.....</b>	<b>(1,259,505)</b>	<b>(10,657,436)</b>
<b>Net cash from/(used in) investing activities.....</b>	<b>446,799</b>	<b>(4,897)</b>
<b>Net cash from/(used in) financing activities.....</b>	<b>(3,070)</b>	<b>(110,818)</b>
<b>Decrease in cash and cash equivalents.....</b>	<b>(815,776)</b>	<b>(10,773,151)</b>
Cash and cash equivalents at beginning of the period.....	2,913,396	15,256,707
Exchange loss on cash and cash equivalents.....	(3,853)	(4,913)
<b>Cash and cash equivalents at end of the period.....</b>	<b>2,093,767</b>	<b>4,478,643</b>

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 2014 (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 18, 2014.

**2. Basis of preparation**

These condensed consolidated interim financial statements for the six months ended June 30, 2014, 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, 2013, 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, 2013. Refer to note 4.

**Addex Therapeutics Ltd**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the first half of 2014 (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, 2013.

The adoption of new standards, amendments to standards and interpretations which are mandatory for financial periods beginning on or after 1 January 2014 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, 2014, 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. Had the consolidated financial statements been prepared on a liquidation basis then certain commitments and contingencies (refer to details of operating lease commitments in note 24 of the 2013 consolidated financial statements) would have been recorded on the balance sheet and certain assets would have been written down to their recoverable amounts (refer to other current assets and non-current assets in note 8 and 9).

**Addex Therapeutics Ltd**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the first half of 2014 (amounts in Swiss Francs) (unaudited)-(Continued)**

**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.

**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. No income was recognized during the six-month periods ended June 30, 2014 and 2013.

*Information about geographical areas*

External income is recorded in the Swiss operating company as fees from collaborations and sale of license rights. No income was recognized during the six-month periods ended June 30, 2014 and 2013.

The geographical analysis of assets is as follows:

	<b><u>June 30, 2014</u></b>	<b><u>December 31, 2013</u></b>
Switzerland.....	2,917,965	4,356,572
<i>Current</i> .....	2,449,190	3,978,826
<i>Non-current</i> .....	468,775	377,746
Europe.....	1,493,283	1,523,079
<i>Current</i> .....	31,631	154,290
<i>Non-current</i> .....	1,461,652	1,368,789
<b>Total assets</b> .....	<b><u>4,411,248</u></b>	<b><u>5,879,651</u></b>

**Addex Therapeutics Ltd**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the first half of 2014 (amounts in Swiss Francs) (unaudited)-(Continued)**

The geographical analysis of operating expenses is as follows:

	<u>Six Months Ended</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Switzerland.....	960,948	14,075,876
Europe.....	6,037	(467)
<b>Total operating expenses.....</b>	<b><u>966,985</u></b>	<b><u>14,075,409</u></b>

All the capital expenditure during the six-month periods ended June 30, 2014 and 2013 were made in Switzerland.

**7. Cash and cash equivalents**

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Cash at bank and on hand.....	2,093,767	2,913,396
<b>Total cash and cash equivalents.....</b>	<b><u>2,093,767</u></b>	<b><u>2,913,396</u></b>

All cash and cash equivalents were held either at bank or on hand as at June 30, 2014 and December 31, 2013.

**8. Property, plant and equipment & intangible assets**

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>
<b>Six months ended June 30, 2013</b>		
Opening net book amount as at January 1, 2013...	2,089,574	97,596
Additions.....	(52,881)	—
Disposals.....	(1,918)	—
Depreciation and amortization.....	(1,520,121)	(23,119)
<b>Closing net book amount as at June 30, 2013...</b>	<b><u>514,654</u></b>	<b><u>74,477</u></b>
<b>Six months ended June 30, 2014</b>		
Opening net book amount as at January 1, 2014...	179,524	52,584
Additions.....	—	—
Disposals.....	(63,319)	(751)
Depreciation and amortization.....	(41,427)	(19,641)
<b>Closing net book amount as at June 30, 2014...</b>	<b><u>74,778</u></b>	<b><u>32,192</u></b>

**Addex Therapeutics Ltd**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the first half of 2014 (amounts in Swiss Francs) (unaudited)-(Continued)**

**9. Non-current financial assets**

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Security rental deposits.....	361,805	386,941
Other deposits.....	1,461,652	1,359,594
<b>Total non-current financial assets.....</b>	<b><u>1,823,457</u></b>	<b><u>1,746,535</u></b>

Other deposits relate to an escrow account opened for EUR1,202,610 (CHF1,461,652) with respect to claims from the French tax authorities that are in dispute (see note 4).

**10. Payables and accruals**

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Trade payables.....	835,533	605,803
Social security and other taxes.....	207,896	30,022
Accrued expenses.....	770,160	1,717,575
<b>Total payables and accruals.....</b>	<b><u>1,813,589</u></b>	<b><u>2,353,400</u></b>

**11. Provisions for other current liabilities**

<b>Year ended December 31, 2013</b>	<b><u>Current</u></b>
At January 1, 2013.....	65,193
Amounts utilized during the period.....	(56,357)
Exchange differences.....	1,005
<b>At December 31, 2013.....</b>	<b><u>9,841</u></b>
<b>Six months ended June 30, 2014</b>	<b><u>Current</u></b>
At January 1, 2014.....	9,841
Amount utilized during the period.....	(9,841)
<b>At June 30, 2014.....</b>	<b><u>—</u></b>

The provisions existing as at January 1, 2014 were fully utilized during the six-month period.

**Addex Therapeutics Ltd**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the first half of 2014 (amounts in Swiss Francs) (unaudited)-(Continued)**

**12. Share Capital**

	Number of shares		
	<u>Common shares</u>	<u>Treasury shares</u>	<u>Total</u>
<b>Balance at January 1, 2013</b> .....	9,002,964	(369,433)	8,633,531
Net purchase of treasury shares.....	—	3,117	3,117
<b>Balance at June 30, 2013</b> .....	<b>9,002,964</b>	<b>(366,316)</b>	<b>8,636,648</b>
<b>Balance at January 1, 2014</b> .....	10,173,576	(330,329)	9,843,247
Net purchase of treasury shares.....	—	355	355
<b>Balance at June 30, 2014</b> .....	<b>10,173,576</b>	<b>(329,974)</b>	<b>9,843,602</b>

**Share capital**

At June 30, 2014, the total outstanding share capital is CHF10,173,576 (June 30, 2013: CHF9,002,964), consisting of 10,173,576 shares (June 30, 2013: 9,002,964). All shares have a nominal value of CHF1 and are fully paid.

On March 1, 2013, the Group opened a liquidity account with a liquidity provider that has been granted by the FINMA “Négociant en valeur mobilière (LBVM)”, to facilitate the liquidity and regular trading of the Company’s share, whilst avoiding trading price fluctuations that are not justified by market trends and without interfering with the functioning of the market or misleading the public.

**13. Employee benefits**

The amounts recognized in the income statements were as follows:

	<u>Six Months Ended</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Service costs.....	(84,168)	(408,636)
Interest cost.....	(18,704)	(57,702)
Interest income.....	13,432	40,166
Employees’ contributions.....	15,186	234,173
Curtailment gain.....	—	1,132,554
<b>Pension income / (cost)</b> .....	<b>(74,254)</b>	<b>940,555</b>

**Addex Therapeutics Ltd**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the first half of 2014 (amounts in Swiss Francs) (unaudited)-(Continued)**

Changes in prepaid pension cost:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Prepaid /(accrued) pension cost at beginning of period.....	2,098,949	(381,268)
Company's pension income / (cost).....	(74,254)	2,121,972
Company's contribution.....	17,421	358,245
<b>Prepaid pension cost at end of period.....</b>	<b><u>2,042,116</u></b>	<b><u>2,098,949</u></b>

Changes in other comprehensive income:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Other comprehensive income at beginning of period.....	(2,589,384)	(2,382,561)
Other actuarial losses.....	—	(170,230)
Plan assets losses.....	—	(36,593)
<b>Other comprehensive income at end of period..</b>	<b><u>(2,589,384)</u></b>	<b><u>(2,589,384)</u></b>

**14. 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, 2014 and 2013.

**15. Other income**

	<u>Six Months Ended</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Research grants.....	—	142,090
<b>Total other income.....</b>	<b><u>—</u></b>	<b><u>142,090</u></b>

During the six-month period ended June 30, 2014, the Group recognized CHF 0 (2013: CHF142,090) of other income.

**Addex Therapeutics Ltd**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the first half of 2014 (amounts in Swiss Francs) (unaudited)-(Continued)**

**16. Operating expenses by nature**

	<b>Six Months Ended</b>	
	<b><u>June 30, 2014</u></b>	<b><u>June 30, 2013</u></b>
Staff costs.....	265,434	6,244,353
Depreciation and amortization.....	61,067	1,543,240
External research and development costs.....	138,483	2,071,319
Laboratory consumables.....	82,739	75,189
Operating leases.....	17,320	807,393
Other operating expenses.....	401,942	3,333,915
<b>Total operating expenses.....</b>	<b><u>966,985</u></b>	<b><u>14,075,409</u></b>

**17. Finance income and expenses**

	<b>Six Months Ended</b>	
	<b><u>June 30, 2014</u></b>	<b><u>June 30, 2013</u></b>
Interest income.....	334	1,765
Unrealized foreign exchange loss.....	(3,657)	(5,383)
<b>Finance result, net.....</b>	<b><u>(3,323)</u></b>	<b><u>(3,618)</u></b>

**18. 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.

	<b>Six Months Ended</b>	
	<b><u>June 30, 2014</u></b>	<b><u>June 30, 2013</u></b>
Loss attributable to equity holders of the Company.....	(970,308)	(13,936,937)
Weighted average number of shares in issue.....	9,843,247	8,632,441
<b>Basic and diluted loss per share.....</b>	<b><u>(0.10)</u></b>	<b><u>(1.61)</u></b>

The Company has one category of dilutive potential shares as at June 30, 2014 and 2013: equity sharing certificates. As of June 30, 2014 and 2013, equity sharing certificates have been ignored in the calculation of the loss per share, as they would be anti-dilutive.

**19. Events subsequent to June 30, 2014 balance sheet date**

In July 2014 the Group sold 100,000 treasury shares for a total gross proceeds of CHF413,346.

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