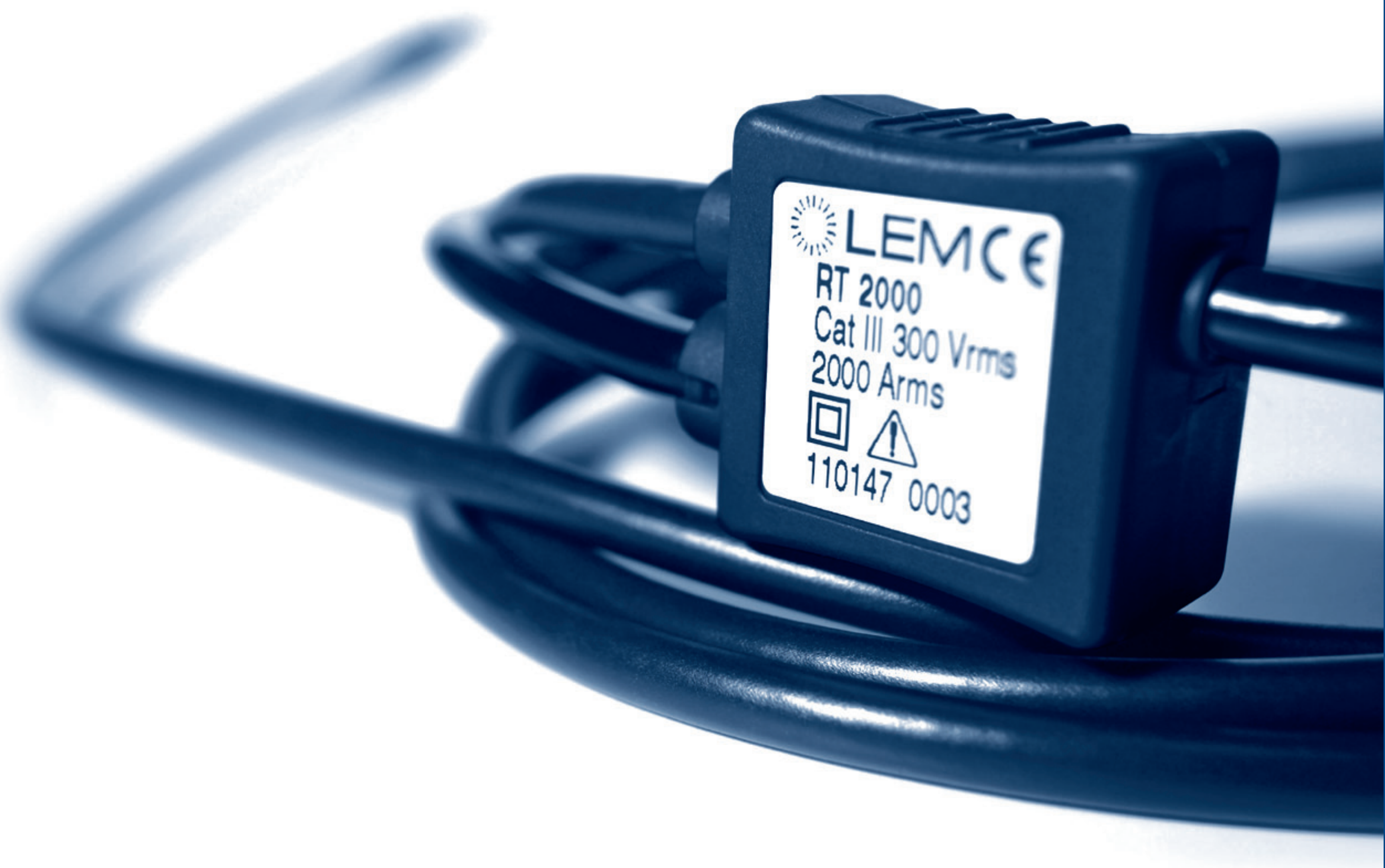


Half Year Report 2010/11

At the heart of power electronics

LEM

Dear Shareholders,

LEM has had a good first half year 2010/11. We have achieved record sales of CHF 141.8 million, which represents an increase of 80% compared to the first half of last year. Sales in the second quarter of this year were 12% higher than in the first quarter.

The bookings level for the first half year remained high at CHF 184.4 million. The second quarter bookings were slightly lower than those of the first quarter. The reason for this is that many customers placed advanced orders in the first quarter of this year. Our book-to-bill ratio reached 1.2.

The shortage in the electronic components market still impacted our operations; however we have been working hard with our suppliers to solve this issue. We have kept our tight cost control, which together with the increase in sales has driven down the SG&A spending as a percentage of our sales. In order to face the increased volumes we have taken measures to strengthen the structure of the organization. These effects were not yet fully reflected in the first half year figures.

Even with this growth momentum we closely managed our efficiency and our cost. Consequently our profitability was exceptional. The gross margin remains stable at 43.7% despite adverse exchange rate effects. The operational EBIT for the first half year was CHF 30.3 million, which is an increase of over 250% compared to the same period last year. The return on sales was positively impacted by the high volume and was at 21.4% in the first half year.

The net profit for the first half year 2010/11 amounted to CHF 19.8 million, which is a significant increase from the CHF 1.6 million of the same period last year.

The Industrial Segment

Sales in the Industrial Segment were CHF 130.8 million, which was an increase of 80% compared to the same period of last year. The operational EBIT for the first half year amounted to CHF 28.6 million. Europe still remained the main market for LEM with 54% of sales, but Asia is catching up fast and now represents 34% of total sales in this segment. The North American region remained stable with 11%. The remaining 1% of sales are in the Rest of the World.

Sales in the Industry Market were doing very well and have increased by 104% compared to the same period last year. The main drivers in this market were the renewable energies, especially the photovoltaic applications. Transducers for the electric motor drives were also performing very well. We have recently launched a range of new products for the photovoltaic market based on a closed loop fluxgate technology. We are seeing a high demand for these transducers and the ramp up of production is occurring much faster than initially planned.

The Traction Market has been robust and sales grew by 11% compared to last year. This was due to two reasons: firstly the high demand for our products in the Chinese market, where LEM has become the market leader. The second reason was the success of the energy metering in trains, which has become essential due to privatization and cross border traffic. LEM has just launched a complete range of products that are highly accurate and comply with all the required standards. These products can measure current, voltage and energy consumption on board of the train. These values are used for billing purposes from the respective local electricity suppliers.

The Energy & Automation Market kept developing well. Sales increased by 67% compared to the same period last year.

The Automotive Segment

Growth in the Automotive Segment was developing as planned with sales of CHF 11.0 million, an increase of 79% compared to the same period of the previous year. Sales in the traditional car battery management were growing at a faster pace than the average growth of the total Automotive market. Sales for our products in the green cars – the hybrid electric vehicles and electric vehicles – were progressing well and grew twice as fast as for those of our traditional Automotive business. The operational EBIT for this Segment was CHF 1.7 million and we are confident that we have durably passed the breakeven point. This is mainly due to volume ramp up and cost savings.

Changes in key responsibilities

From now on, Luc Colombel, who was previously the VP of Traction and Automotive, will be fully dedicated to the Automotive Segment. This reflects the growing importance of this Segment for LEM. Hans Dieter Huber, who was in charge of the Industry Market until now, will be in charge of the entire Industrial Business which includes the Industry, Traction and Energy & Automation Markets.

Jean-Marc Peccoux has just been appointed VP of the R&D team. Jean-Marc has been with LEM for almost 10 years, most recently the Corporate Quality Manager and responsible for the "Made by LEM Quality" of our products worldwide.

Share buyback program

On 1 September, 2010 we have successfully launched the share buyback program, which runs for one and a half years covering a volume of up to CHF 15 million on a second trading line. This program has been initiated in anticipation of future profitable growth and considering the high net cash position of the company. Our goal is to increase the financial leverage in the balance sheet and to finance the company through a healthy mix between equity financing and loans. As a result, LEM took up bank loans of CHF 8 million and the excess cash has been reduced.

Outlook

With the strong bookings levels achieved, we expect sales in the second half of the year slightly above the level of the first half of the year to reach CHF 285 to 295 million for the full year 2010/11. This sales level would be an increase of over 50% compared to previous year's sales of CHF 185.5 million. Despite this confident forecast we remain alert as economic and currency related uncertainties could impact us in 2011.

We will continue to work on adapting our capacity to the demand of our customers whilst at the same time keeping a strict cost control.

We confirm our belief in the growth drivers for our business:

- the need for more energy and the demand for more renewable energy
- the need for reliable energy and for more controls as well as standby battery management
- the need for better energy efficiencies, increasing the demand for the more efficient motor controls
- the need for more mobility, public transport and automobiles with a shift to more energy friendly solutions

We would like to thank you for your continued trust in LEM.

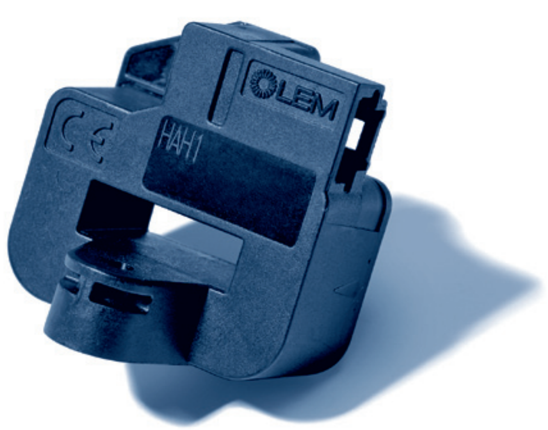
With kind regards,

Felix Bagdasarjanz
Chairman of the Board

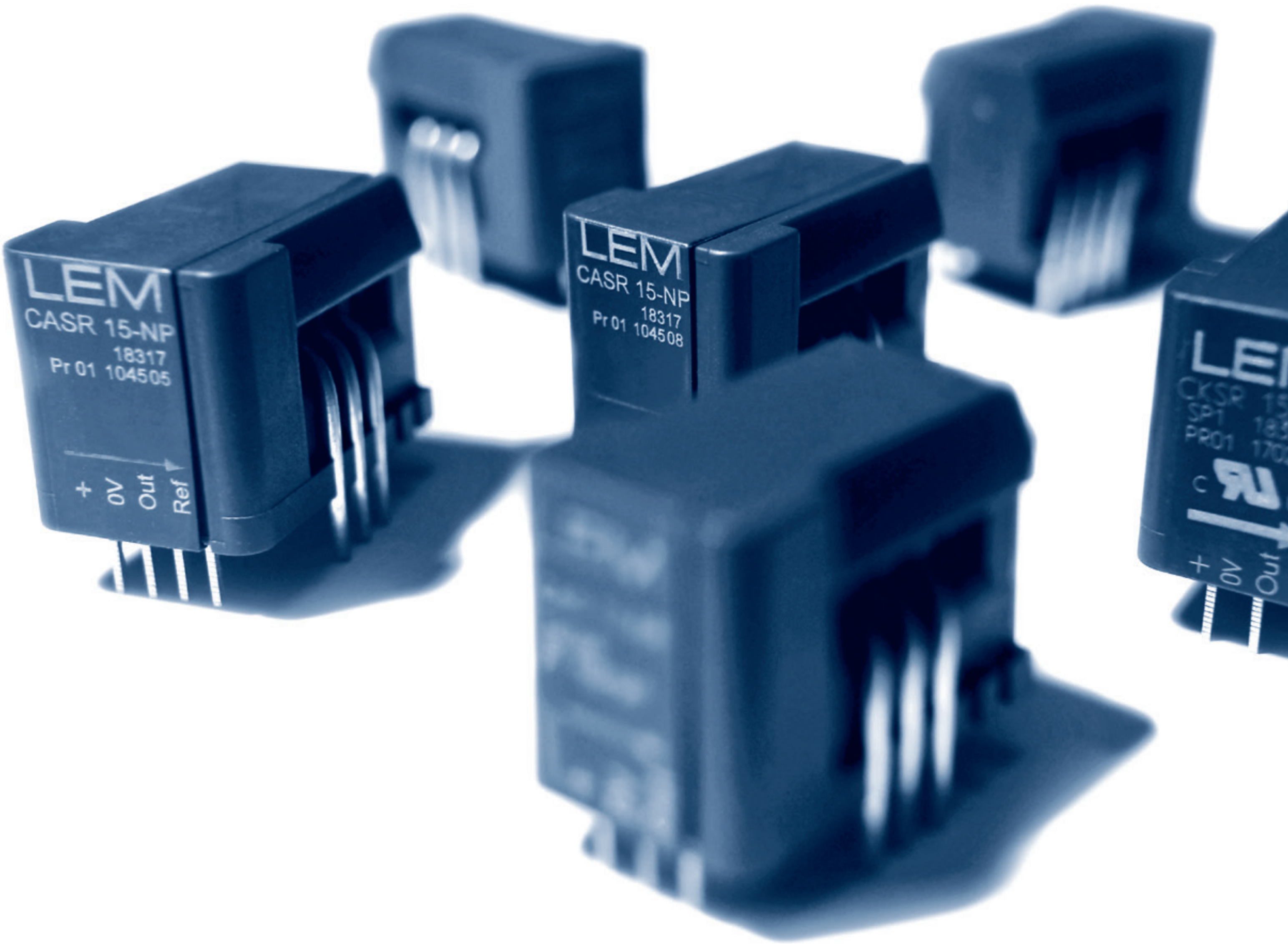
F. Bagdasarjanz

François Gabella
President & CEO

In CHF thousands	April to September 20010/11	2009/10
Sales	141'780	78'816
Cost of goods sold	(79'787)	(45'132)
Gross margin	**61'993**	**33'684**
Sales expense	(10'991)	(9'199)
Administration expense	(14'467)	(10'920)
Research & development expense	(6'144)	(5'094)
Other expense	(306)	(65)
Other income	242	199
Operational EBIT	**30'327**	**8'605**
Additional SOP costs/income	(429)	(4'810)
EBIT	**29'899**	**3'796**
Financial expense	(331)	(162)
Financial income	87	19
Foreign exchange effect	(2'406)	(594)
Profit before taxes	**27'249**	**3'059**
Income taxes	(7'439)	(1'487)
Net profit for the period	**19'810**	**1'571**



Interim Consolidated Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	30.09.2010	31.03.2010
In CHF thousands		
Current assets		
Cash and cash equivalents	19'387	29'756
Accounts receivable	60'572	43'454
Inventories	32'098	21'744
Other current assets	2'787	1'989
Total current assets	**114'843**	**96'943**
Non-current assets		
Deferred tax assets	607	662
Property, plant and equipment	23'012	23'665
Intangible assets	9'073	9'697
Other non-current assets	1'673	1'695
Total non-current assets	**34'366**	**35'719**
Total assets	**149'209**	**132'662**

Liabilities and equity	30.09.2010	31.03.2010
In CHF thousands		
Current liabilities		
Accounts payable	35'347	23'416
Accrued expenses and deferred income	11'166	10'077
Current income tax payable	5'078	2'033
Current provisions	676	328
Current financial liabilities	8'002	2
Other current liabilities	6'807	7'335
Total current liabilities	**67'075**	**43'191**
Non-current liabilities		
Non-current provisions	1'627	1'729
Deferred tax liabilities	4'650	4'261
Other non-current liabilities	112	102
Total non-current liabilities	**6'389**	**6'092**
Total liabilities	**73'464**	**49'283**
Equity		
Share capital	575	575
Treasury shares and derivative instruments on treasury shares	(5'225)	(3'387)
Reserves and retained earnings	80'394	85'977
Equity attributable to equity holders of the parent	**75'744**	**83'165**
Non-controlling interests		214
Total Equity	**75'744**	**83'379**
Total liabilities and equity	**149'209**	**132'662**

CONSOLIDATED INCOME STATEMENT

	April to September	
	2010/11	**2009/10**
In CHF thousands		
Sales	141’780	78’816
Cost of goods sold	(79’787)	(45’132)
Gross margin	**61’993**	**33’684**
Sales expense	(11’035)	(9’698)
Administration expense	(14’822)	(15’066)
Research & development expense	(6’173)	(5’258)
Other expense	(306)	(65)
Other income	242	199
Operating profit	**29’899**	**3’796**
Financial expense	(331)	(162)
Financial income	87	19
Exchange effect	(2’406)	(594)
Profit before taxes	**27’249**	**3’059**
Income taxes	(7’439)	(1’487)
Net profit for the period	**19’810**	**1’571**
Attributable to:		
LEM shareholders	19’759	1’553
Non-controlling interests	51	18
Net profit for the period	**19’810**	**1’571**
Earnings per share		
Basic earnings per share	17.31	1.36
Diluted earnings per share	17.26	1.36

CONSOLIDATED CASH FLOW STATEMENT

In CHF thousands	April to September 2010/11	April to September 2009/10
Cash flow from operating activities		
Net profit of the period	19'810	1'571
Adjustment for non-cash items	5'676	2'177
Cash flow before changes in net working capital	**25'486**	**3'748**
Cash flow from changes in net working capital	(15'044)	3'469
Cash flow from operating activities	**10'442**	**7'217**
Cash flow from investing activities		
Investment in fixed assets	(2'893)	(3'220)
Disposal of fixed assets and intangible assets	104	67
Acquisition of companies	0	(1'213)
Investment in intangible assets	(89)	(6'176)
Increase (-) / decrease (+) in other assets	7	0
Cash flow from investing activities	**(2'871)**	**(10'542)**
Cash flow from financing activities		
Acquisition of non-controlling interests	(197)	0
Treasury shares aquired	(2'458)	0
Dividends paid to the shareholders of LEM Holding SA	(22'895)	(11'372)
Dividends paid to non-controlling interests	(50)	(48)
Proceeds from bank borrowings	8'010	7'660
Cash flow from financing activities	**(17'590)**	**(3'760)**
Change in cash and cash equivalents	**(10'019)**	**(7'085)**
Cash and cash equivalents at the beginning of the period	**29'757**	**27'951**
Exchange effect on cash and cash equivalents	(351)	(488)
Cash and cash equivalents at the end of the period	**19'387**	**20'379**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	April to September	
	2010/11	**2009/10**
In CHF thousands		
Net Profit for the period recognised in the income statement	**19’810**	**1’571**
Currency translation difference	(2’579)	(2’539)
Unrealized gain on derivatives designated as cash flow hedges	29	
Total comprehensive income for the period	**17’259**	**(968)**
Attribuable to shareholders	17’208	(986)
Attribuable to non-controlling interests	51	18

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holder of the company								
In CHF thousands	Share capital	Treasury shares	Performance share plan	Fair value reserve	Translation reserve	Retained earnings and other reserves	Non-controlling interests	Total equity
1 April 2009	**575**	**(5'627)**	**423**	**(2)**	**3'464**	**84'464**	**195**	**83'492**
Total comprehensive income					(2'539)	1'553	18	(968)
Dividends paid						(11'372)		(11'372)
Dividends paid to non-controlling interests							(48)	(48)
Performance share plan			211					211
30 September 2009	**575**	**(5'627)**	**634**	**(2)**	**925**	**74'645**	**165**	**71'315**
1 April 2010	**575**	**(3'387)**	**925**	**7**	**1'482**	**83'563**	**214**	**83'379**
Total comprehensive income				29	(2'579)	19'759	51	17'259
Dividends paid						(22'895)		(22'895)
Dividends paid to non-controlling interests						0	(50)	(50)
Changes in non-controlling interests						18	(215)	(197)
Performance share plan			86			0		86
Movement in treasury shares		(1'838)				0		(1'838)
Movement in derivative instruments on treasury shares		0						0
30 September 2010	**575**	**(5'225)**	**1'011**	**36**	**(1'097)**	**80'445**	**0**	**75'744**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Segment Information

April - September 2009	Industrial	Automotive	LEM Group
In CHF thousands			Total
Sales	72’703	6’113	**78’816**
EBIT	5’169	(1’373)	**3’796**

April - September 2010	Industrial	Automotive	LEM Group
In CHF thousands			Total
Sales	130’819	10’961	**141’780**
EBIT	28’226	1’673	**29’899**

2. Nature of operations
LEM Group is a market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products – current and voltage transducers – are used in a broad range of applications in industrial, traction, energy and automotive markets.

3. Basic principles of group accounting
These unaudited consolidated financial statements for the six months ended on September 30, 2010 have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”. They do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the year that ended 31 March 2010.

The accounting and valuation policies are consistent with those applied in preparing the annual consolidated financial statements for the year 2009/10, except where noted below.

The preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management’s best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

4. Adjustments to new IAS/IFRS standards and interpretations
The following new and revised standards and interpretations became effective for the reporting year 2010/11:

- **IFRS 3 – Business Combinations (revised):** continues to apply the acquisition method to business combinations, with some significant changes. This standard applies prospectively.

- **Amendments to IAS 27 – Consolidated and Separate Financial Statements:** requires the effects of all transactions with a non-controlling interest to be recognized in equity if there is no change in control and these transactions will no longer result in adjustments to goodwill or recognition of gains and losses. The standard also specifies the accounting when control is lost. These amendments apply prospectively.

- **Amendment to IAS 32 – Classification of Rights issues**

- **Amendment to IAS 39 – Financial Instruments Recognition and Measurement. Eligible Hedged Items:** clarifies whether a hedged risk or portion of cash flows is eligible for hedge accounting.

- **Amendments to IFRS 1 – Additional Exemptions for First-time Adopters:** provides further exemptions for the use of deemed costs for oil and gas assets, arrangement containing a lease, and decommissioning liabilities included in the costs of property, plant and equipment.

- **Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transactions:** clarifies the scope and the accounting for such transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

- **IFRIC 17 – Distribution of non-cash assets to owners:** provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

- **Improvements to IFRSs**

The impact of the application of IAS 27 (revised) in the acquisition of the additional 10% in TVELEM is described in note 8 below.

The other new and revised standards do not have a material effect on the consolidated financial statements of LEM Group.

5. Income taxes
Income tax expense is calculated based on the best estimate of the applicable annual income tax rate expected for the full year.

The decrease in the effective tax rate of LEM Group is due to the changes of the profitability of the Group’s subsidiaries in the various jurisdictions and withholding taxes on dividends distributed out of prior years profits within the Group.

6. Financial Liabilities
LEM Group increased financial short-term liabilities to CHF 8.0 million (nil at 31 March 2010) as short term credit lines.

7. Shareholders' equity

At the shareholders' meeting held in Geneva on 25 June 2010, the shareholders approved the distribution of an ordinary dividend of CHF 5.00 per share and an extraordinary dividend of CHF 15.00 per share. The gross dividend paid on 5 July 2010 amounted to CHF 22.90 million (prior year: ordinary dividend of CHF 10.00; total CHF 11.37 million).

In the second quarter, 1'385 shares were sold to employees at market value less CHF 15 discount per share with an average price of CHF 326.73. The treasury shares were booked out at historical cost and the difference to the selling price was booked to other capital reserves.

On 1 September 2010, LEM has launched a share buy-back program which runs for one and a half years covering a volume of up to CHF 15 million on a second trading line. At 30 September 2010, 7'000 shares have been bought for a total amount of CHF 2'458 thousands.

8. Changes in scope of consolidation

During the first half year 2010/11, the scope of consolidation has changed as follows:

On 28 September 2010, TVELEM acquired its own shares representing the outstanding 10% of ownership. The percentage of interest in TVELEM is now 100%. This increase in interest led to the recognition of CHF 18 thousands in equity (difference between amount paid and non-controlling interest value) per 30 September 2010.

In the previous year, the following change in the scope of consolidation occurred:

Acquisition of 100% of the shares of Danfysik ACP A/S in Denmark on 28 July 2009.

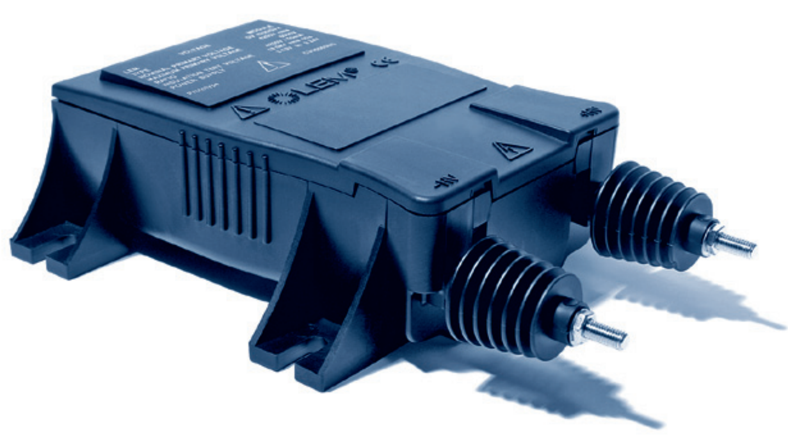
9. Events after the balance sheet date

The Board of Directors and Senior Management are not aware of any significant events up to the date of approval of the consolidated financial statements on 29 October 2010 that would require an adjustment in carrying amounts of the Group's assets and liabilities.

10. Exchange rates

The following exchange rates were used:

	Period-end rate for balance sheet		Period average rate for income statement	
	30.09.10	31.03.10	2010/11	2009/10
EUR	1.329	1.432	1.372	1.517
GBP	1.543	1.603	1.627	1.730
JPY	0.0117	0.0115	0.0120	0.0114
USD	0.976	1.064	1.071	1.088
RUB	0.032	0.036	0.035	0.034
CNY	0.146	0.156	0.158	0.160
DKK	0.178	0.192	0.184	0.204



Postal address
LEM Holding SA
P.O. BOX 785
CH – 1212 Grand-Lancy 1

Visitors address
LEM Holding SA
8, chemin des Aulx
CH – 1228 Plan-les-Ouates
Phone +41 22 706 11 11
Fax +41 22 794 94 78