Annual Report
2015/16

At the heart of power electronics

LEM

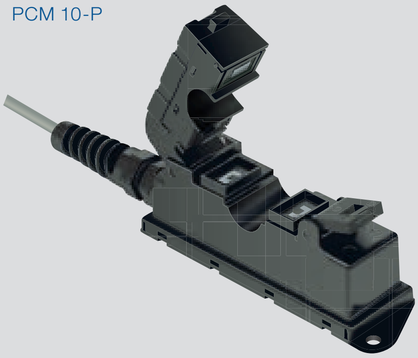
Traction: point machine

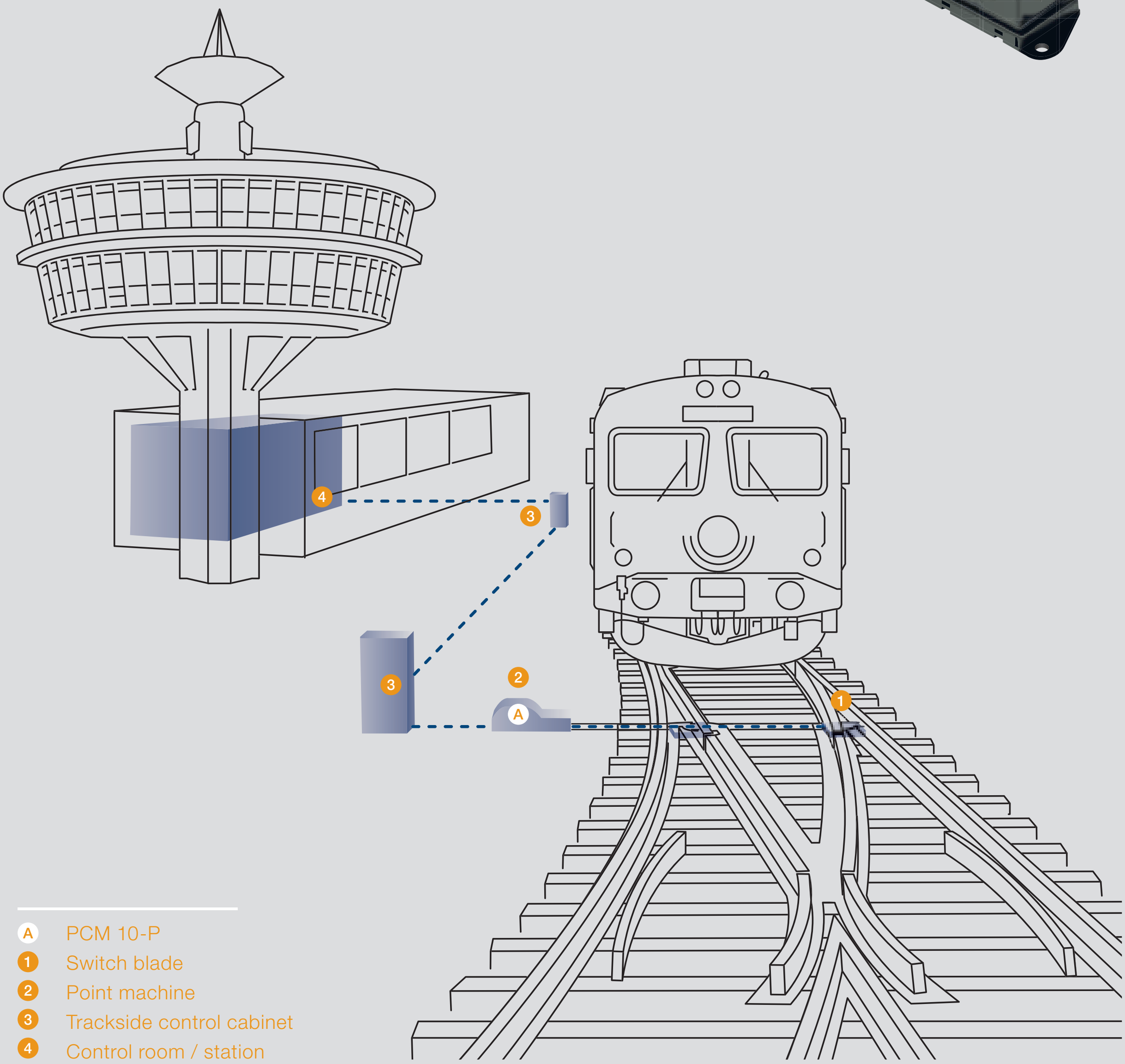
In the earliest times, simple levers operated railway points manually. Gradually the points came to be operated by centralized levers in stations (4). The point switches being further away from the stations, they could not anymore be operated mechanically. Therefore, point machines have been introduced.

Modern point machines (2) have an electric motor and gears to convert the rotating motion of the motor into the linear motion required to switch the points. The machine performs the following functions: moving switch blades (1), locking the blades, detection and proving the position of blades.

The current of the electric motor of the point machine (2) is measured by a transducer (PCM 10-P) (A) and monitored. Any variation from the normal current waveform indicates an early warning of equipment failure that will require preventive maintenance.

PCM 10-P





- A PCM 10-P
- 1 Switch blade
- 2 Point machine
- 3 Trackside control cabinet
- 4 Control room / station

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Reporting period 1 April 2015 to 31 March 2016

Foreword

Dear Shareholders,

The weak levels of global trade and manufacturing activity along with the strong Swiss franc were the main sources of our external challenges during the last year. The consolidated result, however, proves that LEM is capable of maintaining strong margins even under adverse conditions. Overall, we not only delivered a solid result in the financial year 2015/16, but also continued to take the necessary measures to prepare our future. We kept strengthening LEM by thoroughly implementing our long-term strategy with a focus on market oriented innovation, cost efficiency, and flexibility.

Diverse market trends

After a soft start, activity normalized during the course of the year. We benefitted from the diversity of our target markets and our geographical footprint. China remained our most important country and continued to grow across all businesses. We recorded our strongest growth in the green cars and the renewable energies businesses. At the same time, the drives & welding and traction businesses were affected by subdued global demand and slow industrial investment. We consolidated our market share in the Industry businesses and secured new platforms with current as well as new customers in both Automotive businesses.

Strategy milestones

We made important progress in our strategy execution. During the year under review, we launched eight innovative products and ramped up the production of recently launched products. The share of production from our cost-competitive sites in Beijing and Sofia accounted for 75% of the global output. Demand in the Automotive and renewable energies businesses surged and we managed this growth maintaining a high delivery performance. Furthermore, we completed the introduction of our new Enterprise-Resource-Planning (ERP) system, which will form the basis for future cost-efficiency measures.

Building on our strong foothold in our core markets, we want to further develop our competitive position and to address new growth opportunities. On 1 January 2016, we strengthened our leadership with a new management structure. The new Executive Management team composed by François Gabella (CEO), Andrea Borla (CFO), Frank Rehfeld (General Manager Industry), and Rainer Bos (General Manager Automotive) will focus on the execution of strategic initiatives in their segments, allowing the CEO to concentrate more on the long-term growth of LEM.

Solid profitability

Sales reached CHF 261.5 million, representing a growth of 1.4%. The Automotive segment contributed to this growth, while sales in the Industry segment remained below last year's level. At constant exchange rates, Group sales increased by 3.6%. EBIT came to CHF 52.9 million, compared with CHF 54.2 million in the previous year. We managed to maintain our EBIT margin above the 15% to 20% target range despite a negative impact from foreign exchange developments totaling CHF 3.2 million. Net profit for the reporting year amounted to CHF 43.5 million, even surpassing last year's profit of CHF 43.1 million.

Dividend proposal to the ordinary General Meeting of Shareholders

The dividend of CHF 35 that the Board of Directors will propose to the forthcoming ordinary General Meeting of Shareholders is a sign of trust in the company's ability to continue generating strong cash flows in the future. The proposal follows LEM's dividend policy of distributing significantly more than 50% of its consolidated net profit to shareholders and corresponds to a payout ratio of 91.7%.

Thanks

This year's challenging business environment called for major efforts. We would like to thank all our employees for their commitment and hard work. Our thanks also go to our customers for their trust as well as to our shareholders for their long-term investment in LEM.

Andreas Hürlimann
Chairman of the Board of Directors

François Gabella
Chief Executive Officer

LEM at a Glance

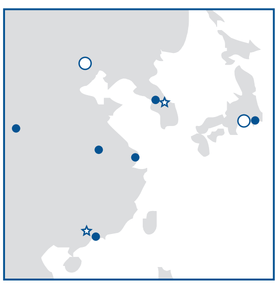
LEM – At the heart of power electronics

LEM is a focused manufacturer and a global market leader. Its core products, transducers for measuring electrical parameters like current and voltage, are used in a broad range of applications. Although these devices are not visible to the outside world, they are vital for application functionality and the benefits provided to the end users. Starting with products for locomotives in the seventies, LEM expanded into a vast area of industrial applications, including variable speed drives for motors and power supplies for industrial applications. Today, LEM's current and voltage transducers are also used in AC/DC converters, uninterrupted power supply systems for computers as well as in new innovative energy applications like microturbines and wind and solar power generation. Additional opportunities have been developed in the Automotive market, such as battery management and start/stop applications for conventional cars and electrical motor controls, battery pack management and embedded chargers for green cars. This evolution underscores the Company's exceptional skills in adapting to rapidly changing industrial trends, such as miniaturization, higher performance levels and a greater degree of application, integration and complexity.

LEM has the strongest brand recognition in its markets. Its products – commonly called "LEMs" – are at the heart of many power electronics applications. LEM's strategy is to increase its technology leadership, efficiency and production flexibility. At the same time, LEM is committed to maintaining customer focus and operational excellence by running cost-effective and service-oriented production platforms. Profitable growth is a key objective.

Worldwide presence

LEM is a global organization with production plants in Beijing (China), Geneva (Switzerland), Tokyo (Japan) and in Sofia (Bulgaria). The Company has sales offices close to its main clients' locations and offers seamless service around the globe.



■ **LEM Holding SA, Fribourg, Switzerland**

○ **Production Centers (PDCs)**
Beijing, China
Geneva, Switzerland
Tokyo, Japan
Sofia, Bulgaria

◉ **Adaptation Centers**
Milwaukee, USA
Tver, Russia

● **Sales Offices**
Geneva, Switzerland
Frankfurt, Germany
Vienna, Austria
Brussels, Belgium
Kgs. Lyngby, Denmark
Paris, France
Padova, Italy
Skelmersdale, UK
Tver, Russia
Beijing, Shanghai, Shenzhen, Xian, Hefei, China
Tokyo, Japan
Pune, India
Seoul, South Korea
Milwaukee, Columbus, Amherst,
Los Angeles, USA

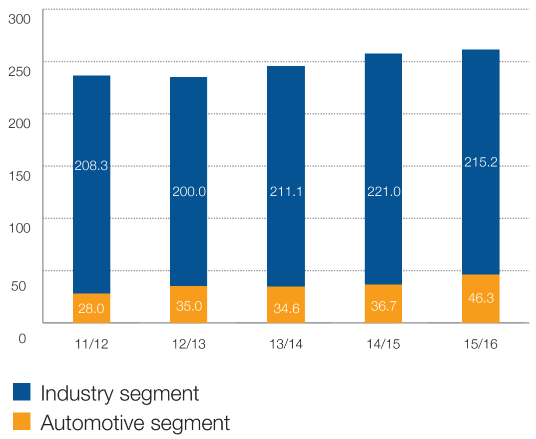
☆ **Agents/Distributors**

Key figures 2011/12 to 2015/16

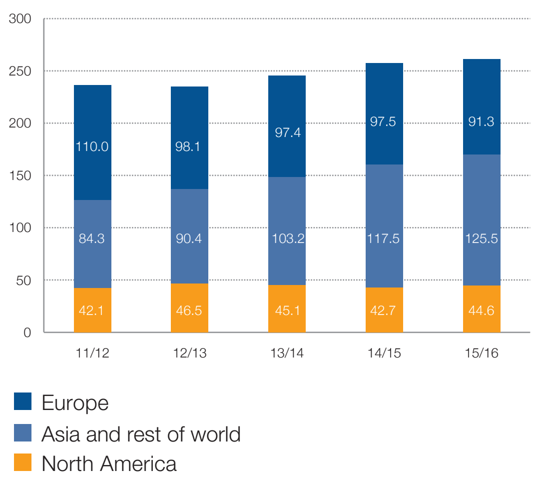
In CHF millions, %	2011/12	2012/13[1]	2013/14	2014/15	2015/16
Orders received	182.9	230.6	246.4	251.0	256.5
Book-to-bill ratio	0.77	0.98	1.00	0.97	0.98
Sales	236.3	235.0	245.6	257.8	261.5
Gross profit	96.5	98.6	115.4	118.4	120.4
In % of sales	*40.8%*	*41.9%*	*47.0%*	*45.9%*	*46.0%*
Operational EBIT	34.2	40.8	55.7	54.2	52.9
In % of sales	*14.5%*	*17.4%*	*22.7%*	*21.0%*	*20.2%*
Net profit for the year	28.5	32.4	45.6	43.1	43.5
EPS basic (CHF)	25.11	28.48	40.09	37.86	38.18
Dividend per share (CHF)	25.00	30.00	40.00	40.00	35.00[2]
Operating cash flow	46.7	46.2	40.6	50.2	45.6
Investing cash flow	−9.1	−10.4	−8.7	−9.7	−6.6
In CHF millions, %	**31.3.12**	**31.3.13[1]**	**31.3.14**	**31.3.15**	**31.3.16**
Net financial assets/(liabilities)	18.1	27.6	24.6	20.9	13.6
Shareholders' equity	79.6	84.0	94.2	91.9	85.9
Equity ratio (in % of assets)	60.0%	61.9%	65.1%	65.0%	61.3%
Market capitalization	563.7	671.5	801.4	910.3	929.1
Employees (in FTEs)	1'136	1'137	1'241	1'274	1'388

[1] Restatement following IAS19R application (pensions).
[2] Proposal of the Board of Directors to the ordinary General Meeting of Shareholders on 30 June 2016

Sales per segment
In CHF millions



Regional sales breakdown
In CHF millions



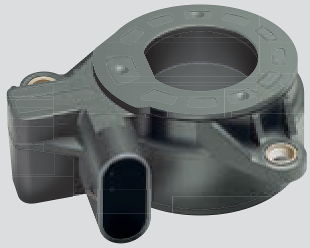
Green cars: hybrid-electric vehicles/ electric vehicles

Automotive hybrid technology became widespread in the late 1990s. Today, about 20 years later, the electrification and hybridization of automobiles is taking up significant speed.

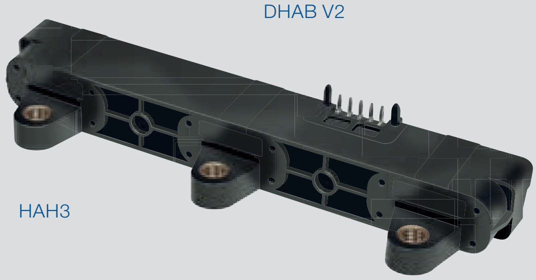
LEM supports this mega-trend with best-in-class transducers measuring current in battery management systems and electric motor controls that enhance the effective operation of these systems.

Battery management:
The battery management system (BMS) adjusts the charging process through the combustion engine in a hybrid electric vehicle or gives the information to the driver for external charging of the high-voltage battery (1) in an electric vehicle. LEM current sensors (CAB (D), DHAB (B)) provide all necessary current information at high accuracy level to the BMS to improve the efficiency of the charging process.

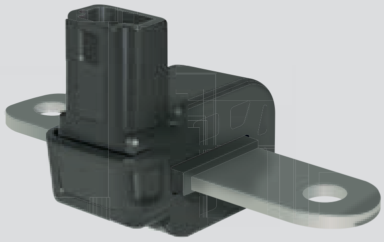
Motor control:
The motor control (3) takes power from the batteries and delivers it to the electric motor (4). The accelerator pedal provides the signal that tells the controller how much power it is supposed to deliver. LEM current sensors for motor drives (HAH3 (A), HSN (C)) are integrated in the inverter modules (5) and provide current signals at very high speed in order to assure a smooth and jerk-free acceleration.



DHAB V2

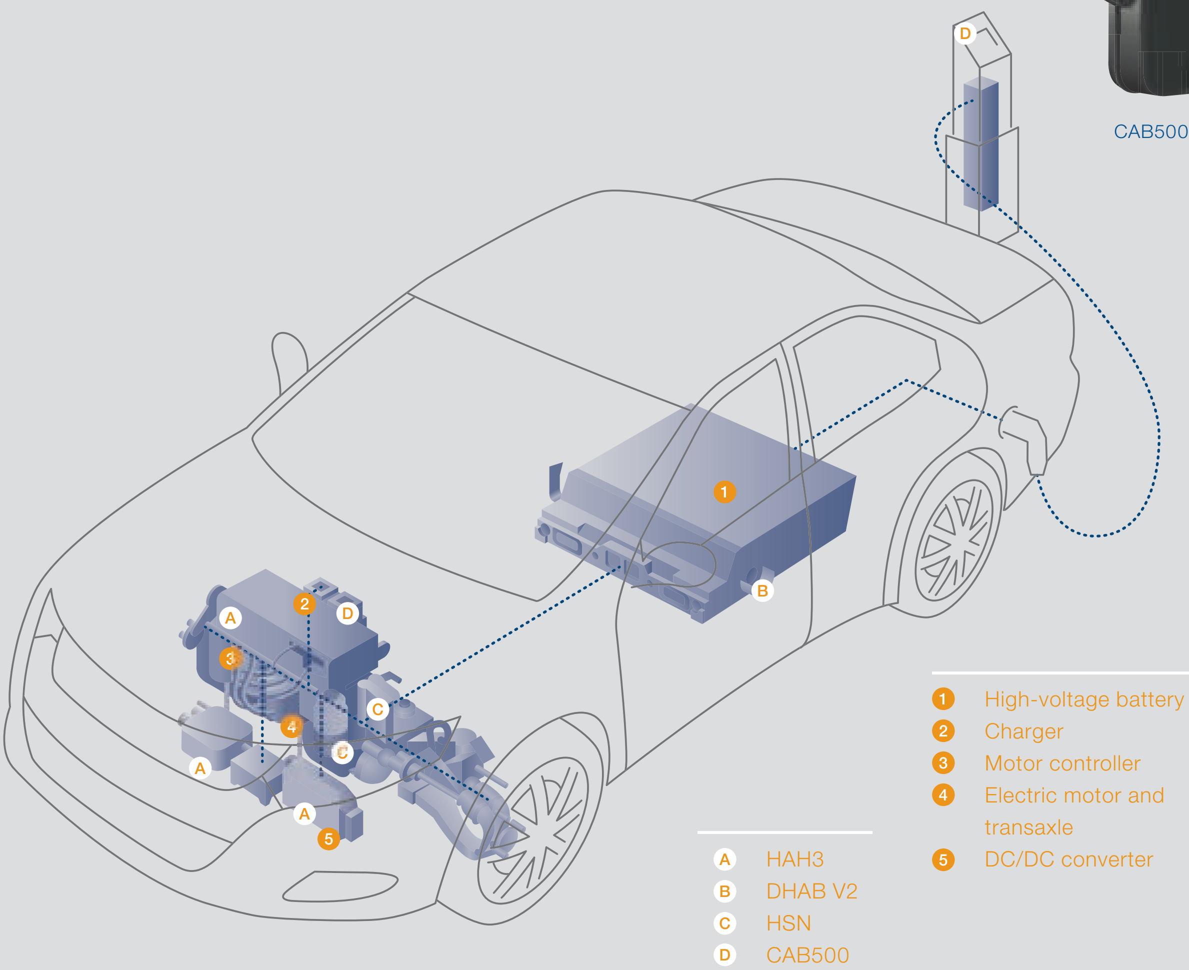


HAH3



HSN

CAB500



Business Report

Net profit increased from CHF 43.1 million in the previous year to CHF 43.5 million in the reporting year, despite challenging foreign exchange and market conditions. Chinese markets continued to support sales growth across all businesses. We clearly benefitted there from our leading market position based on local production and distribution capabilities. The strongest momentum was provided by the green cars business, where we were able to reap the rewards of investments initiated few years ago, and the renewable energies business, where we benefitted from our superior product range and global growth of renewable energies capacities. The ongoing high pace of product launches as well as the increased production capacity at our cost-competitive sites helped us to maintain the operating margin above our 15% to 20% target range.

Financial result

Sales in the financial year 2015/16 totaled CHF 261.5 million, an increase of 1.4% compared with the previous year. At constant exchange rates, Group sales increased by 3.6%.

Key figures

In CHF millions	Financial year 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	Financial year 2015/16
Orders received	251.0	60.9	66.0	67.3	62.3	**256.5**
Sales	257.8	61.5	70.0	67.2	62.7	**261.5**
Book-to-bill	0.97	0.99	0.94	1.00	0.99	**0.98**
EBIT	54.2	10.5	14.4	15.8	12.3	**52.9**
Net profit	**43.1**	**8.9**	**10.9**	**11.7**	**12.0**	**43.5**

China represented 31% (26% in 2014/15), Asia excluding China 15% (18% in 2014/15), Europe 35% (38% in 2014/15), and North America 17% (17% in 2014/15) of Group sales. Sales growth continued in China (+21%) and was robust in North America (+4%), but was weak in Europe (–6%) and Asia excluding China (–12%). Excluding foreign exchange fluctuations, sales were stable in both Europe and North America.

In the financial year 2015/16, our gross margin remained stable at 46.0% (45.9% in the previous year) thanks to the transfer of production to cost-competitive production sites, our focus on sourcing, and lower commodity prices.

Sales, general and administrative spending (SG&A) increased from CHF 48.8 million to CHF 52.9 million as a result of recruitments in Sofia and Beijing as well as one-off cost arising from the introduction of our new ERP system and organizational changes in the first half of 2015/16. SG&A normalized in the second half year. During the financial year 2015/16, SG&A represented 20.2% of sales, compared with 19.0% in the previous reporting period. Research and development expense (R&D) as a percentage of sales remained at the long-term average at 5.6%.

Foreign exchange fluctuations in the financial year 2015/16 hit our EBIT margin in the amount of CHF 3.2 million. EBIT for the full financial year 2015/16 only declined by CHF 1.3 million from CHF 54.2 million to CHF 52.9 million. Our EBIT margin for the financial year 2015/16 came in at 20.2%, down from 21.0% in the previous year, but still above our EBIT margin target of 15% to 20%. Nevertheless, we posted a net profit for the year of CHF 43.5 million, an improvement of CHF 0.4 million compared with last year.

Our balance sheet remains strong. As at 31 March 2016, total assets had decreased to CHF 140.2 million. Shareholders' equity reached CHF 85.9 million, representing an equity ratio of 61.3% (65.0% as at 31 March 2015).

Cash flow from operating activities in the financial year was CHF 45.6 million (–9.3%) and free cash flow was CHF 39.0 million (–3.8%). We achieved this result thanks to our efforts in bringing accounts receivables back to normal levels. As a reminder, accounts receivables were unusually high on 30 September 2015 (half-year results 2015/16) due to invoicing and collection delays caused by the introduction of our new ERP system.

Industry segment

Sales in the Industry segment decreased by 2.7% to CHF 215.2 million in the financial year 2015/16. At constant exchange rates, sales increased by 0.3%. Sales in China were up by 15%, with a positive contribution across all businesses. China has thus expanded its position as our most important single country and now accounts for 31% of Industry sales. Sales performance in the other regions was weak, with Asia excluding China posting a sales decrease of 17% and sales in Europe and North America decreasing by 7% and 3%, respectively. Asia was the most important region, accounting for 46% of Industry sales, followed by Europe with 41% and North America with 11%. The EBIT margin came in at 20.0% compared with 22.6% in the previous financial year.

Our production volumes remained at a high level. We recorded good success with recently launched products, mainly for the renewable energies business, and increased production capacities accordingly.

Our new products enhanced our competitiveness and supported our margins. We won market share in China, while keeping it stable in the other regions. No major changes in our competitive environment were observed.

In 2015, global economic activity remained subdued. We observed soft industrial investment globally and saw hardly any new manufacturing capacities being created by our customers. The sharp price drop for energy and other commodities led to lower activity in oil and gas extraction and lower demand from oil exporters. On a positive note, we observed increasing interest in the infrastructure for electric cars and smart grid applications. In China, despite headlines suggesting slowing growth, we still benefitted from robust demand in the area of automation as well as high installation rates for new solar and wind capacities.

Sales in the drives & welding business slowed by 6% over the previous year. China maintains its position as Asia's manufacturing hub and as a result sales to China increased while sales to the rest of Asia slowed. The other regions were weak: the ongoing economic uncertainty affected industrial investment activity in Europe and North America.

We increased our market share in the renewable energies & power supplies business and benefitted from consistently high levels of investment in new solar and wind capacities, especially in China and the US, and in battery technology in South Korea. Sales in Japan declined after government subsidies expired. Smart grid projects picked up. Our sales increased by 5%.

Sales in the traction business decreased by 8%. Strong activity was observed in China and India for both domestic and export markets, but there were fewer new traction projects in Europe. Activity in high-speed trains was stable, while there was some growth in light rail.

In the project-driven high-precision business, sales increased by 8%. The greatest activity was recorded in China, India, and Japan. Test & measurement markets developed positively and medical markets were stable. HVDC business remained at a high level.

In the financial year 2016/17 we aim to strengthen our market position in all businesses taking advantage of our pipeline of innovative products for our current markets. We also want to develop new products for new markets and applications such as circuit breakers for smart grids.

Automotive segment

Sales in the Automotive segment reached CHF 46.3 million in the financial year 2015/16, representing an increase of 26.1% on the financial year 2014/15. At constant exchange rates, sales grew by 23.6%. We recorded strong growth in all regions, especially in the US (+14%), China (+55%), Japan (+13%), and Germany (+33%). For the first time in the Automotive segment, Asia is the most important region, representing 47% of segment sales. Sales in China alone accounted for 31% of segment sales. North America is our second-largest region with 44%, while segment sales in Europe stood at 8%. EBIT reached CHF 9.9 million, up 129.9% on the financial year 2014/15. The EBIT margin was 21.4%, compared with 11.8% one year ago. The margin increase resulted from volume growth, the currency situation, and a favorable product mix.

We managed the sharp volume increase maintaining a high delivery performance at the highest LEM quality standards. Several customers granted us awards for our delivery reliability and product quality.

The global automotive industry continued to grow in 2015 and reached a new production record. Vehicle production increased by 1.1% to 90.8 million (source: OICA). The US, China, and Europe contributed to the growth, while production in Japan decreased. Electrification of cars has become the dominant trend, with connectivity and safety also being key focus areas. Start/stop applications are becoming a standard feature in conventional cars. In the sensing market, we are observing increased competition from Chinese low-cost manufacturers and integrators.

Year-on-year sales in the conventional cars business grew by 11%. We benefitted from the growth in the global car industry and won new projects and platforms to support future growth. We recorded continued success with recently launched products for battery-monitoring applications.

Sales in the green cars business jumped by 90%. This strong performance is built on market share gains. We won new projects with Chinese car manufacturers where government support for green cars provided extra support. Increasing interest in 48 V applications for mild hybrid-electric vehicles is being observed, a market for which LEM already has good products.

We expect continued growth, mainly in the green cars business, and intend to increase production capacity to meet the global demand. At the same time, we will adjust our organization and R&D capacity to the current pace of growth. We will continue to launch new products.

Strategy implementation

Effective execution of our strategic initiatives proved successful in the reporting year. It helped us to maintain our competitive edge, as demonstrated by our high market share and strong margins. Our markets experience rapid shifts and the economic framework changes constantly. Anticipating such challenges and finding the best answers is key for long-term success.

- **Increase our technology leadership**

  We are continuing to renew our product portfolio. Miniaturization and standardization are the main trends in product development. We increasingly develop products using new technologies in order to tap new markets. We consider new sensing technologies, which will be integrated into our new products. For the next product generation, we will focus on a technology core block that allows us to better meet market requirements such as faster time to market, cost reductions and late customization.

  We launched six new products in the Industry segment and two new products in the Automotive segment. Ten new patents were secured. The new LF 2010 uses our proprietary ASIC for closed loop Hall Effect technology and delivers a performance that matches the more complex Fluxgate technology while bringing new features. The product is designed for drives, renewable energy, and traction applications. The two new products in the HO family (HOY, HOYA) provide high-precision measurement for currents from 600 A to 1200 A in a very compact casing. Both variations are a customer-specific design for drives applications. The new ART is the flagship product for smart grid applications using a Rogovski coil for 1000 V isolation. It houses a very thin coil and allows flexible mounting. ART provides high-precision measurement within the entire coil. The new ATOs (ATO L 10, ATO L 16) are split core transducers with 600 V isolation. The ATO transducers can be retrofitted to energy meters in power distribution and smart grid applications. The new HSN current transducer with integrated busbar is designed for electric and hybrid-electric vehicles and measures currents of up to 1000 A. Thanks to its reduced sensor size, it allows compact system design. The new HAM300 is a high-frequency transducer with a compact design and high temperature stability, features that are particularly important in inverters for fuel cell cars.

- **Increase our efficiency of operations**

  We are maintaining our focus on cost management in production by improving supplier performance, implementing internal efficiency programs, and transferring production to China and Bulgaria. The site in Bulgaria is developing according to plan. Production increased in 2015/16 to 9.3% of global output (4.1% in 2014/15). During the reporting year, we increased the share of cost-competitive production to 75% of global output, a new record at LEM. We see potential for increasing cost efficiency in the expansion of the Eastern European supplier base for our Bulgarian site and the increase of automation in specific processes in China. We completed the introduction of the new ERP system, which will form the basis for future cost efficiency improvements.

- **Increase our production flexibility**

  We successfully managed the sharp increase in demand for green cars and renewable energies products. Our customers were able to rely on a timely product supply in the required volume and in the proven LEM quality. At the same time, we ramped up the production of new products and added capacity for successful products. We increased supply chain and industrial engineering competencies in Sofia, which will enable the plant to run more autonomously. The increased local sourcing in Eastern Europe added to the flexibility of our production site in Sofia.

Quality management

A key priority of ours is to continuously improve the quality of our products and services. We maintain the same high quality standards for all production sites. We follow ISO standards depending on the market supplied: ISO9001 for Industry, ISO/TS16947 for Automotive, and IRIS for traction. Our laboratories are ISO17025 certified for test and calibration. In 2015, we started to review the process organization to be prepared for the introduction of ISO9001:2015 from 2018.

Responsibility

We strictly apply our Code of Conduct to all our employees and business partners. We trained our new employees and asked for the commitment of our suppliers. We have been embracing the ten principles of the United Nations Global Compact (UNGC) since 2006. Like every year, we provided an update on our progress and made it available on our website (www.lem.com > About LEM > LEM Code of Conduct). A zero-tolerance policy is applied to fraud and bribery.

All our production sites are ISO 14001:2004 certified, an environmental certification which we renew annually. Our production activities are compliant with REACH (European Regulation for Registration, Evaluation, Authorization and Restriction of Chemicals), RoHS (Restriction of Hazardous Substances), and conflict minerals reporting and obligations.

Last year, we started a project to further reduce electricity consumption by 20%. As a first step, we have deployed a smart grid architecture solution to map our current electricity consumption.

Employees

Number of employees at the end of the financial year (FTE)

	31.3.2016	31.3.2015
Permanent employees	1'253	1'182
Temporary employees	121	81
Apprentices	13	12
Total	**1'388**	**1'274**

56% of employees at Group level are women. The highest percentage of women is in production (75%). We encourage female candidacies in order to increase their share in the higher-qualification positions.

In the annual evaluation process, we assess employee motivation and satisfaction. Work climate and team, job content, and work-life balance remain the most important motivators. Four out of five employees rate their satisfaction level in these three criteria as good or very good.

Employee and customer survey

Every second year LEM performs a worldwide employee and customer survey. The next survey is scheduled for 2016. The results of the latest survey can be found in the annual report 2014/15 (page 12).

Outlook

We assume a stable economic situation in our important markets. As a consequence, we expect steady sales in most markets with the exception of China where growth is forecasted to continue, though at a slower pace. The main growth drivers for LEM are expected to be the renewable energies businesses as well as the green cars business. The unstable currency environment will remain a challenge for us and underlines the importance of adapting the global footprint of all our activities. We confirm our 15% to 20% EBIT margin target range.

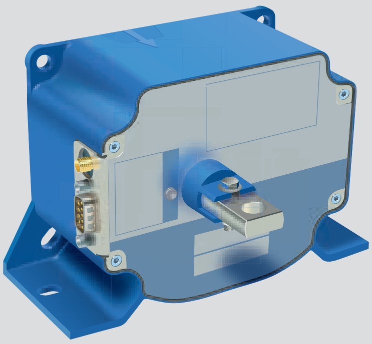
High precision: magnetic resonance imaging

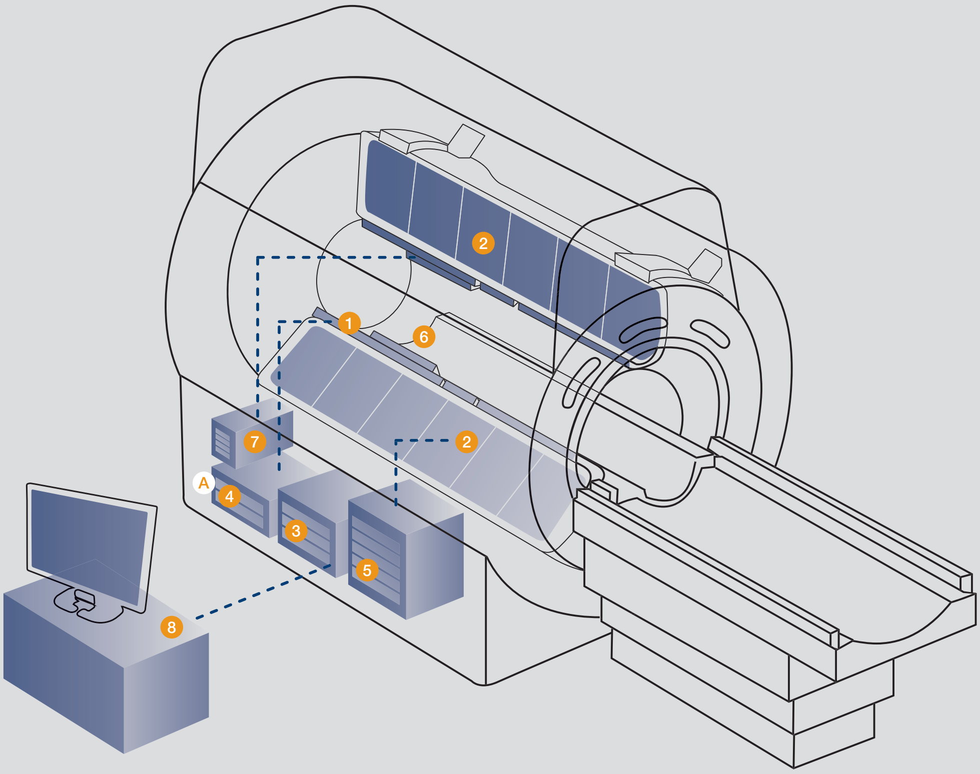
Magnetic resonance imaging (MRI) is a medical imaging technique to image the anatomy and the physiological processes of the body. MRI scanners use strong magnetic fields, radio waves, and field gradients to form images of the body.

The specific magnetic field is generated by 3 gradient amplifiers (x,y,z) (4) that enhance the current to supply the gradient coils (1). The coils create a precise magnetic field that will need to vary depending on the location. The 3 coils are perpendicular to each other in order to represent a 3 D image.

One LEM ITL 900 transducer (A) is used in each gradient amplifier to measure very accurately the electrical current flowing through the gradient coils, which generate the magnetic field. The accuracy of the current measurement directly influences the quality of the image.

ITL 900-T





- A ITL 900-T
- 1 Gradient coils
- 2 Magnet & shim
- 3 Generator
- 4 Gradient amplifier
- 5 Shim control
- 6 Radio frequency coil
- 7 Radio frequency amplifier
- 8 CPU & display

LEM's Core Values

It is vital for all of LEM to share common values and working principles. All employees understand what LEM wants to achieve so that everyone works together for the same purpose.

These values link all LEM employees together and make us a team. They are the common beliefs we share. They are the spirit and intent of everything we do at LEM.

There are six core values, each one guiding us throughout all our activities.
- We are customer driven
- We operate with integrity
- We value teamwork
- We commit
- We strive for excellence
- We lead innovation

We are customer driven

We succeed by exceeding our customer expectations with a "yes customer" attitude. All our activities are driven by the desire to provide best quality service to our customers. We aim to listen to, anticipate and respond to our customers' needs. For this reason, we collaborate closely with our customers and form true relationships. We target "customer delight".

We operate with integrity

Basic ethical behavior and integrity in business relationships determine the essence of all our actions. As a Company and as individuals, we do the right things right and never compromise our values and principles. We honor our agreements and are honest in our communications.
Our relationships with co-workers, customers, suppliers, partners and the investor community are based on openness and fairness.

We value teamwork

LEM forms a worldwide community. Close collaboration and networking across functions, departments and cultures is critical for the success of the Company. To cooperate, we need to be open and honest and willing to share and trust each other. Accountability is a key factor to our success. We are committed to a workplace where individuals are treated fairly and with respect, where all employees have the opportunity to expand their skill, and accomplishments are recognized. Teamwork is more than just working together, it is bringing out the best of everyone's strengths.

We commit

We set our goals high because we know we can reach them. We honor these goals as promises to our customers, our shareholders and ourselves. Our continued success depends on keeping our promises and taking responsibility for all our actions. Success is measured by the results we produce in customer satisfaction, sales, profitability, value creation to our shareholders and the scope of opportunities we provide for our employees.

We strive for excellence

No matter how good our products, services, processes and results, we are dedicated to making them better. We aim for the highest standards of quality for our customers. By approaching our daily work with a passion for perfection, avoiding incidents by managing the risks of our activities, taking initiatives and a desire to learn and share that learning with colleagues, we all can make a difference.

We lead innovation

Innovation is the cornerstone of our success and our future depends on it. Innovation will ensure that we have attractive products for our markets, and a steady supply of new technologies, products, applications and customers. We aim to be the leaders in our industry and not the followers.

Corporate Governance Report

The following information complies with the Corporate Governance Directive of the SIX Swiss Exchange (SIX) and the disclosure rules of the Swiss Code of Obligations. In order to enhance the clarity of this chapter, reference is made to other parts of the Annual Report and our website (www.lem.com). Key elements are contained in the Articles of Incorporation.

1 Group structure and shareholders

Group structure

LEM Holding SA is domiciled at Avenue Beauregard 1, CH-1700 Fribourg. LEM's registered shares are listed on the main segment of the SIX Swiss Exchange (LEHN, security no. 2 242 762; ISIN 0022427626). On 31 March 2016, the market capitalization was CHF 929 million.

LEM Group is structured into the Industry segment and the Automotive segment. Appropriate segment reporting pursuant to IFRS is contained in note 3 to the consolidated financial statements. All companies in LEM Group are listed under "Scope of consolidation" in note 24 of the consolidated financial statements, with their respective company names, registered offices, share capitals and the relevant percentages of shares held. There are no other listed companies in the scope of consolidation.

Significant shareholders

On 31 March 2016, the following shareholders held 3% or more of the share capital and voting rights:

In number of shares/options, per cent of shareholding	31.3.2016				31.3.2015			
	Shares	Options	Position	In %	Shares	Options	Position	In %
Werner O. Weber and Ueli Wampfler, in Zollikon/Wollerau, Switzerland, through WEMACO Invest AG and Swisa Holding AG, in Zug/Cham, Switzerland	507'485	20'000	527'485	46.3%	480'000	30'000	510'000	44.7%
Ruth Wertheimer, in Kfar Shmaryahu, Israel, through 7-Industries Holding B.V., in Amsterdam, Netherlands	141'581	N/N	141'581	12.4%	141'581	N/N	141'581	12.4%
Montanaro Asset Management Ltd, in London, United Kingdom	57'394	N/N	57'394	5.0%	74'834	N/N	74'834	6.6%
Sarasin Investmentfonds AG, in Basel, Switzerland	42'999	N/N	42'999	3.8%	59'813	N/N	59'813	5.2%
Joraem de Chavonay SA, Zug, Switzerland	20'000	(20'000)	0	0.0%	30'000	(30'000)	0	0.0%
Total shareholders < 3%	**370'541**	**N/N**	**370'541**	**32.5%**	**353'772**	**N/N**	**353'772**	**31.0%**
Total	**1'140'000**	**0**	**1'140'000**	**100.0%**	**1'140'000**	**0**	**1'140'000**	**100.0%**

N/N = none notified   N/A = not applicable

Mr. Werner O. Weber and Mr. Ueli Wampfler have notified the Company of the acquisition of 50'000 options from Erwin Studer and Joraem de Chavonay on 27 June 2012 and of another 50'000 options from the same issuer on 27 November 2013. Both have exercised 50'000 options on 10 June 2014, 20'000 options on 23 December 2014 and another 10'000 options on 18 March 2016. No other shareholder has notified any options to the Company.

The notifications which have been sent to the Company and the disclosure office of the SIX Swiss Exchange AG during the financial year pursuant to article 20 of the Federal Act on Stock Exchanges and Securities Trading and which have been published on the latter's electronic publication platform may be viewed via the search function on https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Cross-shareholdings

LEM has no cross-shareholdings with other joint-stock companies.

2 Capital structure

Capital and shares

The nominal value of the share capital of LEM Holding SA is CHF 570'000, which is divided into 1'140'000 fully paid-up registered shares with a par value of CHF 0.50 each. There are no shares with preferred voting rights. All shareholders are entitled to the same dividends.
There are no restrictions on the transfer of shares. In order to be registered in the share register, each shareholder shall declare that he holds the shares for his own account.

On 31 March 2016, LEM Holding SA held 662 treasury shares.

Authorized and conditional capital

There is no authorized or conditional capital, nor are there any profit-sharing certificates or participation in certificates or any convertible bonds outstanding.

3 The Board of Directors

Election, terms of office and cross-involvement

The Board of Directors is comprised of at least three members who are individually elected at the ordinary General Meeting of the Shareholders for a mandate of one year, which is renewable up to an age limit of 70. The Board constitutes itself, except for the Chairman of the Board of Directors and the members of the Compensation Committee who are elected by the ordinary General Meeting.

At the ordinary General Meeting on 25 June 2015, Ilan Cohen, Norbert Hess, Andreas Hürlimann and Ueli Wampfler were re-elected. Ulrich J. Looser was elected as new member of the Board of Directors. Andreas Hürlimann was re-elected as Chairman of the Board. In addition, shareholders elected Norbert Hess and Andreas Hürlimann to the Compensation Committee. Norbert Hess chairs the Committee.

All members of the Board are non executive and have at no time been part of the executive management of LEM.

Servotronix Motion Control Ltd, a company presided by Ilan Cohen, has bought transducers for CHF 662 thousand in 2015/16 (CHF 609 thousand in 2014/15), including purchases done by its subsidiaries and subcontractors, from LEM Group at market price. No other member of the Board of Directors has any significant business connection with LEM Group.

The Board of Directors was comprised of the following members as of 31 March 2016:

From left to right: Norbert Hess, Andreas Hürlimann, Ilan Cohen, Ueli Wampfler, Ulrich J. Looser

Andreas Hürlimann

Nationality Swiss

Born in 1964

Position Chairman of the Board of Directors, Member of the Strategy Committee, Member of the Nomination & Compensation Committee

Entry 2011

Professional background

Since 2011, Independent board professional and entrepreneur
2005–2010, Managing Director, Spencer Stuart, Zürich
1999–2005, Global Director of Industry Practices and Member of the Executive Board, Arthur D. Little Inc., London and Paris
1990–1999, International business development, sales and management roles with Siemens Schweiz AG, ABB Kraftwerke AG and Oerlikon Aerospace Inc., Zürich, Baden, Montreal

Other notable activities

- Notenstein Real Estate Investments SICAV, St. Gallen, Chairman of the Board of Directors
- Humanis AG, Chairman of the Board of Directors
- Sobrado Software AG, Chairman of the Board of Directors

Education

M. Sc. Electrical Engineering, ETH Zürich
DAS Finance, University of Zürich

Ilan Cohen
Nationality Israeli
Born in 1956

Position Member of the Board of Directors, Chairman of the Strategy Committee
Entry 2010

Professional background
Since 2010, President, Servotronix Motion System Ltd. and Servotronix Motion Control Ltd., Israel
2008–2009, General Manager, Kollmorgen Industrial & Commercial Engineered Solutions Ltd. (Danaher Group)
1997–2008, President and CEO, Kollmorgen Servotronix Ltd.
1987, Founder, Servotronix Ltd.
1983–1990, Associate professor, University of Tel Aviv, Israel

Other notable activities
- Board member, Servotronix Motion Control Ltd., Israel
- Chairman of the board, Negba houses for Children at Risk in Israel

Education
Ph.D. Control System, Ecole Polytechnique de Bruxelles, Belgium
MSEE, CALTECH Pasadena, USA
M.Sc. and BSEE Electro-mechanical engineer, Ecole Polytechnique de Bruxelles, Belgium

Norbert Hess
Nationality German
Born in 1960

Position Member of the Board of Directors, Chairman of the Nomination & Compensation Committee
Entry 2013

Professional background
Since 2012, Member of the Management Board, Chief Operating Officer (COO), EPCOS AG, Munich, Germany
2005–2012, Head of Ceramic Components Division, EPCOS OHG, Deutschlandsberg, Austria
1999–2005, Head of Surge Arresters Business Division, EPCOS AG, Berlin, Germany
1987–1999, business, marketing and R&D roles at Siemens AG, Berlin/Erlangen, Germany

Other notable activities
- None

Education
Ph.D., Technical University of Berlin, Germany
M. Sc. Mat. Eng., Technical University of Berlin, Germany

Ulrich J. Looser
Nationality Swiss
Born in 1957

Position Member of the Board of Directors, Member of the Audit & Risk Committee
Entry 2015

Professional background
Since 2009, Berg Looser Rauber & Partner (BLR&Partners)
2001–2009, Accenture, various positions including Managing Director Austria/Switzerland/Germany Management Consulting and Chairman Accenture AG (Switzerland)
1987–2001, McKinsey & Company, industry, energy, pharma and public sector practices, partner election 1993

Other notable activities
- Straumann Holding AG, Member of the Board of Directors
- Kardex AG, Member of the Board of Directors
- Bachofen Holding AG, Chairman of the Board of Directors
- Econis AG, Chairman of the Board of Directors / Co-owner
- Spross Entsorgungs Holding AG, Member of the Board of Directors
- University of Zürich, Member of the University Council
- Economiesuisse, Member of the Board
- University Hospital Balgrist, Member of the Board
- Swiss-American Chamber of Commerce
- Swiss Study Foundation, Head of Finance Committee
- Swiss National Science Foundation, Member of the Executive Committee of the Foundation Council

Education
M.Sc. Physics, ETH Zurich, Switzerland
M.A. HSG, University of St.Gallen, Switzerland

Ueli Wampfler
Nationality Swiss
Born in 1950

Position Member of the Board of Directors, Chairman of the Audit & Risk Committee
Entry 2007

Professional background
Since 2004, Founder and Senior Partner, Wampfler & Partner AG, Zürich
1998–2004, Director, STG Schweizerische Treuhandgesellschaft, Zürich
1974–1998, STG Coopers & Lybrand, Zürich (partner since 1991)

Other notable activities
- Chairman of the Board of Directors, Swisa Holding AG, Cham (Swisa Group)
- Vice Chairman of the Board of Directors, Merbag Holding AG, Cham (Merbag Group)
- Member of the Board of Directors, Caspar Finanz AG, Baar (Traco Power Group); Rebew AG, Zürich; Otto Frey Beteiligungen AG, Lupfig (Otto Frey Group)

Education
Lic. oec., University of Zürich, Switzerland
Certified auditor

External mandates

Pursuant to article 31 of the Articles of Incorporation, members of the Board of Directors may not hold more than ten additional mandates of which no more than four may be in listed companies. The following mandates are not subject to the above limitations: (a) mandates in companies which are controlled by LEM or which control LEM; (b) up to five mandates held at the request of LEM or companies controlled by it; and (c) up to six mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. Mandates shall mean mandates in the supreme governing body of a legal entity, which is required to be registered in the commercial register or a corresponding foreign register. Up to 20 mandates in different legal entities, which are under joint control or same beneficial ownership are deemed one mandate.

Internal organizational structure

The Board of Directors meets as often as necessary, but six annual meetings are planned in advance. In the completed financial year, six full-day meetings and one conference call were held. The meetings usually take place at the Company's seat in Fribourg. The Chairman, after consultation with the CEO and the Chairmen of the committees, determines the agenda for the Board meetings. The members of the Board of Directors can ask for additional items to be included on the agenda. The Board members receive supporting documents beforehand, allowing for a comprehensive preparation of the meeting. As a rule the CEO and CFO attend the meetings of the Board of Directors without having a right to vote. Depending on the topics, other members of Executive Management participate in the meetings in order to respond to specific questions. Decisions can be taken by the Board if at least half of the Directors are present, and a simple majority of them is sufficient. In the event of tie, the Chairman has the casting vote. Minutes of the meetings including decisions taken are prepared by the outside Secretary of the Board and distributed to the members of the Board, the CEO and the CFO.

The Board of Directors reflects, in its working procedures, the efficiency and effectiveness of the teamwork as well as its interaction with the Management of the Company on a regular basis. Regular feedback sessions at the end of a meeting provide valuable inputs for the continuous improvement of the Board's coherence and leadership.

Definition of areas of responsibility

The Board of Directors delegates the Management of the Company to the CEO to the fullest extent permitted by the Swiss Code of Obligations. The Board of Directors reviews and assesses at least on an annual basis and takes decisions in the following areas:

- review and approval of the strategy, business plan, annual business objectives and budget for the LEM Group;
- approval of creation/closing of any subsidiary and purchase/sale of any interest in any company or entry into any merger or joint venture agreement;
- appointment/dismissal of the Executive Management;
- monitoring the ethical and legal behavior of LEM;
- review of human resources management, including co-worker satisfaction and management development and legal, intellectual property, social and environmental aspects.

Information and control systems of the Board of Directors vis-à-vis Management

The Board of Directors ensures that it receives sufficient information from the Management to perform its supervisory duty and to make the necessary decisions.

The Board of Directors obtains the information required to perform its duties through several means:

- the Board of Directors receives monthly and quarterly reports on the current development of the business;
- informal meetings and teleconferences are held as required between the Chairman and the CEO as well as between the Chairman and individual members of the Board;
- the Committees meet at regular intervals and exchange detailed information with the Executive Management;
- the Board receives detailed information to each agenda item one week before the Board meeting;
- each Executive Manager joins at least one Board session in any given year.

Business risk management

In compliance with Swiss law, LEM is using a standardized procedure to analyze its business risks. LEM's risk management covers all types of risk: financial, operational and strategic – including the external business environment, compliance and reputational aspects.

The Executive Management conducts an annual risk analysis. The results and consecutive action plans are thereafter presented to and formally approved by the Board of Directors.

The risk management approach follows five steps: in a first step, potential hazards are evaluated and a consolidated list with 5 to 10 main hazards is set up. In a second step, each hazard is assessed by a product of probability and quantified impact. Step two results in a risk map, which visualizes LEM's potential risk environment. In step three, an action plan is put in place to mitigate the risks. The hazards thereafter are revalued a second time, taking into consideration the mitigation measures. In step four, the action plan is validated and thereafter monitored on a quarterly basis (step five).

Internal control system

In compliance with Swiss law, LEM has put in place an internal control system.

Starting from the material positions in the financial result of the Annual Report, the important underlying processes and process owners have been identified. For each process, key risks that could lead to errors in the financial reporting have been identified. For each key risk, key controls have been defined and responsibilities assigned to assure effective compliance and documentation of the key controls. The process has been presented to and approved by the Audit & Risk Committee.

Looking forward, the process owners will perform an annual process review whereby identified weaknesses shall be continuously improved and key risks and controls shall be updated. Based on the input of the process owners, the CFO prepares an annual report on the internal control system, which is presented to and discussed with the Audit & Risk Committee.

Committees

Three standing committees support the Board of Directors. They are comprised of two nonexecutive members of the Board of Directors. They meet whenever necessary but at least twice a year.

- The primary objective of the Audit & Risk Committee (ARC) is to provide the Board of Directors with effective support in financial matters, in particular the selection and supervision of the external auditor, assessment of the effectiveness, compliance and clarity of the Group financial reporting and the assessment and preparation of the financial reports to the shareholders. Furthermore, it reviews critical accounting policies, financial control mechanisms and compliance with corresponding laws and regulations as well as the development and continuous improvement of the internal control system. If required, the external Group auditors are invited to participate at the meeting. The ARC prepares proposals to be decided by the Board of Directors. In the completed financial year, three half-day meetings were held.
- The Nomination & Compensation Committee (NCC) deals with succession, recruitment and compensation of the members of the Board of Directors and the Executive Management. It ensures and monitors the personnel development plan and adequate succession planning for the middle and top management. It supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines and the performance objectives as well as in preparing the proposals to be submitted to the General Meeting regarding the compensation of the Board of Directors and of the Executive Management. It reviews and updates the compensation policy for the members of the Board of Directors and the Executive Management and the performance-based compensation system for the Executive Management. The NCC prepares proposals to be decided by the Board of Directors. In the completed financial year, three half-day meetings and three telephone conferences were held.
- The primary objective of the Strategy Committee (SC) is to assist the Board of Directors in fulfilling its duties with respect to determining the Company's strategy and the appropriate means to pursue it, including LEM's organizational setup. As strategic work and its successful implementation is based upon coordinated and interlocking activities between Executive Management and the Board, the SC ensures close collaboration with the CEO and the Executive Management. The SC prepares proposals to be decided by the Board of Directors. The Board of Directors may also decide to delegate members of the SC to assist in steering longer-term strategic initiatives by joining the project-steering committee. In the completed financial year, two half-day meetings and five telephone conferences were held.

4 Executive Management

The Executive Management was comprised of the following members as of 31 March 2016:

From left to right: Frank Rehfeld, Andrea Borla, François Gabella, Rainer Bos

François Gabella

Nationality Swiss

Born in 1958

Function CEO LEM Group

With LEM since 2010

Previous companies and positions
2006 – 2010, CEO, Tesa SA
2002 – 2006, SVP, Areva
1996 – 2002, Business Area Manager, ABB Power Transformers

Education
M. Sc. Microtechnics EPFL, Lausanne, Switzerland
MBA, IMD, Lausanne, Switzerland

Andrea Borla

Nationality Swiss

Born in 1967

Function CFO LEM Group

With LEM since 2015

Previous companies and positions
2008 – 2015, CFO, Schindler France
2003 – 2007, Field Operations Manager, Schindler China
1999 – 2003, Area Controller, Schindler Asia Pacific
1996 – 1999, Head of Group Consolidation, SAirGroup

Education
Ph.D., M.A. HSG, Finance and Accounting, St.Gallen, Switzerland

Rainer Bos

Nationality German

Born in 1962

Function Senior Vice President Automotive

With LEM since 2015

Previous companies and positions
2011 – 2015, General Manager, Amphenol Tuchel Electronics GmbH
2001 – 2011, Business Unit Director, Delphi Deutschland GmbH
1991 – 1999, Key Account Manager, Continental-Teves KGaA

Education
Dipl. Eng. Industrial Engineering, TU Darmstadt, Germany

Frank Rehfeld

Nationality German

Born in 1968

Function Senior Vice President Industry

With LEM since 2016

Previous companies and positions
2009 – 2015, VP Drives, Brose China Co., Ltd.
2006 – 2009, Managing Director, Hella Shanghai Electronics Co., Ltd.
2004 – 2006, Siemens VDO China, Director Body/Chassis Electronics
1996 – 2004, Siemens VDO Germany, Director R&D Body/Chassis Electronics

Education
Dipl. Eng. Electrical Engineering, Erlangen-Nuremberg, Germany

François Gabella is member of the Swissmem's Executive Committee. Apart that, none of the members of the Executive Management have other activities in governing or supervisory bodies, any official functions or political posts nor any permanent management functions for important Swiss and foreign-interest groups.

External mandates

Pursuant to article 31 of the Articles of Incorporation, and subject to approval by the Board of Directors, members of the Executive Management may not hold more than three additional mandates of which no more than one may be in listed companies. The following mandates are not subject to the above limitations: (a) mandates in companies which are controlled by LEM or which control LEM; (b) up to five mandates held at the request of LEM or companies controlled by it; and (c), subject to approval by the Board of Directors, up to three mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. Mandates shall mean mandates in the supreme governing body of a legal entity, which is required to be registered in the commercial register or a corresponding foreign register. Up to 20 mandates in different legal entities, which are under joint control or same beneficial ownership are deemed one mandate.

Management contracts

There are no management contracts with companies or individuals outside LEM Group.

5 Compensation and shareholdings

Please refer to the section "Compensation Report" following on page 23.

6 Shareholders' participation rights

The rules on shareholders' participation rights are outlined in the Articles of Incorporation. The rules for the convening of General Meetings of the Shareholders, the participation rights and the majority rules for decisions are all following the Swiss law. The complete Articles of Incorporation can be downloaded from the Investor Relations pages on the Internet page www.lem.com.

Voting rights and representation restrictions and inscription in the share register

There are no limitations on voting rights for shareholders who are entered into the shareholders' register with voting rights. Anyone purchasing registered shares is registered by the Board of Directors in the share register on request as a shareholder with voting rights, provided he expressly declares that the shares have been bought and will be held for his own account.

Each shareholder may be represented by the independent representative or by a third party who need not be a shareholder of LEM Holding SA.

Statutory quorums

The Articles of Incorporation contain no deviation from the applicable law. In case a second vote is necessary for elections, a relative instead of the absolute majority of the votes represented is required.

Convocation of the General Meeting of the Shareholders

Registered shareholders are convened to General Meetings by ordinary mail and by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the day of the meeting. Any shareholder who is registered as a shareholder, on the day determined by the Board of Directors, has the right to attend and vote at the General Meeting.

Agenda

According to article 12 of the Articles of Incorporation, one or several shareholders who collectively hold 10% of the share capital can call for a shareholders' meeting and submit matters to be placed on the agenda.

Dividend policy

LEM targets a payout ratio significantly above 50% of the consolidated net profit for the year, to be proposed by the Board of Directors to the General Meeting of the Shareholders.

7 Change of control and defensive measures

Opting-out clause

In June 2010, the General Meeting of the Shareholders introduced an opting-out clause according to article 32 of the Federal Act on Stock Exchanges and Securities Trading (SESTA) in the Articles of Incorporation of the Company.

This clause releases any shareholder from the obligation to submit a public takeover offer to all shareholders if his participation in LEM exceeds $33\frac{1}{3}$% of the voting rights. The Swiss Takeover Board has decided on 22 September 2011 that a passing of the $33\frac{1}{3}$% threshold by the shareholder group Weber & Wampfler would not trigger the obligation for a public takeover offer.

Clauses of changes of control

There is no particular clause in the Articles of Incorporation for changes of control. No member of the Executive Management will receive additional severance payments if dismissed in the case of a change of control of the Company.

8 Auditors

The duration of the auditors' mandate is one year. Ernst & Young have been auditing LEM since the financial year 2005/06, with Arthur Bergmann bearing the responsibility for the audit since 2013/14.

Ernst & Young charged the following fees for professional services rendered for the 12-month period ending 31 March 2016:

Type of service In CHF thousands	2015/16
Audit services	410
Tax services	0
Total	**410**

Evaluation and control of the auditors is done by the ARC which makes recommendations to the Board of Directors. In particular, the ARC evaluates the performance, fees, and independence of the auditors.

The auditors report on the results of their audits both orally and in writing. Financial statements as well as management letters are discussed in the ARC in the presence of the external auditors.

During 2015/16 Ernst & Young attended two regular ARC meetings.

9 Information policy

LEM informs its shareholders on the business status and its results on a quarterly basis. After the first six months, a half-year report is published. This report, as well as the Annual Report, is made publicly available on its website www.lem.com and may be obtained in print from the Company's headquarters. Once a year, LEM holds a presentation for the media, investors and financial analysts. Internal processes assure that price-sensitive facts are published without delay in accordance with the ad hoc publicity rules of the SIX Swiss Exchange.

At www.lem.com, detailed information is available, e.g., the Articles of Incorporation, interim and annual reports, investor presentations, press releases as well as the financial calendar.

Contact for investors and media: Andrea Borla, CFO, Chemin des Aulx 8, CH-1228 Plan-les-Ouates, or send an e-mail to investor@lem.com (phone: +41 22 706 12 50).

Compensation Report

The future of LEM depends on our ability to attract, develop and retain talented people. Among the many measures we use to achieve this goal are competitive remuneration policies for our Executive Management. Our compensation policies are designed to align the Executive Management's and the Board of Director's interest with shareholders' interest.

In brief:

- Core principles
  LEM's compensation policies are designed to reward results and performance as well as to create long-term value for shareholders. The compensation policies are approved by the Board of Directors upon recommendation by the Nomination & Compensation Committee (NCC) and reviewed on an annual basis. All fixed and variable compensation is paid in cash.

  The Articles of Association of LEM contain provisions regarding the approval of compensation of the Board of Directors and the Executive Management (article 27), the supplementary amount for new members of the Executive Management (Article 28), the general compensation principles (article 29) as well as provisions regarding the agreements with members of the Board of Directors and the Executive Management (article 30). www.lem.com > Investor Relations > Corporate Governance.

  The Remuneration Report is based on section 5 of the annex to the Corporate Governance Directive issued by SIX Swiss Exchange and article 13 to 17 of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC). LEM is implementing the requirements of the OaEC.

- Compensation of the Board of Directors
  The compensation of the Board of Directors consists exclusively of a fixed fee paid in cash. There is no additional variable compensation. The compensation for the Chairman and the members of the Board of Directors depends on the amount of responsibility of each member of the Board of Directors and all work related to the Board of Directors membership such as Committee activity.

- Compensation of the Executive Management
  In order to encourage and reward results that contribute to the sustainable success of LEM, the total compensation of the Executive Management consists of three elements: base salary, variable compensation and nonwage compensation. The target-setting process for the variable compensation is carried out on an annual basis and includes quantitative and qualitative performance criteria, including financial results of LEM.

- Changes to the compensation policies
  Starting from the financial year 2015/16, the short-term incentive plan based on target and maximum bonus as percentage of base salary has been replaced by the L4R short-term incentive plan based on target and maximum bonus amounts.

1 Board of Directors

1.1 General principles for compensation of nonexecutive Directors

The compensation for the Board of Directors is approved by the General Meeting of the Shareholders upon proposal by the Board of Directors based upon recommendation by the NCC. The remuneration of the Board of Directors consists of a fixed cash payment and is reviewed on an annual basis. The remuneration compensates for the personal responsibility and exposure as a nonexecutive member of the Board of Directors and all work related to the Board of Directors membership. There is neither an additional variable compensation nor any participation in an equity-based compensation plan. Each member of the Board of Directors shall be a shareholder of LEM. The number of shares to be acquired on the market within a period of three years after joining the Board of Directors shall reach a value of approximately three annual fixed compensations. Trading LEM shares has to respect LEM's disclosure, insider-trading policy as well as all applicable rules and legislation.

1.2 Remuneration of nonexecutive Directors

The Board of Directors adopted a remuneration scheme with a fixed fee paid in cash in the amount of CHF 220'000 for the Chairman, CHF 130'000 for the Vice Chairman and CHF 80'000 for each member. Committee activity will be compensated with CHF 40'000 for the Committee's chairman and with CHF 20'000 for each member. As long as no Vice Chairman is appointed, the Chairman receives a supplementary amount of CHF 30'000 for the additional workload.

The tables below show the compensation paid to each member of the Board of Directors in the financial years 2014/15 and 2015/16. The shareholders approved at the ordinary General Meeting on 25 June 2015 a maximum aggregate amount of compensation of the Board of Directors for the term of office from the ordinary General Meeting 2015 until the ordinary General Meeting 2016 of up to CHF 900 thousand. This compares with the aggregate amount of CHF 785 thousand effectively paid.

2015/16

In CHF thousands	Annual salary	Additional fees	Total compensation	Company's contribution to social security charges
Andreas Hürlimann[1, 6, 8]	290	0	290	18
Ilan Cohen[7]	120	0	120	0
Norbert Hess[5]	120	0	120	0
Ulrich Jakob Looser[4]	100	0	100	9
Ueli Wampfler[3]	120	0	120	8
Total	**750**	**0**	**750**	**35**

2014/15

In CHF thousands	Annual salary	Additional fees	Total compensation	Company's contribution to social security charges
Andreas Hürlimann[1, 4, 7]	280	0	280	18
Peter Rutishauser[2, 5, 8]	190	0	190	17
Ilan Cohen[8]	100	0	100	0
Norbert Hess[6]	100	0	100	0
Ueli Wampfler[3]	120	0	120	8
Total	**790**	**0**	**790**	**42**

[1] Chairman of the Board
[2] Vice Chairman of the Board
[3] Chairman of the Audit & Risk Committee
[4] Member of the Audit & Risk Committee
[5] Chairman of the Nomination & Compensation Committee
[6] Member of the Nomination & Compensation Committee
[7] Chairman of the Strategy Committee
[8] Member of the Strategy Committee

1.3 Shareholdings of nonexecutive Directors

	31.3.2016		31.3.2015	
In number of shares/options	Number of shares held	Number of options held	Number of shares held	Number of options held
Board of Directors				
Andreas Hürlimann	960	0	793	0
Peter Rutishauser	N/A	N/A	2'606	0
Ilan Cohen	170	0	170	0
Norbert Hess	0	0	0	0
Ueli Wampfler	68'000	0	55'000	10'000
Ulrich Jakob Looser	0	0	N/A	N/A
Total	**69'130**	**0**	**58'569**	**10'000**

2 Executive Management

2.1 General principles for compensation of Executive Management

Remuneration for the Executive Management is approved by the ordinary General Meeting of Shareholders upon recommendation by the Board of Directors. The proposal of the Board of Directors is based on the recommendation of the NCC. The remuneration of the Executive Management is reviewed on an annual basis.

The total compensation 2015/16 for the Executive Management consists of three elements:

1. Base salary;
2. Variable compensation according to LEM's incentive schemes: The variable compensation consists of a short-term incentive component and a long-term incentive component. The short-term incentive (STI) is based on the Leadership for Results (L4R) plan which sets a target short-term incentive amount with a cap at 150% payout. The STI compensates for the actual annual results and achieved performance. The long-term incentive is based on the LEM Incentive System pursuant to which the long-term incentive amount is calculated as a percentage of the base salary with a cap at 150% payout. This long-term incentive plan rewards the members of the Executive Management for sustainable financial performance of the LEM Group;
3. Nonwage compensation

Total compensation shall be in line with the market for comparable industrial companies taking into account the various remuneration levels for different functions within the LEM Group. The compensation mix between base salary, variable compensation and nonwage compensation shall reflect sectorial and functional market practice. Benchmarking is carried out periodically.

2.1.1 Base salary of Executive Management
Base salaries are paid monthly as fixed cash amounts.

2.1.2 Variable compensation of Executive Management
The target-setting process for the Leadership for Results (L4R) plan is part of the LEM performance management and is carried out on an annual basis by the NCC. All variable compensation is paid in cash and after approval by the shareholders based on the finalization of the respective year-end closing based on the annual accounts and the personal performance review. Objectives and performance evaluations are prepared by the Chairman of the Board of Directors for the CEO and by the NCC for the other members of the Executive Management.

Short-term variable compensation related to the individual's function and responsibility and obtained results
The individual target amount for the short-term incentive plan is communicated to the member of the Executive Management at the beginning of the financial year together with the objectives. The target amount and the objectives are based on the role and impact of the Executive as well as annual company priorities. Objectives are linked to bottom line indicators, quantitative or qualitative targets. At the end of the year, the evaluation of the performance will take place.

The number of objectives is large enough to allow the members of the Executive Management to reach a fair level of short-term variable compensation rewarding them for the results achieved even under changed business conditions. Since the degree of achievement of set objectives has to be evaluated at the end of the period, a clear understanding of the metrics to be applied has to be established at the time of target setting and kept constant for the whole period. For each objective, the curve between minimum and maximum bonus level is defined. Ambitious but achievable objectives shall be set as targets, at which 100% of the respective target amount shall be attributed.

For the Executive Management, the minimum payout of the short-term incentive is 0% of the target amount and the maximum payout 150%, compared to 125% under the previous scheme.

Long-term variable compensation related to the sustainable financial performance of LEM Group
The long-term incentive is an annual long-term incentive defined as percentage of base salary which is based on the performance of LEM evaluated over a period of three consecutive years (2013/14 – 2015/16). The performance criterion is the cumulated economic value added (EVA) over these three financial years. The definition of the EVA objective takes place at the beginning of year one and the evaluation of the performance at the end of year three. Once the forward-looking EVA objective is defined, the EVA objective remains unchanged over the period of three years.

For the long-term incentive cycle ending 2015/16, the maximum value of the annual long-term variable compensation amounts to 48% of the base salary for the CEO and of 30% for the former members of the Executive Management. Members of the Executive Management hired during the financial year 2015/16 are not entitled to participate in the long-term incentive cycle for the financial year 2015/16.

2.1.3 Nonwage compensation of Executive Management
For the Executive Management, nonwage compensation includes pension plans (retirement benefits) only. LEM has a policy to limit nonwage compensation to what may be required for the jobholder as a work instrument to fulfill his/her function according to generally accepted local customs.

Executive Management benefits from LEM's Swiss pension plan, considered a defined contribution plan under Swiss law that provides retirement benefits and risk insurance for death and disability. Under IFRS, this plan is considered as a defined benefit plan. The insured compensation includes base salary only, is based upon Swiss professional pension regulations and without limitation on the amount. The pension fund is funded by contributions from the company and the insured employees. The average contribution ratio is 43% by the Executive and 57% by the Company. As of 1 January 2015, two additional pension plans allow the members of the Executive Management to increase the employee contribution to pension, while maintaining company contribution constant. As of January 2016, the Executive Management's variable compensation will also be subject to pension fund contribution and enabling the members of the Executive Management to increase the employee contribution to pension, being cost neutral for the Company.

2.2 Remuneration of Executive Management

2015/16

In CHF thousands	Base salary	Short-term incentive	Long-term incentive	Company's contribution to pension fund	Total compensation	Company's contribution to social security charges
François Gabella, CEO	480	274	203	114	1'071	82
Executive Management (excl. CEO)	1'123	577	185	137	2'023	158
Total Executive Management	**1'603**	**850**	**388**	**251**	**3'093**	**241**

2014/15

In CHF thousands	Base salary	Short-term incentive	Long-term incentive	Company's contribution to pension fund	Total compensation	Company's contribution to social security charges
François Gabella, CEO	480	245	192	61	977	78
Executive Management (excl. CEO)	1'406	386	298	129	2'219	174
Total Executive Management	**1'886**	**631**	**490**	**190**	**3'196**	**252**

The amounts are shown as follows:
– Base salary: as paid out in the reporting period
– Short-term incentive 2015/16: as proposed to the ordinary General Meeting in June 2016 for payout in July 2016
– Long-term incentive 2015/16: as accrued for in the reporting period for payout in July 2016
The compensation of former members of the Executive Management staying within the Company after stepping down from the Executive Management for their work as Non-Executive Management members are not taken into account in the numbers above.

Amounts approved by last year's General Assembly:
– Maximum amount base salary (valid from 1 October 2015 to 30 September 2016: CHF 2'800'000)
– Maximum amount long-term incentive 2015/16 for payment in 2017/18: CHF 1'050'000
– Short-term incentive amount 2014/15: CHF 700'000
– Pension fund contribution and company contribution to social security charges: as paid out or accrued for in the reporting period

Changes in Executive Management during the financial year 2015/16

Executive Management since 1 January 2016:
– François Gabella, CEO
– Andrea Borla, CFO since 1 November 2015
– Rainer Bos, Senior Vice President Automotive since 1 July 2015
– Frank Rehfeld, Senior Vice President Industry since 1 January 2016

Departures from Executive Management in the financial year 2015/16:
– Hans Dieter Huber, stepped down as member of the Executive Management as of 1 January 2016
– Simon Siggen, stepped down as member of the Executive Management as of 1 January 2016
– Jean-Marc Peccoux, stepped down as member of the Executive Management as of 1 January 2016
– Julius Renk: CFO until 15 July 2015, contract ended on 31 August 2015
– Luc Colombel: VP Automotive until 1 July 2015, contract ended on 31 December 2015

Compensation of former members and related parties

In the financial year 2015/16 the former members of the Executive Management who left the Company received after their departure from the Executive Management payments in the amount of CHF 651'000, including compensation for their non-compete obligation.

2.3 Shareholdings of Executive Management

Executive Management In number of shares/options	31.3.2016 Number of shares held	31.3.2016 Number of options held	31.3.2015 Number of shares held	31.3.2015 Number of options held
François Gabella, CEO	600	0	400	0
Andrea Borla, CFO	0	0	N/A	0
Frank Rehfeld, SVP Industry	0	0	N/A	0
Rainer Bos, SVP Automotive	0	0	N/A	0
Total	**600**	**0**	**400**	**0**

Shareholdings of former members of Executive Management

Former Executive Management In number of shares/options	31.3.2016 Number of shares held	31.3.2016 Number of options held	31.3.2015 Number of shares held	31.3.2015 Number of options held
Julius Renk, CFO	N/A	0	0	0
Luc Colombel, Vice President, Automotive	N/A	0	2'100	0
Hans-Dieter Huber, Vice President, Industry	N/A	0	1'265	0
Jean-Marc Peccoux, Vice President, R&D and IP	N/A	0	1'500	0
Simon Siggen, Vice President, Operations	N/A	0	1'100	0
Total	**N/A**	**0**	**5'965**	**0**

3 Loans to current and former members of the Board of Directors and Executive Management and related parties

In financial years 2015/16 and 2014/15, no loans were granted and are outstanding to current or former members of the Board of Directors, the Executive Management or to related parties.

Auditor's Report

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of LEM Holding SA for the year ended 31 March 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the parts 1.2 to 1.3 (on pages 23 to 24) and parts 2.2 to 2.3 and part 3 (on pages 26 to 27) of the remuneration report.

Responsibility of the Board of Directors

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. 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 for the year ended 31 March 2016 of LEM Holding SA complies with Swiss law and articles 14–16 of the Ordinance.

Lancy, 26 May 2016

Ernst & Young Ltd

Arthur Bergmann Licensed audit expert (Auditor in charge)	Karine Badertscher Chamoso Licensed audit expert

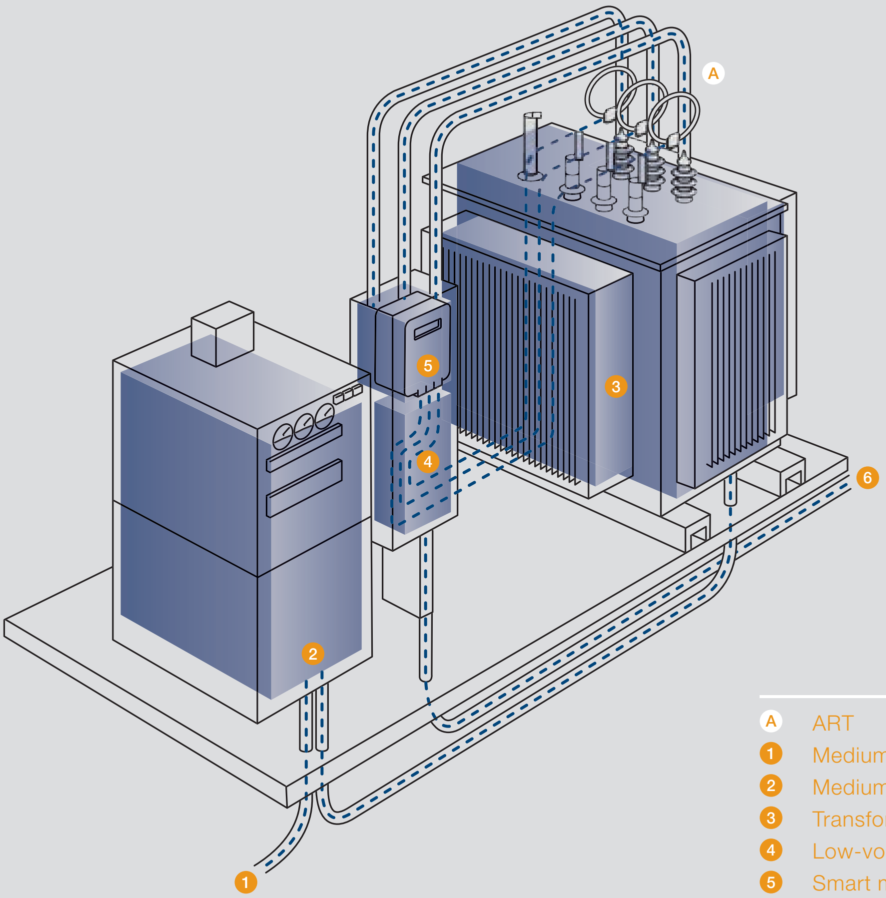
Renewable energy & power supply: MV/LV substation

Original power (high voltage: HV) is generated by power plants at various places. This power is adapted 2 times all along its way to cities in order to simplify its transmission and also in order to supply applications with the right levels of voltage.

At the level of the cities, the latest adaptation is realized inside a so-called MV/LV substation adapting the voltage level from medium-voltage (MV) to low-voltage (LV).

Within the MV/LV substation, the incoming power flow from the MV side (1) is managed by the MV switchgear (2) before being converted by the transformer (3) into LV (6). The smart meter (5) installed in the LV panel (4) measures the transformer's (3) health with three independent LEM current sensors (ART) (A). The design of ART allows safe commissioning of the smart meter on an operating transformer.

ART



A ART
1 Medium-voltage (MV) side
2 Medium-voltage switchgear
3 Transformer
4 Low-voltage panel
5 Smart meter
6 Low-voltage (LV) side

Financial Review

Highlights

- Net profit increased from CHF 43.1 million in the previous year to CHF 43.5 million in the reporting year, despite challenging foreign exchange and market conditions
- Operating profit margin reached 20.2%, above LEM's 15% to 20% EBIT target range
- Free cash flow amounted to CHF 39.0 million; CHF 40.4 million alone was generated during the second semester 2015/16
- Net working capital increased by CHF 4.4 million to CHF 42.3 million, mainly due to a higher level of accounts receivables not yet due
- Proposed dividend payout of CHF 39.9 million (CHF 35 per share), corresponding to 91.7% of the net profit for 2015/16

In CHF thousands, %	2011/12*	2012/13**	2013/14	2014/15	2015/16
Sales	**236'334**	**234'953**	**245'638**	**257'757**	**261'454**
Sales growth LEM Group	(20.2%)	(0.6%)	4.5%	4.9%	1.4%
Sales growth Industry	(23.6%)	(4.0%)	5.5%	4.7%	(2.7%)
Sales growth Automotive	19.1%	24.8%	(1.2%)	6.2%	26.1%
Gross margin	**92'299**	**98'557**	**115'371**	**118'392**	**120'393**
Gross margin in % of sales	**39.1%**	**41.9%**	**47.0%**	**45.9%**	**46.0%**
Sales, General and Administration expense	(44'716)	(43'008)	(45'202)	(48'845)	(52'883)
SG&A in % of sales	(18.9%)	(18.3%)	(18.4%)	(19.0%)	(20.2%)
R&D expense	(13'412)	(14'722)	(14'441)	(15'337)	(14'602)
R&D in % of sales	(5.7%)	(6.3%)	(5.9%)	(6.0%)	(5.6%)
Operational EBIT	**34'171**	**40'828**	**55'728**	**54'209**	**52'908**
Operational EBIT growth	(43.4%)	19.5%	36.5%	(2.7%)	(2.4%)
Operational EBIT in % of sales	14.5%	17.4%	22.7%	21.0%	20.2%
Operational EBIT as % of sales Industry	14.3%	18.2%	24.1%	22.6%	20.0%
Operational EBIT as % of sales Automotive	15.4%	12.6%	14.0%	11.8%	21.4%
Additional stock option plan costs/income	315	0	0	0	0
EBIT	**34'486**	**40'828**	**55'728**	**54'209**	**52'908**
Financial result	(1'962)	(1'514)	(1'379)	(2'674)	742
Income tax	(4'037)	(6'914)	(8'709)	(8'404)	(10'163)
Effective tax rate	(12.4%)	(17.6%)	(16.0%)	(16.3%)	(18.9%)
Net profit for the year	**28'487**	**32'400**	**45'641**	**43'131**	**43'487**
Net profit growth	(28.1%)	13.7%	40.9%	(5.5%)	0.8%
Net profit in % of sales	12.1%	13.8%	18.6%	16.7%	16.6%

* Restatement after changes in classifications from 2011/12 on. The 2011/12 restatement lowered gross margin as percentage of sales by 1.8%pt, decreased SG&A as percentage of sales by 2.0%pt and increased R&D as percentage of sales by 0.2%pt.
** Restatement following IAS19R application (pensions).

Sales

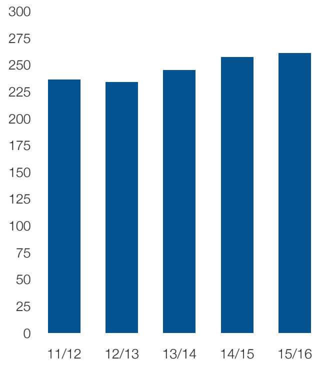
Sales in the financial year 2015/16 totaled CHF 261.5 million, an increase of 1.4% compared with the previous year. At constant exchange rates, group sales increased by 3.6%. The unfavorable currency impact arose mostly from the depreciation of the euro.

Operational profitability

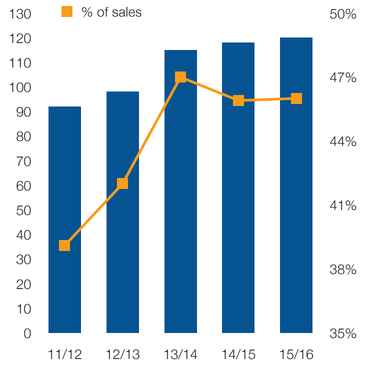
LEM's gross margin remained stable at 46.0% (45.9% in the previous year). The negative currency impact and the constant price pressure were compensated through the continued production transfer to our cost competitive sites in China and Bulgaria, optimized sourcing and lower commodity prices.

Operating expenses (SG&A plus R&D expenses) increased from CHF 64.2 million to CHF 67.5 million, driven by a higher level of headcounts in both Beijing and Sofia and some nonrecurrent cost from the introduction of the new ERP system and organizational changes at the Executive Committee.

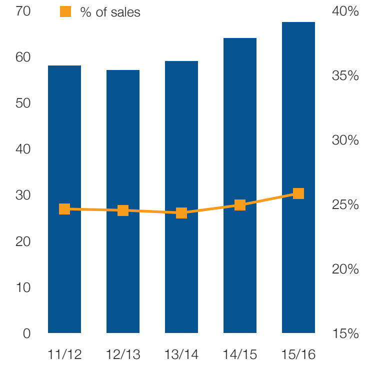
Net sales
In CHF millions



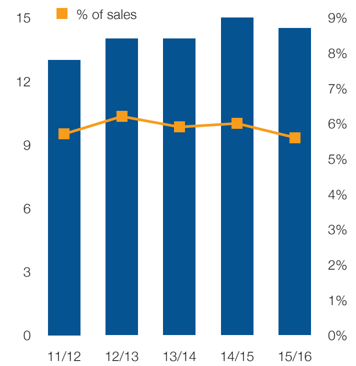
Gross margin
In CHF millions



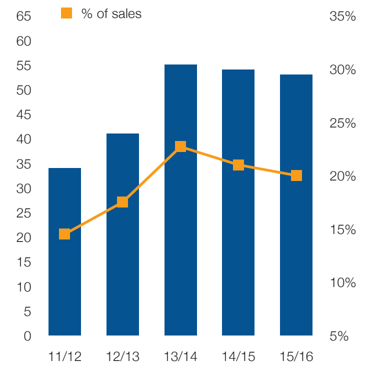
Operating expenses (incl. R&D exp.)
In CHF millions



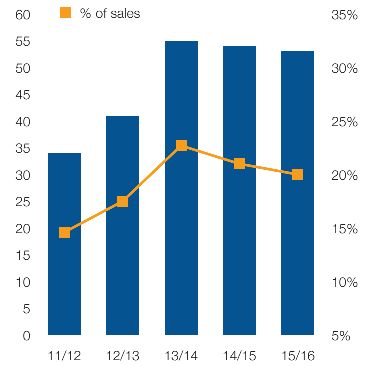
R&D expenses
In CHF millions



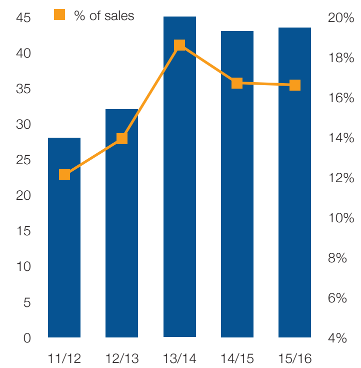
Operational EBIT
In CHF millions



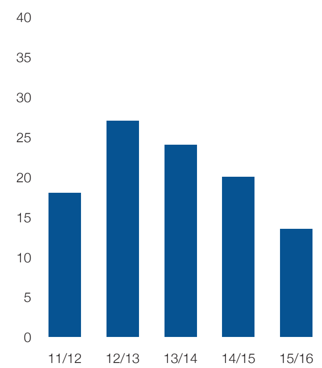
EBIT
In CHF millions



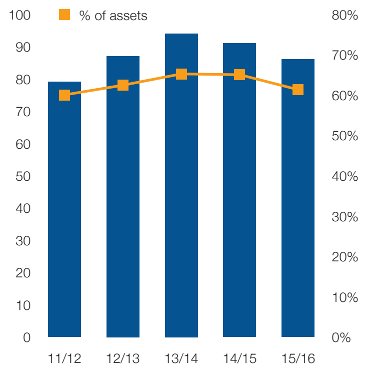
Net earnings
In CHF millions



Net financial assets
In CHF millions



Equity and equity ratio
In CHF millions



LEM's EBIT remained high and came in at CHF 52.9 million (EBIT margin 20.2%), even though the currency impact negatively affected the operating result by CHF 3.2 million. At constant exchange rates, the previous year's EBIT of CHF 54.2 million would have been exceeded.

Taxes

The tax rate has increased from last year's 16.3% to 18.9% for the financial year 2015/16. Last year's unusually low tax rate was due to some one-off tax savings in connection with the new Chinese-Swiss double taxation agreement, which reduced last year's withholding tax rate on dividends from our Chinese subsidiary from 10% to 5%.

Net profit for the year

Net profit for the year was CHF 43.5 million, CHF 0.4 million higher than last year, and represented 16.6% of sales. This result is the second-highest in LEM's history.

In CHF thousands, %	31.3.2012*	31.3.2013**	31.3.2014	31.3.2015	31.3.2016
Balance sheet analysis					
Net working capital	29'073	23'183	38'707	37'887	42'307
Fixed assets	37'683	36'771	37'803	39'913	39'424
Noncurrent liabilities	(5'316)	(3'534)	(6'887)	(6'777)	(9'442)
Net operating assets	**61'440**	**56'420**	**69'622**	**71'023**	**72'290**
Net cash/(debt)	18'121	27'629	24'581	20'920	13'604
Equity	**79'561**	**84'049**	**94'203**	**91'943**	**85'894**
Equity ratio	60.0%	61.9%	65.1%	65.0%	61.3%
DSO – Days of Sales Outstanding	58	60	65	66	69
DIO – Days of Inventory Outstanding	67	63	80	72	72
DPO – Days of Payables Outstanding	41	41	49	28	45

* Restatement after changes in classifications from 2011/12 on.
** Restatement following IAS 19R application (pensions).

Balance sheet

LEM has no interest-bearing financial liabilities and a high equity ratio of 61.3% (previous year 65.0%). The equity ratio drop of 3.7%-points is mainly driven by last year's dividend payout (CHF 45.5 million), which was higher than the net profit in 2015/16 (CHF 43.5 million), and negative currency translation differences (CHF 2.9 million). In addition, equity was negatively impacted by CHF 1.0 million because of the remeasurement of the employee pension obligations. In view of the current low-interest environment, the discount rate used for the evaluation of LEM's pension obligations has been reduced from 0.9% to 0.5%, thereby increasing the defined benefit obligations at year-end.

Net working capital has increased by CHF 4.4 million, mainly due to the CHF 5.8 million increase in accounts receivables. Even though LEM managed to reduce the DSO levels from 91 days (per half-year 2015/16) to 69 days (per 31 March 2016), the previous year's DSO level of 66 days could not be matched.

Cash flow

After a very weak first semester 2015/16 (negative free cash flow of CHF 1.4 million), LEM generated a free cash flow of CHF 39.0 million for the full year 2015/16. This was achieved thanks to the efforts to bring the accounts receivables back to normal levels. As per 30 September 2015, the accounts receivables were unusually high due to invoicing and collections delays caused by the introduction of our new ERP system.

Dividend

The proposed dividend of CHF 35 is a sign of trust in the company's ability to continue generating strong cash flows in the future. The proposal follows LEM's dividend policy of distributing significantly more than 50% of its consolidated net profit to shareholders and corresponds to a payout ratio of 91.7%.

LEM Group

Consolidated Financial Statements

Consolidated Statement of Financial Position

Assets In CHF thousands	Notes	31.3.2016	31.3.2015
Current assets			
Cash and cash equivalents		13'629	20'920
Accounts receivable	4	55'896	50'126
Inventories	5	27'796	27'545
Income tax receivable		1'694	771
Other current assets	6	1'739	2'338
Total current assets		**100'754**	**101'700**
Noncurrent assets			
Deferred tax assets	17	5'636	4'418
Property, plant and equipment	7	25'179	25'728
Intangible assets	8	7'630	8'878
Other noncurrent assets	20	979	889
Total noncurrent assets		**39'424**	**39'913**
Total assets		**140'178**	**141'613**

Liabilities and equity In CHF thousands	Notes	31.3.2016	31.3.2015
Current liabilities			
Accounts payable	9	21'301	12'012
Accrued expenses		18'230	18'688
Income tax payable		3'142	10'225
Current provisions	10	1'552	1'501
Current financial liabilities		24	0
Other current liabilities	11	593	466
Total current liabilities		**44'843**	**42'892**
Noncurrent liabilities			
Noncurrent provisions	10	1'965	1'854
Deferred tax liabilities	17	2'054	2'259
Other noncurrent liabilities	11	5'422	2'665
Total noncurrent liabilities		**9'442**	**6'777**
Total liabilities		**54'284**	**49'670**
Equity			
Share capital	12	570	570
Treasury shares	12	(502)	(283)
Reserves	12	9'907	12'552
Retained earnings		75'919	79'105
Total equity		**85'894**	**91'943**
Total liabilities and equity		**140'178**	**141'613**

Consolidated Income Statement

In CHF thousands	Notes	April to March 2015/16	2014/15
Sales		261'454	257'757
Cost of goods sold	13	(141'061)	(139'366)
Gross margin		**120'393**	**118'392**
Sales expense	13	(25'855)	(25'156)
Administration expense	13	(27'323)	(24'075)
Research & development expense	13	(14'602)	(15'337)
Other expense		(6)	(1)
Other income		300	386
Operating profit		**52'908**	**54'209**
Financial expense	14	(361)	(251)
Financial income	15	116	199
Exchange effect	16	987	(2'622)
Profit before taxes		**53'650**	**51'535**
Income taxes	17	(10'163)	(8'404)
Net profit for the year		**43'487**	**43'131**
Earnings per share, in CHF			
Basic & diluted earnings per share	18	38.18	37.86

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

Consolidated Statement of Comprehensive Income

In CHF thousands	Notes	April to March 2015/16	2014/15
Net profit for the period recognized in the income statement		**43'487**	**43'131**
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Currency translation difference		(2'864)	3'716
Total other comprehensive income to be reclassified to profit and loss in subsequent periods		**(2'864)**	**3'716**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods			
Remeasurement gains/(losses) on defined benefit plans	20	(952)	(5'096)
Income tax	17	190	1'092
Total other comprehensive income not to be reclassified to profit and loss in subsequent periods		**(762)**	**(4'004)**
Other comprehensive income/(loss) for the period, net of tax		**(3'625)**	**(288)**
Total comprehensive income for the period		**39'862**	**42'843**

Consolidated Statement of Changes in Equity

Attributable to shareholders

In CHF thousands	Notes	Share capital	Treasury shares	Capital reserve	Translation reserve	Retained earnings	Total equity
1 April 2014		**570**	**(745)**	**12'688**	**(3'390)**	**85'081**	**94'203**
Net profit of the year						43'131	43'131
Other comprehensive income/(loss)	12, 20				3'716	(4'004)	(288)
Total comprehensive income					*3'716*	*39'127*	*42'843*
Dividends paid	12					(45'568)	(45'568)
Movement in treasury shares	12		462	(462)		465	465
31 March 2015 / 1 April 2015		**570**	**(283)**	**12'226**	**326**	**79'105**	**91'943**
Net profit of the year						43'487	43'487
Other comprehensive income/(loss)	12, 20				(2'864)	(762)	(3'625)
Total comprehensive income					*(2'864)*	*42'726*	*39'862*
Dividends paid	12					(45'547)	(45'547)
Movement in treasury shares	12		(219)	219		(365)	(365)
31 March 2016		**570**	**(502)**	**12'445**	**(2'538)**	**75'919**	**85'894**

The amount available for dividend distribution is based on LEM Holding SA's shareholders' equity determined in accordance with the legal provisions of the Swiss Code of Obligations.

Consolidated Cash Flow Statement

In CHF thousands	Notes	April to March 2015/16	2014/15
Cash flow from operating activities			
Profit before taxes		53'650	51'535
Adjustment for noncash items and taxes paid			
– Net financial result		230	90
– Derivative financial instruments revaluation		436	134
– Depreciation and amortization		7'050	7'291
– Impairment loss		746	
– Gain/loss on disposal of fixed assets		767	47
– Increase (+)/decrease (–) of provisions and allowances		1'334	7
– Movement in pension		1'308	1'420
Interest received		74	56
Interest paid		(304)	(146)
Taxes paid		(19'483)	(5'199)
Cash flow before changes in net working capital		**45'809**	**55'236**
Change in inventory		(459)	1'673
Change in accounts receivable and other current assets		(6'371)	348
Change in payables and other current liabilities		6'593	(7'026)
Cash flow from changes in net working capital		**(237)**	**(5'005)**
Cash flow from operating activities		**45'573**	**50'232**
Cash flow from investing activities			
Investment in fixed assets	7	(6'881)	(6'151)
Investment in intangible assets	8	(439)	(3'969)
Increase (–)/decrease (+) in other assets		717	394
Cash flow from investing activities		**(6'603)**	**(9'727)**
Cash flow from financing activities			
Treasury shares aquired (–)/divested (+)	12	(365)	465
Dividends paid to the shareholders of LEM Holding SA	12	(45'547)	(45'568)
Increase (+)/decrease (–) in financial liabilities		25	
Cash flow from financing activities		**(45'887)**	**(45'103)**
Change in cash and cash equivalents		**(6'917)**	**(4'598)**
Cash and cash equivalents at the beginning of the period		**20'920**	**24'581**
Exchange effect on cash and cash equivalents		(374)	937
Cash and cash equivalents at the end of the period		**13'629**	**20'920**

Notes to the Consolidated Financial Statements

1 General information

LEM Group (the 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 drives & welding, renewable energies and power supplies, traction, high-precision, conventional and green cars businesses. The Group has operations in thirteen countries and employs 1'388 people per 31 March 2016. The parent company of LEM Group is LEM Holding SA (the Company), which is a limited company incorporated in Switzerland.
The financial year ends on 31 March (the year). The registered office is at Avenue Beauregard 1, CH-1700 Fribourg. The Company has been listed on the SIX Swiss Exchange since 1986.
The Board of Directors approved the consolidated financial statements on 19 May 2016, to be submitted for approval by the ordinary general meeting on 30 June 2016.

2 Significant accounting principles

2.1 Basis of preparation

The consolidated financial statements of LEM Group have been prepared in accordance with the International Financial and Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB) and comply with Swiss law.
The consolidated financial statements have been prepared using the historical cost convention except that, as discussed in the accounting policies below, certain items like derivatives are recorded at fair value.

The financial information is presented in thousands of CHF. The totals are calculated with the original unit amounts, which could lead to rounding differences. These differences in thousands of units are not changed in order to keep the accuracy of the original data.

2.2 Adoption of new and revised International Financial Reporting Standards and Interpretations

New standards in 2015/16

In 2015/16, LEM Group introduced the following revised standards and interpretations:

Standard or interpretation	Title	Effective date	Impact
IAS 19	Defined Benefits Plans: Employee Contributions	1 July 2014	None
Amendments	Annual improvements to IFRS – 2010–2012 Cycle	1 July 2014	See below
Amendments	Annual improvements to IFRS – 2011–2013 Cycle	1 July 2014	None

According to Annual improvements to IFRS 2010 – 2012 Cycle, the reconciliation of segment assets/liabilities to total assets/liabilities is only required to be disclosed if the reconciliation is reported to the chief operation. As such reconciliation is not communicated, LEM Group is not anymore disclosing segment assets and liabilities.

Future standards

LEM Group will adopt the following revised standards and interpretations in the future:

Standard or interpretation	Title	Effective date
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 and IAS 28	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception Amendments to IFRS 10, IFRS 12 and IAS 28	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations Amendments to IFRS 11	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 1	Disclosure Initiative Amendments to IAS 1	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization Amendments to IAS 16 and IAS 38	1 January 2016
IAS 16 and IAS 41	Agriculture Bearer Plants Amendments to IAS 16 and IAS 41	1 January 2016
IAS 27	Equity Method in Separate Financial Statements Amendments to IAS 27	1 January 2016
Amendments	Annual improvements to IFRS 2012–2014	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS16	Leases	1 January 2019

The Group will implement the relevant new standards when they become effective, i.e., for annual periods beginning on or after the effective date stated above. The impact on the capital, financial position, income or cash flow situation of LEM resulting from the application of above standards and interpretations has not been evaluated but is expected to have no material effects, with the exception of IFRS 16 for which the impact will be analyzed in due time.

2.3 Summary of critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

Impairment of goodwill, other intangible assets and property, plant and equipment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Other intangible assets and property, plant and equipment are tested for impairment if there is a triggering event indicating a potential impairment. These calculations require the use of estimates in particular to the expected growth of sales, discount rates and development of raw material prices.

Provisions

Provisions are recognized only if the specific criteria under IFRS are met. Provisions represent presumed obligations arising from past events and are recognized only if their amount can be estimated reliably. Nevertheless, provisions are based on assumptions.

Income and other taxes

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws applied to complex transactions. The Group periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions are based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws.

Employee benefits

The standard requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected salary increase, employee turnover and discount rates. Substantial changes in the assumed development of any of these variables may significantly change LEM Group's retirement benefit obligation and pension plan assets.

Valuation of deferred tax assets

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.4 Basis of consolidation

The consolidated financial statements are comprised of LEM Holding SA and of its subsidiaries.

Subsidiaries

Subsidiaries are those entities over which the Group has the control. Control is when the Group is exposed, or has rights, to variable returns from its involvement with subsidiary and has the ability to affect those returns through its power over the subsidiary to direct the relevant activities.
Business combinations are accounted for using the acquisition method. Companies that are acquired or sold during the financial year are included in the Group financial statements up to the date of transfer of control. The costs of purchasing a company are determined as the sum of the fair value of the assets that are to be paid to the seller and the obligations that are entered into, or acquired, on the date of purchase. Identifiable acquired assets, liabilities and contingent liabilities are recognized at their fair value as of the date of their acquisition. The Group's share of the purchase price that exceeds the fair value of the identifiable net assets is recognized as goodwill. The Group's share of the fair value of the identifiable net assets that exceeds the purchase price is shown as gain on bargain purchase on the income statement.
Intragroup assets and liabilities as well as income and expenses are set off against each other.
Also intragroup unrealized profits on inventories and fixed assets are eliminated.

Associates

Investments in associated undertakings are accounted for using the equity method. These are undertakings over which the Group exercises significant influence, but which it does not control.
No associated undertakings exist as per 31 March 2016 and 31 March 2015.

2.5 Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Swiss francs as the presentation currency. The subsidiaries use local currencies as their functional currency, which is the currency of the primary economic environment in which they operate.

Foreign currency translation

All assets and liabilities in the balance sheets of subsidiaries that are denominated in the respective functional currencies are translated into Swiss francs at the year-end exchange rate. Items in the income statement and cash flow statement are translated at the average exchange rate for the year. The resulting translation differences are recognized in other comprehensive income. When a company is sold, the cumulative translation differences recognized in other comprehensive income are transferred to the income statement.
The following table summarizes the principal exchange rates that have been used in the translation process.

Currency	Income statement of 2015/16 Average rate in CHF	Income statement of 2014/15 Average rate in CHF	Balance sheet 31.3.2016 Year-end rate in CHF	Balance sheet 31.3.2015 Year-end rate in CHF
BGN	0.549	0.603	0.555	0.535
CNY	0.154	0.151	0.149	0.158
DKK	0.144	0.158	0.147	0.140
EUR	1.073	1.180	1.093	1.046
GBP	1.466	1.499	1.383	1.437
JPY	0.0081	0.0085	0.0086	0.0081
RUB	0.015	0.022	0.014	0.017
USD	0.972	0.930	0.963	0.971

Foreign currency transactions

Foreign currency transactions are translated at the market rate prevailing at that time. The monetary assets and liabilities are translated at the year-end rates while nonmonetary assets are translated at historical rates. Gains and losses arising from the transactions as well as from the translation of monetary assets and liabilities in foreign currencies are recorded as income or expenses in the income statement (except from translation differences arising from a monetary item that forms part of the Group's net investment in a foreign operation, which are included in shareholders' equity).

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and cash at postal accounts and bank deposits with an original maturity of three months or less from the date of acquisition, that are readily convertible to known amounts of cash.

2.7 Inventories

Inventories are stated at the lower of cost or net realizable value. The first-in, first-out (FIFO) method is applied. The cost of finished goods and work in process comprise raw materials, direct labor costs and other costs that can be directly allocated, such as production overhead expenditures. Financing costs are not included in inventories. Allowances are established when:

- there is an objective indication that the Group will not be able to sell the goods in due time;
- the goods are damaged, in excess or obsolete;
- the net realizable value is below cost.

2.8 Property, plant and equipment

Property, plant and equipment is stated at cost of acquisition or construction, less depreciation and any impairment. Depreciation is calculated on a linear basis on the following estimated useful life:

Land	nil
Buildings	20–40 years
Machinery and equipment	5–8 years
Tools and moulds	2–5 years
Vehicles	3–5 years
IT equipment	3–5 years

Repairs and renewals are charged to the income statement when the expense is incurred. Subsequent expenditure on an item of property, plant and equipment is capitalized 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.

2.9 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is reported in the balance sheet as an intangible asset and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research & development

Research costs are written off as incurred. An intangible asset arising from development should be recognized if, and only if the Group can demonstrate the following:
- the technical feasibility of completing the intangible asset;
- Group intention to complete the intangible asset;
- ability to use or sell the intangible asset, the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- ability to measure the expenditure attributable to the intangible asset during its development reliably.

Such development costs are capitalized and written off over the life of the product or process.

Other intangible assets

Other intangible assets with definite useful lives are carried at cost less amortization and any impairment.
Expenditure on computer software, acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their useful lives, not exceeding five years.

2.10 Impairment of tangible fixed assets and intangible assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.
For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).
The value in use is calculated based on the estimated future cash flows expected to result from the use of the asset and eventual disposal, discounted using an appropriate noncurrent interest rate.
Goodwill is tested for impairment annually (at 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses relating to goodwill cannot be reversed in future years.

2.11 Financial assets

Financial assets comprise cash, receivables, accrued income, marketable securities and derivative financial instruments.

Initial recognition and measurement

At initial recognition, financial assets are designated into two categories, financial assets at fair value through profit and loss and loans and receivables.
Financial assets are initially recognized at fair value plus, in the case of a financial asset not at fair value through profit and loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification:
- financial assets at fair value through profit and loss (refer to note 2.12);
- loans and receivables which are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment.

Accounts receivable are carried at original invoice amount less an allowance made for doubtful accounts based on a review of all outstanding amounts at the year-end. Allowances for doubtful accounts are established when there is an objective indication that the Group will not be able to collect the amounts due. Allowances for doubtful accounts are written off when identified.

Other receivables are measured at amortized cost. The Group assesses at each reporting date whether there is any objective evidence that an asset or group of assets is impaired. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant difficulties, default or delinquency in interest or principal payments. The amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows.

2.12 Derivative financial instruments

The Group uses derivative financial instruments to hedge foreign exchange risks of forecasted transactions. Derivative financial instruments can comprise forward exchange contracts and option-based structures.

Derivative financial instruments are initially measured at fair value and subsequently at fair value through profit and loss. Any gains and losses arising from changes in fair value on derivatives are taken directly to the income statement which means that the Group does not apply hedge accounting.
Derivative financial instruments are shown as part of other current assets and other current liabilities. In case the maturity is more than one year, derivative financial instruments are recognized under other noncurrent assets or other noncurrent liabilities.

2.13 Financial liabilities

Financial liabilities comprise bank loans, payables, accrued expenses and derivative financial instruments at the end of the period.
All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.
Financial liabilities that are due within 12 months after the balance sheet date are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date.

2.14 Leases

In the years under review LEM Group does not hold any finance lease.
Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

2.15 Employee benefits

The Swiss subsidiaries provide a defined benefit plan for employees; the other subsidiaries provide defined contribution plans. In both cases the charges are included in the related periods in the personnel expenses of the various functions where the employees are located.

Defined benefit plan

The defined benefit obligation is determined annually by a qualified independent actuary. The obligation and costs of pension benefits are determined using the projected unit credit method. Service costs are part of personnel expenses and consist of current service costs, past service costs and gains/losses from plan settlements. Past service costs are recognized at the earlier of the date when the plan amendment occurs, or when restructuring costs are recognized. They include plan amendment and curtailment. Gains or losses on settlement of pension benefits are recognized when the settlement occurs. Net interest is recorded in the financial result and is determined by applying the discount rate to the net defined benefit liability/asset that exists at the beginning of the year. Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are recorded in other comprehensive income as remeasurements of employee benefits. The return on plan assets (excluding interest based on the discount rate) and any change in the effect of an asset ceiling are also recorded in this line. In accordance with IFRIC 14, any assets resulting from surpluses in defined benefit plans are limited to the value of the maximum future savings from reduced contributions.

Defined contribution plan

The subsidiaries abroad sponsor defined contribution plans based on local practices and regulations.

LEM incentive scheme

The variable compensation consists of a short-term (STI) and a long-term (LTI) incentive components. The STI compensates for the actual annual results and achieved performance. The LTI is based on the Economic Value Added (EVA) performance of LEM evaluated over the three previous financial years. Both elements are cash settled and the bonus payments are made in the first four months of the following financial year. The estimated payments are accrued for per year-end.

2.16 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Warranty and customer claims

The Group recognizes the estimated liability to replace products still under warranty at the balance sheet date. This position is calculated based on past history of the level of repairs and replacements. Additional specific provisions are booked when required.

Litigations and consumption taxes

The Group recognizes the estimated country- and entity-specific risks relating to litigations with former personnel or direct and indirect taxation.

Restructuring

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented;

and raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent liabilities

Contingent liabilities arise from past events where the outcome depends on future events. As the probability either cannot be measured reliably or the probability for a subsequent outflow lies below 50%, contingent liabilities are not recognized in the balance sheet but are described in the notes.

2.17 Share capital

LEM Holding SA has only ordinary registered shares. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Neither gain nor loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in retained earnings.

2.18 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.
Revenue from the sale of products comprises all revenues that are derived from sales of products to third parties after deduction of price rebates and value-added tax. Revenues from the sale of products are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the products.

2.19 Income taxes and deferred taxation

Income taxes

Income taxes comprise all current and deferred income taxes, including the withholding tax payable on profit distributions within the Group. Income taxes are recognized in the consolidated income statement except for income taxes on transactions that are recognized directly in shareholders' equity or in other comprehensive income.

Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes are determined using tax rates that apply, or have been substantially enacted, on the balance sheet date in the countries where the Group is active.
Tax losses carried forward are recognized as deferred tax assets to the extent that it is probable that tax profit will be available in the future against which the tax losses carried forward can be utilized. Deferred tax assets and liabilities are offset against each other if the corresponding income taxes arise by the same tax authority and a legally enforceable right for offsetting exists.

3 Segment information

Business segment information

In CHF thousands	Industry 2015/16	Industry 2014/15	Automotive 2015/16	Automotive 2014/15	LEM Group 2015/16	LEM Group 2014/15
Income statement						
Sales	215'151	221'042	46'302	36'715	261'454	257'757
EBITDA	48'572	55'449	12'130	6'052	60'702	61'501
Operating profit	42'984	49'892	9'924	4'317	52'908	54'209
Net financial expenses					742	(2'674)
Taxes					(10'163)	(8'404)
Net profit for the year					43'487	43'131
Depreciation and amortization:						
Tangible assets	4'200	4'928	1'589	1'669	5'789	6'597
Intangible assets	1'092	629	316	66	1'408	694
Impairment loss	295		302		597	0
Total	**5'588**	**5'557**	**2'206**	**1'735**	**7'794**	**7'291**
Capital expenditures:						
Tangible assets	5'732	4'713	1'152	1'439	6'884	6'151
Intangible assets	361	3'404	78	565	439	3'969
Total assets	**6'093**	**8'117**	**1'230**	**2'004**	**7'322**	**10'121**

For management purposes, LEM Group is organized into two operating segments, Industry and Automotive. The Industry segment develops, manufactures and sells electronic components called transducers for the measurement of current and voltage of various industrial applications. The Automotive segment develops, manufactures and sells transducers for applications in automotive markets.

Transactions between the subsidiaries and/or business segments are conducted at arm's length.

Geographical information

In CHF thousands	China 2015/16	China 2014/15	USA 2015/16	USA 2014/15	Germany 2015/16	Germany 2014/15	Japan 2015/16	Japan 2014/15	Italy 2015/16	Italy 2014/15	Switzerland 2015/16	Switzerland 2014/15	Rest of the world 2015/16	Rest of the world 2014/15	LEM Group 2015/16	LEM Group 2014/15
Sales	81'535	67'619	42'944	40'967	31'532	34'344	21'733	26'169	13'829	14'501	2'973	2'565	66'908	71'593	261'454	257'757
Noncurrent assets	8'980	12'367	43	51	285	152	3'557	3'354	49	10	15'079	15'589	4'816	3'083	32'809	34'606

Sales are reported as per place of transaction.

4 Accounts receivable

In CHF thousands	31.3.2016	31.3.2015
Accounts receivable – trade	50'830	47'451
Allowance for doubtful accounts	(1'187)	(777)
Total accounts receivable – trade	49'643	46'674
Other receivables	6'253	3'452
Total	**55'896**	**50'126**

Movements of allowance for doubtful accounts

In CHF thousands	2015/16	2014/15
Opening position	**777**	**1'314**
Additions charged/(reversals credited) to income statement	491	(560)
Amounts written off	(12)	(30)
Other movements	(56)	
Foreign exchange effect	(13)	52
Total	**1'187**	**777**

Aging analysis of accounts receivable

In CHF thousands	Not due	<30 days	31–90 days	91–180 days	>180 days	Total
31 March 2015						
Accounts receivable – trade	30'724	12'611	3'064	562	490	47'451
Allowance for doubtful accounts			(161)	(147)	(469)	(777)
Other receivables	3'373	7	31		40	3'452
Total	**34'097**	**12'619**	**2'934**	**415**	**61**	**50'126**
31 March 2016						
Accounts receivable – trade	39'286	5'745	3'965	1'009	825	50'830
Allowance for doubtful accounts			(196)	(252)	(739)	(1'187)
Other receivables	6'167	13	2		71	6'253
Total	**45'453**	**5'757**	**3'771**	**757**	**158**	**55'896**

The allowance for doubtful accounts is computed as a percentage of aged balances plus an assessment of individual recoverability. It corresponds to 2.3% of trade accounts receivable (1.6% in 2014/15). In 2015/16, no receivables have been individually impaired.

5 Inventories

In CHF thousands	31.3.2016	31.3.2015
Raw material	11'548	12'001
Work in progress	1'706	1'177
Finished goods and goods for resale	14'542	14'367
Total	**27'796**	**27'545**

The inventories include allowances of CHF 2'528 thousand (2014/15 CHF 2'882 thousand).

6 Other current assets

In CHF thousands	31.3.2016	31.3.2015
Advances to suppliers	419	634
Prepayments and accrued income	1'296	1'348
Derivative financial instruments	0	342
Other current assets	24	14
Total	**1'739**	**2'338**

For further information on derivative financial instruments, see note 23.

7 Property, plant and equipment

In CHF thousands	Land and buildings	Machinery and equipment	Total
Net book value 1 April 2014	**126**	**25'054**	**25'180**
Foreign exchange effect	(7)	1'038	1'031
Investment		6'152	6'152
Disposal		(38)	(38)
Depreciation charge for the year	(14)	(6'582)	(6'597)
Net book value 31 March 2015	**105**	**25'623**	**25'728**
At cost of acquisition	328	82'780	83'108
Accumulated depreciation	(223)	(57'157)	(57'380)
Net book value 31 March 2015	**105**	**25'623**	**25'728**
Net book value 1 April 2015	**105**	**25'623**	**25'728**
Foreign exchange effect	6	(652)	(646)
Investment		6'884	6'884
Disposal		(760)	(760)
Impairment loss		(238)	(238)
Depreciation charge for the year	(14)	(5'775)	(5'789)
Net book value 31 March 2016	**97**	**25'082**	**25'179**
At cost of acquisition	348	82'881	83'229
Accumulated depreciation	(251)	(57'799)	(58'050)
Net book value 31 March 2016	**97**	**25'082**	**25'179**

LEM Group owns for its Automotive segment some equipments and machines which will have very limited production volume in the future. This was an indication for the Group to perform an impairment test during 2015/16. The recoverable amounts of the equipments and machines have been determined based on a value-in-use calculation using cash flow projections from management estimates. The pre-tax discount rate applied to the cash flow projections was 9.9%. As a result of the analysis, management had recognized an impairment loss of CHF 238 thousand against the value of the machines previously carried at CHF 431 thousand, which was recorded in cost of goods sold.

8 Intangible assets

In CHF thousands	Goodwill	Patents	Other intangible assets	Total
Net book value 1 April 2014	**3'136**	**330**	**2'289**	**5'755**
Foreign exchange effect	(127)		(15)	(142)
Investment			3'969	3'969
Disposal			(10)	(10)
Amortization charge for the year		(330)	(364)	(694)
Net book value 31 March 2015	**3'009**	**0**	**5'869**	**8'878**
At cost of acquisition	3'009	4'950	9'534	17'493
Accumulated amortization		(4'950)	(3'665)	(8'615)
Net book value 31 March 2015	**3'009**	**(0)**	**5'869**	**8'878**
Net book value 1 April 2015	**3'009**	**(0)**	**5'869**	**8'878**
Foreign exchange effect	89			89
Investment		2	437	439
Disposal			(8)	(8)
Transfer movement		379	(379)	
Impairment loss			(359)	(359)
Amortization charge for the year		(57)	(1'351)	(1'408)
Net book value 31 March 2016	**3'098**	**324**	**4'208**	**7'630**
At cost of acquisition	3'098	5'331	9'407	17'837
Accumulated amortization		(5'007)	(5'199)	(10'206)
Net book value 31 March 2016	**3'098**	**324**	**4'208**	**7'630**

In 2014/15 increase in the intangible assets was mainly explained by the capitalization of costs related to the implementation of the new ERP. The cumulative investment amounts to CHF 4.5 million as of 31 March 2016 and started to be amortized as per 1 April 2015. This represented a depreciation charge of CHF 0.9 million. An additional impairment of CHF 0.4 million was recognized to reflect the nonutilization of one ERP module due to internal reorganization.

The entire goodwill of LEM Group is from the acquisition of NANA in 2000/01 and is allocated to the cash-generating unit LEM Japan KK. The goodwill relates to the Industry segment. The recoverable amount has been determined based on value-in-use calculations. These calculations use cash flow projections of five years based on financial business plans and budgets approved by management. The projections include assumptions concerning revenue growth and expected operating costs. Average revenue growth is projected at 5% and operating costs were estimated based on the experience of management. The pretax discount rate used within these cash flow calculations is 7.0% (7.1% in 2014/15) and is based on the weighted average cost of capital of a peer group. The carrying value of the cash-generating unit including goodwill was compared to the value in use and no impairment was found for the year ended 31 March 2016.

9 Accounts payable

In CHF thousands	31.3.2016	31.3.2015
Total accounts payable – trade	17'374	10'587
Other payables	3'927	1'425
Total	**21'301**	**12'012**

Accounts payable are back to a normal level. As a reminder, LEM proceeded to early payments of its suppliers per end of March 2015, in anticipation of the go-live of the Enterprise Resource Planning (ERP) software.

10 Provisions

In CHF thousands	Warranty and customer claims	Litigations and consumption taxes	Restructuring	Total
Balance as per 1 April 2014	**2'468**	**910**	**579**	**3'957**
Additional provisions	1'478	208		1'686
Unused amounts reversed	(727)	(332)		(1'059)
Utilized during the year	(854)	(24)	(366)	(1'244)
Foreign exchange effect	6	23	(14)	15
Balance as per 31 March 2015	**2'371**	**785**	**199**	**3'355**
Of which current				*1'501*
Of which noncurrent				*1'854*
Balance as per 1 April 2015	**2'371**	**785**	**199**	**3'355**
Additional provisions	1'542	53	445	2'040
Unused amounts reversed	(731)	(160)		(891)
Utilized during the year	(613)	(118)	(197)	(928)
Foreign exchange effect	(37)	(21)		(58)
Balance as per 31 March 2016	**2'532**	**538**	**447**	**3'517**
Of which current				*1'552*
Of which noncurrent				*1'965*

Warranty and customer claims

Provisions for warranty and customer claims have been estimated based on past experience and the risk assessment of management. The warranty provision is expected to be used over the next five years.

Litigations and consumption taxes

Despite the care that LEM applies in the separation process with personnel, such separation may result in legal conflicts. The Group will defend its case and management estimates the reasonable risk to be provided for.
The Company operates in multiple jurisdictions with complex legal and tax regulatory environments. In the frame of the continuous improvement of its processes and systems, LEM has reviewed the consumption taxes in several countries. It has appeared that some LEM's subsidiaries may not have been fully compliant with their local consumption tax regulations. As a consequence, LEM has estimated consumption tax provisions according to management best judgment. Some of these positions are inherently uncertain and include the interpretation of local regulations applied to complex transactions.

Transfer of activity

As a continuation of a strategy initiated in 2004, LEM continues to relocate production lines from the plants in Machida, Japan, and Geneva, Switzerland, to low-cost countries. The operations in Japan are significantly reduced and concentrated on the local Japanese market. In Switzerland, the operations are being progressively reduced and focused on high-complexity / high-precision products for worldwide markets. In parallel, LEM's site in Switzerland is being reinforced with continued investment in R&D and marketing.
A provision had been constituted in 2012/13 in relation with the above-mentioned relocations of activity. Since 2013/14, LEM transferred a part of the production lines from Geneva, Switzerland, and from Machida, Japan, to Sofia, Bulgaria, and Beijing, China and fully used the before-mentioned provisions as of 31 March 2016. An additional provision of CHF 445 thousand was set-up during 2015/16.

11 Other liabilities

In CHF thousands	31.3.2016	31.3.2015
Post-employment benefit plans	4'706	2'449
Derivative financial instruments	94	0
Other liabilities	1'215	682
Total	**6'015**	**3'131**
Of which current	*593*	*466*
Of which noncurrent	*5'422*	*2'665*

The increase of the post-employment benefit plan liability is linked to the decrease of the discount rate assumption, as elaborated in note 20.
Other liabilities increase is mainly due to the increase of the accrual for long-term incentive plan recognized on a 3 years plan.

12 Equity

Share capital

The nominal share capital of CHF 570'000 comprises 1'140'000 registered shares, each with a nominal value of CHF 0.50. There is neither authorized nor conditional share capital outstanding.

Investments in shares of LEM Holding SA held by the Group are classified as treasury shares and are accounted for at historical cost. Treasury shares are not entitled to dividends.

Movement of treasury shares

In number of shares, in CHF	Number of shares	Average purchase price	Total in CHF thousands
Balance 1 April 2014	**1'084**	**687.38**	**745**
Movement	(719)	642.54	(462)
Balance 31 March 2015	**365**	**775.72**	**283**
Ordinary dividend per share	40.00		
Balance 1 April 2015	**365**	**775.72**	**283**
Movement	297	736.60	219
Balance 31 March 2016	**662**	**758.17**	**502**
Ordinary dividend per share	35.00		

The dividend to be paid will be proposed by the Board of Directors to the ordinary General Meeting of the Shareholders of the Group on 30 June 2016. The expected payout for dividends amounts to CHF 39'877 thousand.

13 Staff cost

In CHF thousands	Notes	2015/16	2014/15
Production		(23'416)	(23'035)
Sales		(18'035)	(17'126)
Administration		(13'880)	(12'713)
Research and development		(10'512)	(10'399)
Total		**(65'843)**	**(63'272)**
Salaries and wages		(60'127)	(57'939)
Temporary employee costs		(2'784)	(2'977)
Cost of defined benefit plans	20.1	(2'693)	(2'114)
Cost of defined benefit contribution		(239)	(243)
Total		**(65'843)**	**(63'272)**

Number of employees at the end of the financial year	31.3.2016	31.3.2015
Permanent employees	1'253	1'182
Temporary employees	121	81
Apprentices	13	12
Total	**1'388**	**1'274**

The increase of salaries and wages is mainly due to the reorganization costs (cf compensation report and note 10 on provisions) and the higher number of permanent employees.

14 Financial expense

In CHF thousands	31.3.2016	31.3.2015
Interest expenses	(304)	(146)
Other financial expenses	(57)	(104)
Total	**(361)**	**(251)**

15 Financial income

In CHF thousands	31.3.2016	31.3.2015
Interest income on cash	116	199
Total	**116**	**199**

16 Exchange effect

In CHF thousands	31.3.2016	31.3.2015
Exchange gains/(losses)	2'195	(2'536)
Fair value revaluation on derivatives	(436)	(134)
Gains/(losses) on derivative[1]	(772)	49
Total	**987**	**(2'622)**

[1] Position includes cost of derivative hedging.

The 2015/16 exchange effect is mainly driven by the appreciation of the EUR while last year LEM was facing the EUR devaluation versus the CHF.

17 Income taxes, deferred tax assets and liabilities

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. In certain of these jurisdictions, the Group has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws applied to complex transactions. The Company periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions are based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information and the history of resolving income tax uncertainties, the Group believes that the ultimate resolution of such matters will not have a material effect on its financial statements. Differences between the final tax outcome and the amounts that were initially recorded impact the income and deferred taxes in the period in which such determinations are made. The Group calculates its expected average tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates.

LEM has taken the decision to repatriate all available dividends from its subsidiaries in the foreseeable future. Unrecoverable withholding taxes are considered part of the expected tax rate. Deferred income tax liabilities have been established for unrecoverable withholding taxes that would be payable on the unremitted earnings of foreign subsidiaries. Given that the new double taxation agreement between China and Switzerland reducing the withholding tax rate from 10% to 5% has been formally enacted as per 15 November 2014, the Group has applied the rate for the fiscal year 2014/15.

In CHF thousands	2015/16	2014/15
Current income taxes	(12'150)	(8'849)
Deferred taxes relating to the origination and reversal of temporary differences	1'457	228
Deferred tax income resulting from changes in tax rates		(7)
Adjustment recognized in the period for current tax of prior year	530	224
Total	**(10'163)**	**(8'404)**

The tax (expense)/income relating to components of other comprehensive income amounts to CHF 190 thousand for the year 2015/16 (CHF 1'092 thousand in 2014/15).

The Group's effective tax rate differs from the Group's average expected tax rate as follows:

In %	2015/16	2014/15
Group's average expected income tax rate	17.8	17.6
Group's average expected withholding tax rate	1.6	0.8
Group's average expected tax rate	**19.3**	**18.4**
Tax effect of		
– permanent differences	0.3	0.5
– effect of changes in tax rates on deferred taxes	0.1	(2.4)
– adjustment in respect of previous periods' income tax	(1.0)	(0.4)
– other differences	0.2	0.2
Group's effective tax rate	**18.9**	**16.3**

In 2014/15, the revaluation of the Chinese withholding tax positions from 10% to 5% had a positive impact on the one-off effects of 2.4%pts.

Deferred tax assets and liabilities

Deferred taxes have been calculated on the following balance sheet positions:

In CHF thousands	31.3.2016 Asset	31.3.2016 Liability	31.3.2015 Asset	31.3.2015 Liability
– Accounts receivable	92	(13)	118	(292)
– Inventories	1'090	(169)	934	(648)
– Property, plant and equipment	1'442	(11)	1'780	(42)
– Intangible assets	507	(478)	860	(458)
– Other financial assets	999		652	(218)
– Tax losses carried forward	875		34	
– Other assets	3	(151)	1	
– Provisions	399		514	
– Others	753	(33)	847	(54)
– Withholding tax on dividends		(1'725)		(1'869)
Gross deferred taxes	**6'160**	**(2'578)**	**5'740**	**(3'581)**

LEM Group has CHF 875 thousand (CHF 34 thousands in 2014/15) of deferred tax asset on tax losses. The Group expects that the concerned subsidiaries will have sufficient future taxable profit available against which the tax losses can be utilized to support the recognition of the losses as deferred tax assets. On this basis, the Group has determined that it can fully recognize these deferred tax assets.

The balance sheet contains the following:	2015/16	2014/15
– Deferred tax assets	5'636	4'418
– Deferred tax liabilities	(2'054)	(2'259)
Net assets	**3'582**	**2'159**

There were no unrecorded losses carried forward at 31.3.2016, nor at 31.3.2015.

18 Earnings per share

	2015/16	2014/15
Basic and diluted earnings per share		
Net profit for the year attributable to LEM shareholders – in CHF thousands	43'487	43'131
Ordinary number of shares at the beginning of the year	1'140'000	1'140'000
Weighted average number of ordinary shares	1'140'000	1'140'000
Weighted average number of treasury shares	1'065	923
Weighted average number of shares outstanding	1'138'935	1'139'077
Earnings per share – basic and diluted in CHF	**38.18**	**37.86**

19 Related parties

Related parties are the Board of Directors and the Executive Managers as defined in the Corporate Governance guidelines. The compensation to the Board of Directors is paid as a fixed fee in cash. The compensation for the Executive Management includes base salary, a performance-related bonus and post-employment benefits. Bonus payments are effected in cash.

In the financial year 2015/16 the former members of the Executive Management who left the Company received after their departure from the Executive Management payments in the amount of CHF 651'000, including compensation for their non-compete obligation. In 2014/15, no such benefit was paid.

Compensation of the Board of Directors

In CHF thousands	2015/16	2014/15
Base salary	(750)	(790)
Additional fees		
Total	**(750)**	**(790)**

Compensation of the Executive Management

In CHF thousands	2015/16	2014/15
Base salary	(1'603)	(1'886)
Bonus	(1'238)	(1'120)
Post-employment benefits	(251)	(190)
Total	**(3'093)**	**(3'196)**

Servotronix Motion Control Ltd, a company presided by Ilan Cohen, has bought transducers for CHF 662 thousand in 2015/16 (CHF 609 thousand in 2014/15), including purchases done by its subsidiaries and subcontractors, from LEM Group at market price. No other member of the Board of Directors has any significant business connection with LEM Group.

For details on the compensation of the Board of Directors and of the Executive Management, please refer to note 10 in the notes to the financial statements of LEM Holding SA. Also, see accounting policies 2.15 Employee benefits and note 2.16 Provisions and contingent liabilities and the Compensation Report.

20 Retirement benefit obligations

The Group operates a defined contribution plan for all its employees in Switzerland with a collective foundation.

This foundation is a separate legal entity which is not part of the Group. It is managed by a board having equal representation of employees and employers of the affiliated companies. It is supervised by the supervisory authority and complies with the requirements of Swiss pension law. According to Swiss law, the pension plan is considered as a defined contribution plan whereas it is considered as a defined benefit plan under IAS 19 due to the various benefit guarantees included in the laws.

The plan is funded by contributions from both employer and employees.
The plan participants are insured against the financial consequences of retirement, disability and death. The retirement benefit is based on a notional individual savings account converted at retirement into a pension.

The assets of the foundation are invested into a diversified portfolio. Death in service and disability benefits are insured with an insurance company. The pension plan does not expose the affiliated companies to any additional unusual risks. No curtailments or settlements occurred in 2015/16.

In view of the low-interest environment, the discount rate used for the evaluation of LEM's pension obligations has been reduced from 0.9% to 0.5%, thereby increasing the obligations by CHF 6.0 million. The plan assets showed an increase by CHF 3.7 million. As a result, the overall-funded status reduced by CHF 2.3 million, from a liability of CHF 2.1 million to CHF 4.4 million. In application of IAS 19, this adjustment was accounted for in other comprehensive income and did not impact the net profit for the year.

The subsidiaries abroad sponsor defined contribution plans based on local practices and regulations.

In CHF thousands	31.3.2016	31.3.2015
Fair value of plan assets at year-end	46'298	42'564
Defined benefit obligations at year-end	50'657	44'661
Funded status (net liabilities in the balance sheet)	**(4'359)**	**(2'098)**

LEM expects to contribute CHF 2'114 thousand to its defined benefit plan in 2016/17.

20.1 Cost of defined benefit plans

Cost of defined benefit plans

In CHF thousands	31.3.2016	31.3.2015
Current service cost	2'693	2'114
Net interest (income)/cost	19	(88)
Total pension expenses recorded in consolidated income statement	**2'712**	**2'026**

Costs related to the pension plan were charged to the different functional departments based on salary costs.

20.2 Remeasurements of employee benefits

Remeasurements of employee benefits

In CHF thousands	31.3.2016	31.3.2015
Experience adjustments on defined benefit obligation	1'615	8'310
Return on plan assets excluding interest	(661)	(3'214)
Total remeasurements recorded in other comprehensive income	**952**	**5'096**

20.3 Change in fair value of plan assets

Change in fair value of plan assets

In CHF thousands	31.3.2016	31.3.2015
Fair value of plan assets per beginning of year	**42'564**	**37'173**
Return on plan assets excluding interest income	661	3'214
Interest income on plan assets	383	743
Employer's contributions	1'405	605
Employees' contributions	1'887	1'663
Benefits paid	(602)	(834)
Fair value of plan assets per end of year	**46'298**	**42'564**

20.4 Change in present value of defined benefit obligation

Change in present value of defined benefit obligation

In CHF thousands	31.3.2016	31.3.2015
Defined benefit obligation per beginning of year	**44'661**	**32'755**
Current service cost	2'693	2'114
Employees' contributions	1'887	1'662
Interest cost	402	655
Experience adjustments on obligation	1'615	8'309
due to assumption changes	*3'129*	*5'765*
due to population changes	*(1'514)*	*2'544*
Benefits paid	(602)	(834)
Defined benefit obligation per end of year	**50'657**	**44'661**

The weighted average duration of the Defined Benefit Obligation (DBO) at the end of the current fiscal year is 26 years.

20.5 Asset allocation of investments

Major categories of plan assets as a percentage of the fair value of total plan assets

In %	Long-term target	2015/16	2014/15
Equity securities	30.0%	32.0%	34.0%
Debt securities	29.0%	29.5%	29.3%
Real estate	25.0%	24.0%	24.3%
Cash and other investments	16.0%	14.5%	12.4%
	100.0%	**100.0%**	**100.0%**

Strategic pension plan allocations are determined by the objective to achieve a return on investment, which, together with the contribution paid, is sufficient to maintain reasonable control over the various funding risks of the plans. Estimated returns on assets are determined based on the asset allocation and are reviewed periodically. A temporary deviation from policy targets is allowed.

Cash as well as most equity and debt securities have a quoted market price in an active market. Other assets including real estate and other investments do not have a quoted market price.

20.6 Actuarial assumptions

In %	2015/16	2014/15
Discount rate	0.50%	0.90%
Salary increases	0.50%	1.00%

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. Actuarial assumptions are required for this purpose.

Sensitivities of significant actuarial assumptions

The sensitivity analysis is based on reasonable possible changes as of the end of the year 2015/16. Each change in a significant assumption was analyzed separately as part of the test.

The sensitivity of the DBO to changes in the main actuarial assumptions is as follows:

DBO increase/DBO (decrease) – In CHF thousands	2015/16	2014/15
Discount rate		
Increase by 0.25%	(2'738)	(1'696)
Decrease by 0.25%	2'953	1'748
Salary increase rate		
Increase by 0.25%	265	514
Decrease by 0.25%	(355)	(499)

20.7 Maturity structure of pension obligation

The following main cash outflows are expected in future periods:

In CHF thousands	
in 1 year	962
in 2 years	970
in 3 years	1'059
in 4 years	1'147
in 5 years	1'209
in 6 to 10 years	7'927

21 Operating lease commitments

Minimal lease payments are payable as follows:

In CHF thousands	31.3.2016	31.3.2015
Within 1 year	4'850	4'616
Between 1 and 5 years	12'298	15'927
Beyond 5 years	574	1'492
Total	**17'722**	**22'035**

In 2015/16 lease expenses amounted to CHF 5'084 thousand (2014/15 CHF 4'839 thousand). Lease agreements exist for the business facilities used by the Group companies. The agreements are classified as operating leases. The leases have varying terms and renewal rights between one and fifteen years.

22 Contingent liabilities

The French customs authorities have audited LEM International SA for the period from 27 March 2011 to 31 March 2015, and did not identify any wrong doings in respect of the customs and duties paid. However they question the validity of the applied VAT exemption (so-called régime 42) for goods sold from Switzerland to EU customers, transiting through France. LEM International SA has received an official notice from the customs authorities during Q4 2015/16 demanding to pay the value-added tax for that period, amounting to a total of EUR 15.4 million If LEM International SA decides to pay, those VAT taxes should be recoverable.

LEM International SA and two renowned external legal counsels firmly disagree with the conclusions rendered by the local customs authorities. In case of the customs authorities upholding their position, LEM International SA will consider to go to court to defend its position. The whole legal dispute is expected to last several years.

23 Financial risk management objectives and policies

The group classifies its financial assets and liabilities into the following categories as per IFRS 7:

Financial assets

In CHF thousands	31.3.2016 Fair value	31.3.2015 Fair value	Loans and receivables	At fair value through profit and loss
Cash and cash equivalents	13'629	20'920	X	
Accounts receivable	55'896	50'126	X	
Derivative financial instruments – current	0	342		X
Other current financial assets	24	14	X	
Other noncurrent financial assets	979	889	X	
Total	**70'528**	**72'291**		

Financial liabilities

In CHF thousands	31.3.2016 Fair value	31.3.2015 Fair value	Loans and receivables	At fair value through profit and loss
Accounts payable	21'301	12'012	X	
Accrued expenses	18'230	18'688	X	
Derivative financial instruments – current	94	0		X
Other current financial liabilities	65	27	X	
Other noncurrent financial liabilities	40	16	X	
Total	**39'731**	**30'743**		

The management assessed that fair value level of cash and cash equivalents, accounts receivables, other current and noncurrent assets, accounts payables, accrued expenses and other current and noncurrent liabilities that are not measured at fair value approximate their carrying amounts in view of their short-term nature and are consequently not separately disclosed.

The Group enters into derivative transactions such as currency risk reversal and forward contracts to hedge the USD and EUR risks.
The purpose of these currency hedges is to manage the currency risks arising from the Group's operations.

It is the Group's policy that no derivatives for speculative purposes shall be entered into.
The main risks arising from the Group's financial instruments are foreign currency risks and credit risks, whereas the others are of minor or no impact.
The Board of Directors reviews and agrees policies for managing each of those risks.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.
The Group's financial liabilities at fair value amount to CHF 94 thousand per 31.3.2016 (financial asset of CHF 342 thousand per 31.3.2015), all classified under level 2.
During the two last reporting periods, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Foreign currency risk

The Group operates globally and is exposed to various foreign exchange risks primarily to the USD, EUR, JPY, CNY and GBP.
The Group seeks to reduce those risks by optimizing its natural hedging (cash inflows and outflows in a specific currency should be in balance as far as possible).
The Group's policy states that 100% of LEM's net exposure for the main currencies EUR and USD is to be hedged on a rolling 12-month basis for EUR and USD.
Currency risks also arise from translation differences that are not hedged by the Group when preparing the consolidated financial statements in CHF. The foreign exchange translation is excluded from the calculation of the sensitivity analysis for currency risk below.

Sensitivity analysis for currency risk

The sensitivity analysis is performed per 31.3.2016 with a 5% change in the USD, EUR, JPY, CNY and GBP with all other variables held constant of the Group's profit before tax (due to the changes in the fair value of the monetary assets and liabilities) and the Group's equity.
The sensitivity analysis performed for the financial year shows an impact of CHF ±820 thousand for a ±5% EUR rate change (CHF ±587 thousand per 31.3.2015), of CHF ±509 thousand for a ±5% USD rate change (CHF ±646 thousand per 31.3.2015), of CHF ±681 thousand for a ±5% CNY rate change (CHF ±742 thousand per 31.3.2015) and of CHF ±273 thousand for a ±5% JPY rate change (CHF ±269 thousand per 31.3.2015). For other currencies, there is no significant impact. There is no significant impact on the Group's equity.

Credit risk

Credit risk is the risk that a financial loss occurs if a counterparty is unable or unwilling to fulfill its contractual payment obligation.
The Group trades with recognized and creditworthy parties. The accounts receivable are monitored on a monthly basis. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In case of a deterioration of the credit history, advance payments are required.
The Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in note 4. There are no significant concentrations of risk within the Group.
With respect to credit risk arising from the other financial assets in the Group, which comprises cash and cash equivalents, other current assets and certain derivative instruments, the Group's exposure to credit risks arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these positions.

Liquidity risk

The Group operates a cash-pooling agreement in which cash targets are set for all the subsidiaries. Cash surplus / shortages are balanced in intercompany loans on a monthly basis.
Group capital requirements are managed centrally by corporate finance. In case liquidity is required a bank loan is either done centrally and passed on as an intercompany loan, or given directly by the bank to the subsidiary with a reduction of the Group's total credit line.
The total leverage of the Group is low, the financial liabilities mature in less than one year based on the carrying value of borrowings reflected in the financial statements.

Financial liabilities

In CHF thousands	31.3.2016 Fair value	Less than one year	Over one year	31.3.2015 Fair value	Less than one year	Over one year
Accounts payable	21'301	21'301		12'012	12'012	
Accrued expenses	18'230	18'230		18'688	18'688	
Derivative financial instruments – current	94	94		0		
Other current financial liabilities	65	65		27	27	
Other noncurrent financial liabilities	40		40	16		16
Total	**39'731**	**39'690**	**40**	**30'743**	**30'727**	**16**

Interest rate risk

The Group's exposure to the risk of changes in market interest rates with the current financial leverage is very low. Per 31.3.2016, there is no bank loan.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy and stable equity ratio in order to secure the confidence of shareholders and investors, creditors and other market players and to strengthen the future development of the Group's business activities.
The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions.
LEM targets a payout ratio significantly above 50% of the consolidated net profit for the year.
However, it may diverge from this policy due to economic prospects or on the grounds of planned future investment activities.

24 Scope of consolidation

Full consolidation	Country	Currency	Share capital	Ownership
Europe				
LEM Europe GmbH	Germany	EUR	75'000	100%
LEM Holding SA	Switzerland	CHF	570'000	100%
LEM International SA	Switzerland	CHF	100'000	100%
LEM Intellectual Property SA	Switzerland	CHF	300'000	100%
LEM Switzerland SA	Switzerland	CHF	1'000'000	100%
LEM Bulgaria EOOD	Bulgaria	BGN	1'971'830	100%
LEM Russia Ltd	Russia	RUB	16'400'000	100%
LEM Management Services SARL	Switzerland	CHF	20'000	100%
North America				
LEM USA Inc.	USA	USD	150'000	100%
Asia				
LEM Electronics (China) Co. Ltd	China	CNY	53'153'194	100%
LEM Japan KK	Japan	JPY	16'000'000	100%

25 Changes in scope of consolidation

In 2014/15, the Group finalized the conversion with the absorption of LEM France and LEM Belgium into LEM Deutschland GmbH:

- On 2 February 2015, LEM France Sàrl was merged into LEM Deutschland GmbH.
- On 2 February 2015, LEM Belgium Sàrl was merged into LEM Deutschland GmbH.

In 2015/16, LEM Deutschland GmbH changed its name to LEM Europe GmbH.

26 Events after the balance sheet date

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

Auditor's Report

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of LEM Holding SA, which comprise the statement of financial position, income statement, cash flow statement, statement of comprehensive income, statement of changes in equity and notes (pages 35 to 61), for the year ended 31 March 2016.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with 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 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, Swiss Auditing Standards and 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 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 March 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

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 consolidated financial statements according to the instructions of the Board of Directors.

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

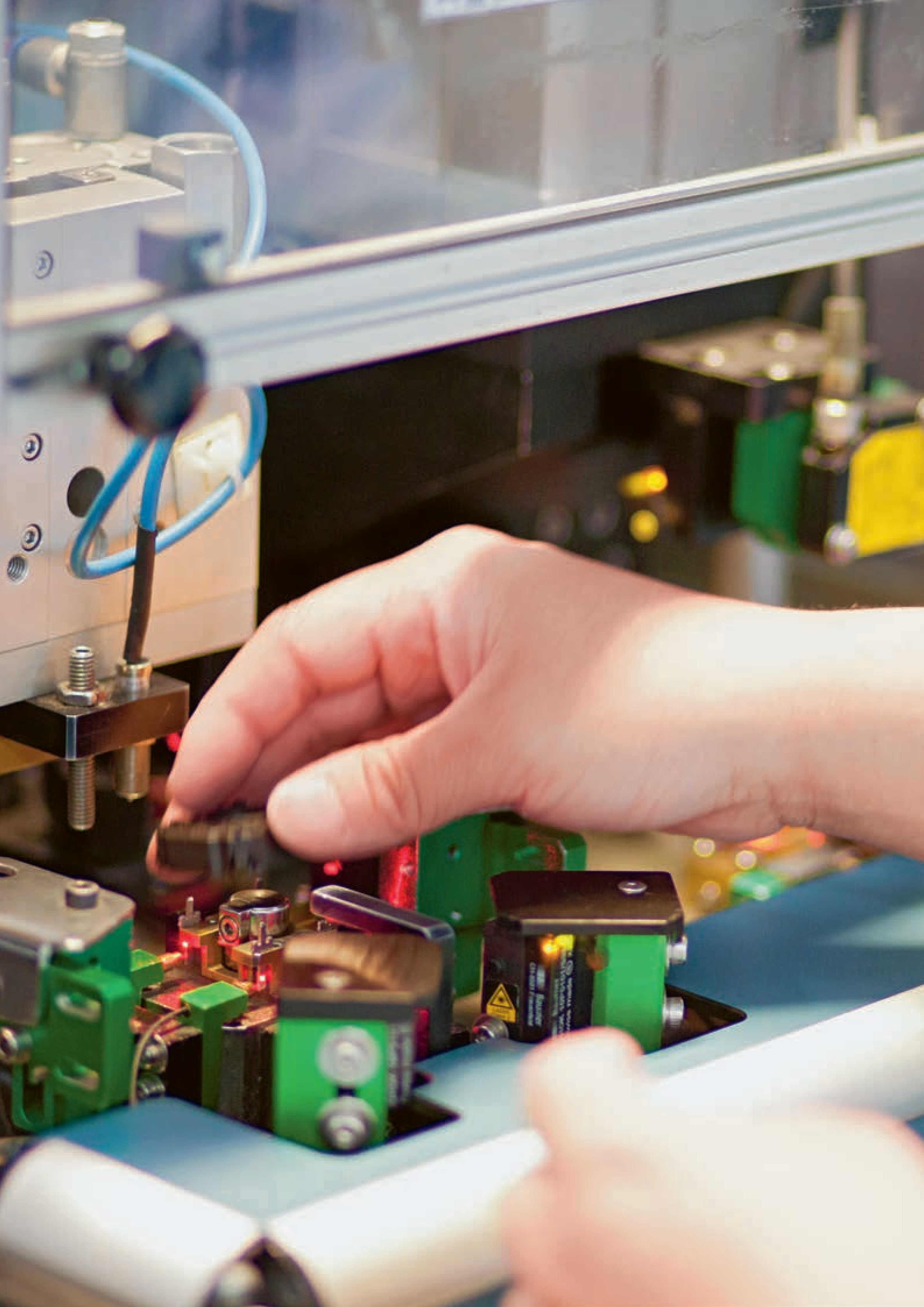
Lancy, 26 May 2016

Ernst & Young Ltd

Arthur Bergmann Licensed audit expert (Auditor in charge)	Karine Badertscher Chamoso Licensed audit expert

LEM Holding SA

Financial Statements



Balance Sheet
(before distribution of earnings)

Assets

In CHF thousands	Notes	31.3.2016	31.3.2015
Current assets			
Cash and cash equivalents		4'137	6'678
Loans to affiliated companies		30'829	18'209
Current assets from affiliated companies		456	731
Other current assets		238	477
Total current assets		**35'660**	**26'096**
Noncurrent assets			
Loans to affiliated companies		8'840	8'840
Investments in affiliated companies	1	45'183	45'183
Total noncurrent assets		**54'023**	**54'023**
Total assets		**89'683**	**80'119**

Liabilities and equity

In CHF thousands	Notes	31.3.2016	31.3.2015
Current liabilities			
Loans from affiliated companies		28'614	22'993
Current liabilities from affiliated companies		75	82
Other current liabilities		1'738	1'772
Total current liabilities		**30'427**	**24'847**
Other noncurrent liabilities		0	0
Total liabilities		**30'427**	**24'847**
Equity			
Share capital	2	570	570
Legal reserves		285	285
Free reserves – balance carried forward		9'153	20'359
– profit for the year		49'750	34'340
Treasury shares	3	(502)	(283)
Total equity		**59'256**	**55'271**
Total liabilities and equity		**89'683**	**80'119**

Income Statement

Income In CHF thousands	Notes	2015/16	2014/15
Dividend from affiliated companies	4	48'708	32'593
Interest income from affiliated companies		848	822
Foreign exchange gain	5	2'337	1'215
Other financial income		16	9
Other income from affiliated companies		5'415	5'258
Total income		**57'325**	**39'896**

Expense In CHF thousands	Notes	2015/16	2014/15
Office, administration and personnel expense	6	(3'767)	(2'984)
Financial expense		(369)	(265)
Foreign exchange loss	5	(3'072)	(1'976)
Total expense		**(7'209)**	**(5'226)**
Profit before taxes		50'116	34'670
Income taxes	7	(366)	(330)
Net profit for the year		**49'750**	**34'340**

Notes to the Financial Statements

Principles for the establishment of the financial statements

The accompanying financial statements have been prepared in accordance with the requirements of the Swiss Code of Obligations. Regarding the inclusion of LEM Holding SA in the consolidated financial statements, the accounting and reporting principles described in the notes to the consolidated financial statements apply.
LEM Holding SA does and did not have any employees.
The presentation of the prior year's financial statement was adjusted to conform to the current presentation adapted in accordance with the new Swiss accounting law.

1 Investments in affiliated companies

In CHF thousands	31.3.2016	31.3.2015
Historical cost	45'183	45'183
Total	**45'183**	**45'183**

Refer to note 24 Scope of consolidation of the consolidated financial statements.
The percentage of ownership corresponds to the percentage of voting rights.

2 Share capital

	Number of shares	Par value per share in CHF	Capital in CHF thousands
Opening capital 1.4.2015	1'140'000	0.50	570
Change of capital	0		0
Closing capital 31.3.2016	**1'140'000**	**0.50**	**570**

3 Treasury shares

	Number of shares	Price per share in CHF	Value in CHF thousands
Value 1.4.2014	**1'084**	**687.38**	**745**
Change	(719)	642.54	(462)
Value 31.3.2015	**365**	**775.72**	**283**
Change	297	736.60	219
Value 31.3.2016	**662**	**758.17**	**502**

Subsidiaries of LEM Holding SA did not own any shares of LEM Holding SA.
Treasury shares are valued at lower of cost or market value.

4 Dividend from affiliated companies

Last year, LEM Holding SA had delayed the dividend payment from LEM China in light of the expected application of the new 5% withholding tax rate on dividends. In 2015/16 a dividend of CHF 19'827 thousand was received from LEM China, generating a withholding tax payment of CHF 991 thousand as mentioned in note 6 Office, administration and personnel expense below.

5 Exchange effect

In CHF thousands	2015/16	2014/15
Exchange gains/(losses)[1]	473	(676)
Fair value revaluation on derivatives[1]	(436)	(134)
Gains/(losses) on derivative[2]	(772)	49
Exchange effect	**(735)**	**(762)**

1 Positions exclude unrealized gains on long-term assets and liabilities, as per Swiss Code of Obligations
2 Position includes cost of derivative hedging.

6 Office, administration and personnel expense

The increase in office, administration and personnel expense is linked to the withholding taxes paid on dividend received from LEM China.

7 Income taxes

In CHF thousands	2015/16	2014/15
Current taxes	(299)	(266)
Adjustments of tax provisions of previous periods	(67)	(64)
Total	**(366)**	**(330)**

8 Important shareholders according to article 663c of the Swiss Code of Obligations

On 31 March 2016, the following shareholders held 3% or more of the share capital and voting rights:

In number of shares/options, per cent of shareholding	31.3.2016				31.3.2015			
	Shares	Options	Position	In %	Shares	Options	Position	In %
Werner O. Weber and Ueli Wampfler, in Zollikon/Wollerau, Switzerland, through WEMACO Invest AG and Swisa Holding AG, in Zug/Cham, Switzerland	507'485	20'000	527'485	46.3%	480'000	30'000	510'000	44.7%
Ruth Wertheimer, in Kfar Shmaryahu, Israel, through 7-Industries Holding B.V., in Amsterdam, Netherlands	141'581	N/N	141'581	12.4%	141'581	N/N	141'581	12.4%
Montanaro Asset Management Ltd, in London, United Kingdom	57'394	N/N	57'394	5.0%	74'834	N/N	74'834	6.6%
Sarasin Investmentfonds AG, in Basel, Switzerland	42'999	N/N	42'999	3.8%	59'813	N/N	59'813	5.2%
Joraem de Chavonay SA, Zug, Switzerland	20'000	(20'000)	0	0.0%	30'000	(30'000)	0	0.0%
Total shareholders < 3%	**370'541**	**N/N**	**370'541**	**32.5%**	**353'772**	**N/N**	**353'772**	**31.0%**
Total	**1'140'000**	**0**	**1'140'000**	**100.0%**	**1'140'000**	**0**	**1'140'000**	**100.0%**

N/N = none notified N/A – not applicable

9 Guarantees in favor of third parties on behalf of subsidiaries

In CHF thousands	31.3.2016	31.3.2015
Amount of guarantees issued	1'839	1'834

10 Remuneration of nonexecutive Directors and Executive Management

10.1 Remuneration of nonexecutive Directors

The members of the Board of Directors do not participate in bonus schemes, nor pension funds. The annual salary compensation is therefore equal to the total compensation.

2015/16

In CHF thousands	Annual salary	Additional fees	Total compensation	Company's contribution to social-security charges
Andreas Hürlimann[1, 6, 8]	290	0	290	18
Ilan Cohen[7]	120	0	120	0
Norbert Hess[5]	120	0	120	0
Ulrich Jakob Looser[4]	100	0	100	9
Ueli Wampfler[3]	120	0	120	8
Total	**750**	**0**	**750**	**35**

2014/15

In CHF thousands	Annual salary	Additional fees	Total compensation	Company's contribution to social-security charges
Andreas Hürlimann[1, 4, 7]	280	0	280	18
Peter Rutishauser[2, 5, 8]	190	0	190	17
Ilan Cohen[8]	100	0	100	0
Norbert Hess[6]	100	0	100	0
Ueli Wampfler[3]	120	0	120	8
Total	**790**	**0**	**790**	**42**

[1] Chairman of the Board
[2] Vice Chairman of the Board
[3] Chairman of the Audit & Risk Committee
[4] Member of the Audit & Risk Committee
[5] Chairman of the Nomination & Compensation Committee
[6] Member of the Nomination & Compensation Committee
[7] Chairman of the Strategy Committee
[8] Member of the Strategy Committee

10.2 Remuneration of Executive Management

2015/16

In CHF thousands	Base salary	Short-term incentive	Long-term incentive	Company's contribution to pension fund	Total compensation	Company's contribution to social-security charges
François Gabella, CEO	480	274	203	114	1'071	82
Executive Management (excl. CEO)	1'123	577	185	137	2'023	158
Total Executive Management	**1'603**	**850**	**388**	**251**	**3'093**	**241**

2014/15

In CHF thousands	Base salary	Short-term incentive	Long-term incentive	Company's contribution to pension fund	Total compensation	Company's contribution to social-security charges
François Gabella, CEO	480	245	192	61	977	78
Executive Management (excl. CEO)	1'406	386	298	129	2'219	174
Total Executive Management	**1'886**	**631**	**490**	**190**	**3'196**	**252**

The amounts are shown as follows:
- Base salary: as paid out in the reporting period
- Short-term incentive 2015/16: as proposed to the ordinary General Meeting in June 2016 for payout in July 2016
- Long-term incentive 2015/16: as accrued for in the reporting period for payout in July 2016

The compensation of former members of the Executive Management staying within the Company after stepping down from the Executive Management for their work as Non-Executive Management members are not taken into account in the numbers above.

Amounts approved by last year's General Assembly:
- Maximum amount base salary (valid from 1 October 2015 to 30 September 2016: CHF 2'800'000)
- Maximum amount long-term incentive 2015/16 for payment in 2017/18: CHF 1'050'000
- Short-term incentive amount 2014/15: CHF 700'000
- Pension fund contribution and company contribution to social security charges: as paid out or accrued for in the reporting period

10.3 Shareholdings

Board of Directors	31.3.2016		31.3.2015	
In number of shares/options	Number of shares held	Number of options held	Number of shares held	Number of options held
Andreas Hürlimann	960	0	793	0
Peter Rutishauser	N/A	N/A	2'606	0
Ilan Cohen	170	0	170	0
Norbert Hess	0	0	0	0
Ueli Wampfler	68'000	0	55'000	10'000
Ulrich Jakob Looser	0	0	N/A	N/A
Total	**69'130**	**0**	**58'569**	**10'000**

Executive Management	31.3.2016		31.3.2015	
In number of shares/options	Number of shares held	Number of options held	Number of shares held	Number of options held
François Gabella, CEO	600	0	400	0
Andrea Borla, CFO	0	0	N/A	0
Frank Rehfeld, SVP Industry	0	0	N/A	0
Rainer Bos, SVP Automotive	0	0	N/A	0
Total	**600**	**0**	**400**	**0**

Former members of Executive Management	31.3.2016		31.3.2015	
In number of shares/options	Number of shares held	Number of options held	Number of shares held	Number of options held
Julius Renk, CFO	N/A	0	0	0
Luc Colombel, Vice President, Automotive	N/A	0	2'100	0
Hans-Dieter Huber, Vice President, Industry	N/A	0	1'265	0
Jean-Marc Peccoux, Vice President, R&D and IP	N/A	0	1'500	0
Simon Siggen, Vice President, Operations	N/A	0	1'100	0
Total	**N/A**	**0**	**5'965**	**0**

Proposed Appropriation of Available Earnings

Appropriation of available earnings		
In CHF thousands	31.3.2016	31.3.2015
Balance brought forward from previous year	8'870	19'615
Variation of treasury shares	(219)	462
Net profit for the year	49'750	34'340
Total available earnings	**58'401**	**54'417**
Proposal of the Board of Directors:		
Ordinary dividend	(39'877)	(45'547)
Balance to be carried forward	**18'524**	**8'870**

The Board of Directors proposes the distribution of an ordinary dividend of CHF 35 per share. Net of 35% withholding tax, this is an ordinary cash dividend of CHF 22.75 per share.
The proposed appropriation of available earnings is made in compliance with article 671 of the Code of Obligations.
Shares held by LEM Holding SA or any of its subsidiaries are not entitled to dividends.

Auditor's Report

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of LEM Holding SA, which comprise the balance sheet, income statement and notes (pages 65 to 70), for the year ended 31 March 2016.

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 March 2016 comply with Swiss law and the company's articles of incorporation.

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 further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's Articles of Incorporation. We recommend that the financial statements submitted to you be approved.

Lancy, 26 May 2016

Ernst & Young Ltd

Arthur Bergmann Licensed audit expert (Auditor in charge)	Karine Badertscher Chamoso Licensed audit expert

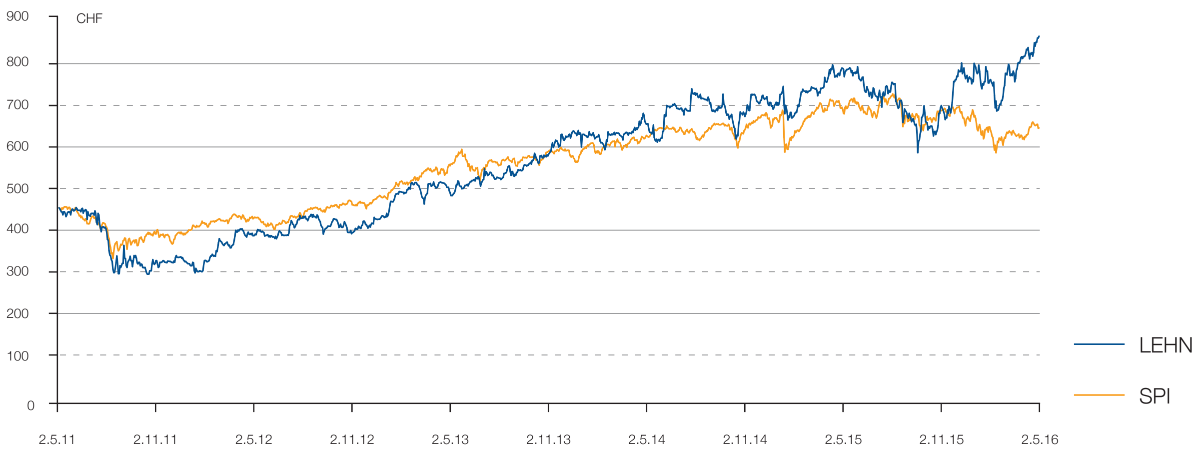
Information for Investors

Number of registered shareholders	31.3.2016	31.3.2015
1 – 499	907	742
500 – 4'999	72	73
5'000 – 49'999	8	8
50'000 and more	4	5
Total	**991**	**828**

Shareholders by category In %	31.3.2016	31.3.2015
Institutional shareholders	49.4	52.2
Private individuals	27.0	26.6
LEM employees, managers and board	6.6	5.8
Treasury shares	0.1	0.0
Nonregistered shares	16.9	15.3
Total	**100.0**	**100.0**

Share information	
Symbol	LEHN
Listing	SIX Swiss Exchange
Nominal value	CHF 0.50
ISIN	CH0022427626
Swiss Security Number (Valor)	2'242'762

Share price development LEM Holding SA (LEHN) compared to SPI



Source: Bloomberg

Share information

In number of shares, CHF	2015/16	2014/15
Number of shares	1'140'000	1'140'000
Year high[1]	840.00	808.00
Year low[1]	620.50	626.00
Year-end[1]	816.50	798.50
Average daily trading volume (shares)[1]	452	586
Earnings per share	38.18	37.86
Ordinary dividend per share[2]	35.00[2]	40.00
Market capitalization as per 31 March[1] (in CHF millions)	929	910

[1] Source: SIX
[2] Proposal of the Board of Directors to the ordinary General Meeting of Shareholders on 30 June 2016

Financial calendar of the financial year 1 April 2016 to 31 March 2017

30 June 2016	Ordinary General Meeting of Shareholders for the financial year 2015/16 Université de Fribourg, bvd. de Pérolles
5 July 2016	Dividend ex-date
7 July 2016	Dividend payment date
11 August 2016	First quarter results 2016/17
10 November 2016	Half-year results 2016/17
16 February 2017	Third quarter results 2016/17
1 June 2017	Year-end results 2016/17
22 June 2017	Ordinary General Meeting of Shareholders for the financial year 2016/17
30 June 2017	Dividend ex-date
4 July 2017	Dividend payment date

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Group Subsidiaries

LEM is a global player with production plants and development centers in Beijing (China), Geneva (Switzerland), Tokyo (Japan) and Sofia (Bulgaria). The company has sales offices at all its customers' locations and offers seamless service around the globe. For a complete list of subsidiaries, offices and representatives, refer to www.lem.com > Contact > Sales Locator

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