Half Year Report
2018/19

At the heart of power electronics

LEM

Business Report

Dear Shareholders,

LEM achieved an excellent start to the year 2018/19 with strong, broad-based sales growth in the first quarter. Sales performance in the second quarter was mixed, with sustained growth in our green cars business but a weakening in Industry businesses. Nevertheless, we have increased our market share in all Industry businesses and maintained our strong operating margins throughout the period.

Our green cars sales continued to grow at a fast pace in China but the reduction of subsidies for renewable energies of the Chinese Government starting in June 2018 affected our Industry sales. In our target markets, we have noticed rising uncertainty about future developments and subdued investment sentiment.

Increasing investment in innovation and infrastructure for future growth remained our top priority. We expanded our team at our new R&D site in Lyon and continued to reinforce the Automotive organization to accommodate the current and expected growth of the business. Our innovative strength is widely recognized by our customers, as demonstrated by the Supplier Award in Innovation from a major European electronics group.

Financial Highlights

Our sales increased by 11.0% to CHF 169.0 million in the first half of 2018/19. At constant exchange rates, sales increased by 8.0%. Bookings for the first six months totaled CHF 166.0 million, up 5.9% on the same period in 2017/18. Due to the high sales, the book-to-bill ratio declined from 1.03 to 0.98.

Our gross margin was 45.9%, up from 45.6% in the first half of 2017/18, while EBIT reached CHF 35.6 million, an increase of 11.6% on the first half of 2017/18. Our EBIT margin for the first six months of 2018/19 was 21.0%, compared with 20.9% a year earlier. Volume growth, production efficiency improvements, and a favorable product mix countered the impact of price erosion in our markets.

Net profit came in at CHF 27.3 million, an increase of 3.2% compared with the first half of 2017/18. Free cash flow in the first half of 2018/19 was CHF 15.3 million, compared with CHF 6.5 million a year earlier.

As at 30 September 2018, total assets stood at CHF 192.9 million. Following a dividend payment of CHF 45.6 million in July 2018, equity was CHF 89.3 million (CHF 78.7 million as at 30 September 2017), representing an equity ratio of 46.3% (46.1% as at 30 September 2017).

Industry Segment – Mixed Sales Development

First-half sales in the Industry segment totaled CHF 131.6 million, up 6.4% on the same period a year earlier. At constant exchange rates, sales increased by 3.3%. After strong sales across all businesses and regions in Q1 of 2018/19, sales growth slowed in Q2 of 2018/19 compared to Q1. Our underlying growth drivers automation, renewable energies and energy efficiency remain strong.

While business was robust in Europe and North America, policy changes in China affected our sales there. Sales decreased by 6.3% in China after increasing by 27.8% one year ago. Sales in Asia excluding China grew by 13.8%, in Europe by 13.6%, and in North America by 11.1%.

First-half EBIT increased from CHF 25.9 million in 2017/18 to CHF 28.8 million in 2018/19.

- Sales in the drives & welding business grew by 5.4% compared with the first half of 2017/18. We achieved higher sales in all regions except China, where investment sentiment is currently subdued. Other key regions in Asia (Japan, Korea), Europe (Germany, UK), and North America (USA) delivered healthy sales growth across all product categories. LEM won market share.
- Sales in the renewable energies & power supplies business were stable (−0.1%) compared with the first six months of 2017/18. We recorded the anticipated decrease following the reduction of government support for renewable energies in China. At the same time, business performance was strong in Europe, where we acquired market share, as well as in India.
- Increased infrastructure investment in all regions supported LEM's traction business, which grew by 16.2%. We saw most activity with projects for locomotives for high-speed trains in Asia and freight traffic in Europe and increased market share.
- Sales in the high-precision business were up by 27.4%, while the test & measurement market continued to grow rapidly, driven by robust demand for green cars test benches. We capitalized on the introduction of new products and gained market share.

Automotive Segment – Green Cars Business Moves Ahead

In the first half of 2018/19, sales in the Automotive segment totaled CHF 37.4 million, representing an increase of 31.2%. At constant exchange rates, sales increased by 28.2%. Electrification remains the dominant trend in the global car industry with China being the largest market. Competition is intensifying as higher market volumes attract new players from all corners of the electronics and semiconductor industry.

EBIT in the Automotive segment reached CHF 6.7 million, up 13.6% on the first half of 2017/18. The EBIT margin was impacted by the implementation of our investment program into new products and the development of the Automotive organization to keep up with current and expected growth.

- Sales in the green cars business increased strongly by 65.2% compared with the previous year. Sales growth was driven by China, Japan, and Korea. The activities of traditional car makers in Europe and the U.S. also accelerated.
- In the conventional cars business, the expected decline in LEM's sales continued, albeit at a slower pace (–6.8%). All regions were equally affected.

Executing our Strategy
– Increasing our technology leadership
Two years ago, we decided to significantly increase our R&D activities in order to extend our technological lead. For the first six months of 2018/19, our R&D expenses amounted to CHF 13.1 million (+29.0%), representing 7.7% of sales; this compares with a long-term average of about 5.5% of sales. We executed our innovation strategy step by step. We have expanded the team at our new R&D center in Lyon and expect the first products developed in Lyon to be launched soon. We focused our R&D activities on products for newly emerging applications such as smart grid and fast-charging stations for electric vehicles, and products with new technologies such as integrated primaries and add-on features (e.g. embedded software). We believe these initiatives have the potential to significantly increase our addressable market.

In the first half of 2018/19, we launched the CAB 500, a new highly accurate battery management product for green cars and stationary battery systems with a higher current range than the previous version. For solar applications we launched the LDSR, a new sensor to measure leakage current in solar inverters. For traction applications we launched a highly compact and accurate voltage sensor. For test & measurement and medical applications we launched the second product of our new IN family for currents up to 1'000 A with embedded software.

– Increasing our efficiency and production flexibility
In order to increase efficiency we continued to transfer production lines to our sites in China and Bulgaria. Five years after its inauguration, our site in Bulgaria is now our second-largest production site with more than 300 employees and 18.5% of global output. We also stepped up our automation efforts at our cost-competitive sites with the introduction of new collaborative robots in China.

Flexibility proved to be a major challenge during the reporting period with sharp demand fluctuations in Industry, strong growth in Automotive, and the industry-wide shortage of electronic components. We still maintained our delivery performance at a high level.

Outlook
Although the current trade disputes have not yet had a significant impact on our business, if they remain unresolved, such new trade barriers or geopolitical tensions will pose a risk to global growth. The renewable energies business may be temporarily weaker but expected to recover in the future. The persistent uncertainty, however, makes forecasting more difficult for the Industry businesses. Our green cars business is set to remain strong.

For the full financial year 2018/19, we expect sales of around CHF 320 million compared with CHF 301.2 million for the full financial year 2017/18. We expect our EBIT margin around 20%.

Thank you for your continued trust in LEM.

Yours sincerely,

Andreas Hürlimann
Chairman of the Board of Directors

Frank Rehfeld
Chief Executive Officer

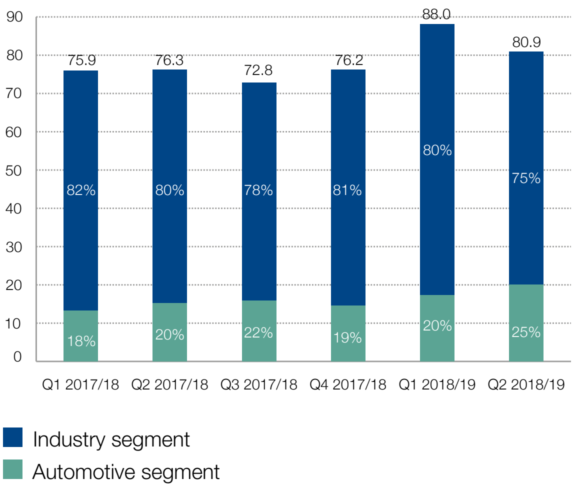
Key Figures, Financial Calendar, Contacts

Key figures

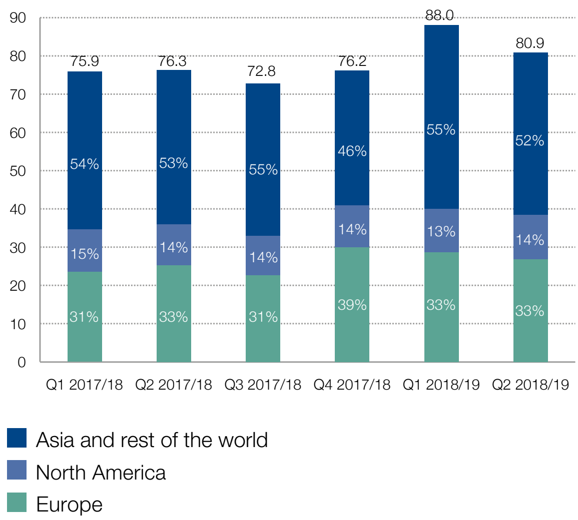
	April to September 2018/19 In CHF millions	2017/18 In CHF millions	Change In%
Orders received	166.0	156.8	+5.9
Book-to-bill ratio	0.98	1.03	–4.6
Sales	169.0	152.2	+11.0
Gross profit	77.6	69.4	+11.8
in% of sales	*45.9%*	*45.6%*	*+0.3pt*
EBIT	35.6	31.9	+11.6
in% of sales	*21.0%*	*20.9%*	*+0.1pt*
Net profit	27.3	26.5	+3.2
EPS basic (CHF)	23.99	23.23	+3.3
Operating cash flow	22.4	14.5	+54.3
Investing cash flow	–7.1	–8.0	+11.6

	30.9.2018	31.3.2018	Change
Net financial assets/(liabilities)	–19.1	12.6	N/A
Shareholders' equity	89.3	109.0	–18.1
Equity ratio (in% of total assets)	46.3	59.2	–12.9pt
Market capitalization	1'317.8	1'812.6	–27.3
Employees (in FTEs)	1'528	1'527	+0.1

Sales per segment
In CHF millions



Regional sales breakdown
In CHF millions



Financial calendar
The financial year runs from 1 April to 31 March

1 February 2019	Third quarter results 2018/19
22 May 2019	Year-end results 2018/19
27 June 2019	Annual General Meeting of Shareholders for the financial year 2018/19
2 July 2019	Dividend ex-date
4 July 2019	Dividend payment date

Media and investor contact
Andrea Borla (CFO)
Phone: +41 22 706 12 50
E-mail: investor@lem.com

Address
LEM Holding SA
Avenue Beauregard 1
1700 Freiburg/Fribourg
Switzerland

Phone: +41 26 460 10 30
Fax: +41 26 460 10 39
www.lem.com

Interim Consolidated Financial Statements

Consolidated Statement of Financial Position

Assets

In CHF thousands	Notes	30.9.2018	31.3.2018
Current assets			
Cash and cash equivalents		20'913	17'630
Accounts receivable		71'251	66'648
Inventories		36'215	35'787
Income tax receivable	9	794	131
Other current assets		2'875	2'541
Total current assets		**132'048**	**122'737**
Noncurrent assets			
Deferred tax assets	9	13'137	14'469
Property, plant and equipment		40'438	39'937
Intangible assets		5'533	6'181
Other noncurrent assets		1'741	906
Total noncurrent assets		**60'849**	**61'493**
Total assets		**192'897**	**184'230**

Liabilities and equity

In CHF thousands	Notes	30.9.2018	31.3.2018
Current liabilities			
Accounts payable		23'079	25'718
Accrued expenses		24'731	26'359
Income tax payable	9	5'277	6'037
Current provisions	4	927	682
Interest-bearing loans and borrowings	5	40'000	5'000
Other current liabilities		716	778
Total current liabilities		**94'730**	**64'574**
Noncurrent liabilities			
Noncurrent provisions	4	2'411	1'026
Deferred tax liabilities	9	4'903	6'392
Other noncurrent liabilities	6	1'584	3'205
Total noncurrent liabilities		**8'899**	**10'623**
Total liabilities		**103'629**	**75'198**
Equity			
Share capital		570	570
Treasury shares	7	(1'074)	(1'091)
Reserves	7	9'750	12'997
Retained earnings	7	80'023	96'556
Total equity		**89'268**	**109'032**
Total liabilities and equity		**192'897**	**184'230**

Consolidated Income Statement

In CHF thousands	Notes	April to September 2018/19	2017/18
Sales		168'982	152'197
Cost of goods sold		(91'375)	(82'781)
Gross margin		**77'607**	**69'417**
Sales expense		(15'296)	(15'040)
Administration expense		(13'824)	(12'511)
Research & development expense		(13'067)	(10'130)
Other expense		0	0
Other income		133	135
Operating profit	**8**	**35'553**	**31'870**
Financial expense		(112)	(118)
Financial income		55	45
Exchange effect		(1'047)	1'514
Profit before taxes		**34'449**	**33'312**
Income taxes	9	(7'120)	(6'840)
Net profit		**27'329**	**26'472**

Earnings per share, in CHF	Notes	2018/19	2017/18
Basic and diluted earnings per share		23.99	23.23

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

Consolidated Statement of Comprehensive Income

In CHF thousands	April to September 2018/19	2017/18
Net profit for the period recognized in the income statement	**27'329**	**26'472**
Other comprehensive income to be reclassified to profit and loss in subsequent periods		
Currency translation difference	(3'806)	354
Income tax	575	
Total other comprehensive income to be reclassified to profit and loss in subsequent periods	**(3'231)**	**354**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods		
Remeasurement gains/(losses) on defined benefit plans	2'584	1'252
Income tax	(549)	(272)
Total other comprehensive income not to be reclassified to profit and loss in subsequent periods	**2'035**	**979**
Other comprehensive income/(loss) for the period, net of tax	**(1'196)**	**1'333**
Total comprehensive income for the period	**26'133**	**27'805**

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 2017		**570**	**(906)**	**12'849**	**(3'383)**	**81'350**	**90'480**
Net profit for the period						26'472	26'472
Other comprehensive income/(loss)					354	979	1'333
Total comprehensive income					*354*	*27'451*	*27'805*
Dividends paid	7					(39'889)	(39'889)
Movement in treasury shares	7		231	(231)		337	337
30 September 2017		**570**	**(676)**	**12'619**	**(3'029)**	**69'249**	**78'733**
1 April 2018		**570**	**(1'091)**	**13'034**	**(37)**	**96'556**	**109'032**
Net profit for the period						27'329	27'329
Other comprehensive income/(loss)					(3'231)	2'035	(1'196)
Total comprehensive income					*(3'231)*	*29'364*	*26'133*
Dividends paid	7					(45'561)	(45'561)
Movement in treasury shares	7		17	(17)		(335)	(335)
30 September 2018		**570**	**(1'074)**	**13'017**	**(3'268)**	**80'023**	**89'268**

Consolidated Cash Flow Statement

In CHF thousands	Notes	April to September 2018/19	2017/18
Cash flow from operating activities			
Profit before taxes		**34'449**	**33'312**
Adjustment for noncash items and taxes paid		(1'450)	(744)
Cash flow before changes in net working capital		**32'999**	**32'568**
Cash flow from changes in net working capital		**(10'589)**	**(18'045)**
Cash flow from operating activities		**22'409**	**14'523**
Cash flow from investing activities			
Investment in fixed assets		(7'033)	(7'798)
Investment in intangible assets		(110)	(193)
Increase (–) / decrease (+) in other assets		40	(43)
Cash flow from investing activities		**(7'104)**	**(8'033)**
Cash flow from financing activities			
Treasury shares acquired (–) /divested (+)	7	(335)	337
Dividends paid to the shareholders of LEM Holding SA	7	(45'561)	(39'889)
Increase (+) / decrease (–) in financial liabilities	5	35'000	34'000
Cash flow from financing activities		**(10'896)**	**(5'552)**
Change in cash and cash equivalents		**4'409**	**937**
Cash and cash equivalents at the beginning of the period		**17'630**	**12'809**
Exchange effect on cash and cash equivalents		(1'127)	129
Cash and cash equivalents at the end of the period		**20'913**	**13'876**

Notes to the Interim 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 & power supplies, traction, high-precision, conventional and green cars businesses.

2 Significant accounting principles

These unaudited consolidated financial statements for the six months ended on 30 September 2018 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with those for the year ended 31 March 2018.

The accounting and valuation policies are consistent with those applied in preparing the annual consolidated financial statements for the year 2017/18, except as revised by the newly effective accounting standards/interpretations.

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related disclosures at the date of the interim 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 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.

In 2018/19, LEM Group introduced the following revised standards and interpretations:

Standard or interpretation	Title	Impact	Effective date
IFRS 9	Financial Instruments	See below	1 January 2018
IFRS 15	Revenue from Contracts with Customers and its Amendments	See below	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	None	1 January 2018
Amendments	Annual improvements to IFRS 2015–2017	None	1 January 2018

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenues and cashflows arising from an entity's contracts with customers.

The Group sales relate primarily to the delivery of manufactured products. They may contain some additional performance obligations such as freight costs recharges or specific product developments which are highly dependent on the delivery of our transducers. The Group is recognizing revenues at point in time according to the transfer of control of our products which usually corresponds to the recognition of revenue according to the delivery terms and is in line with IFRS 15 based on the performance obligations identified.

The Group has applied IFRS 15 as per the modified retrospective method; the new standard does not have any material impact on recognition and measurement of revenue but results in increased disclosures.

IFRS 9 generates changes to the classification and measurement of financial instruments as well as to the impairment of financial assets, in particular bad debt allowances. The Group implemented the new standard as of 1 April 2018. The exemption from full retrospective application for the classification and measurement requirements has been applied. As a consequence, comparative figures were not restated.

The bad debt allowance calculation has been adjusted in order to reflect the forward-looking expected credit loss model using the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and/or the economic environment. The new calculation mainly impacts the not past due receivables. This impact being insignificant at 1 April 2018, no restatement was performed at that date.

The following table summarizes the principal exchange rates that have been used in the translation process.

	Period-end rate for balance sheet			Period average rate for income statement		
Currency	**30.9.2018**	**31.3.2018**	**Var. in%**	**2018/19**	**2017/18**	**Var. in%**
BGN	0.582	0.600	–3.0	0.592	0.565	+4.8
CNY	0.143	0.152	–5.9	0.149	0.144	+3.5
DKK	0.153	0.157	–2.5	0.155	0.149	+4.0
EUR	1.139	1.174	–3.0	1.158	1.106	+4.7
GBP	1.278	1.336	–4.3	1.309	1.258	+4.1
JPY	0.0086	0.0090	–4.4	0.0089	0.0088	+1.1
RUB	0.015	0.017	–11.8	0.015	0.017	–11.8
USD	0.981	0.953	+2.9	0.983	0.973	+1.0

3 Segment information

Business segment information

In CHF thousands	Industry	Automotive	LEM Group Total
April to September 2017			
Sales	123'691	28'507	152'197
Operating profit	25'931	5'939	31'870

	Industry	Automotive	LEM Group Total
April to September 2018			
Sales	131'580	37'401	168'982
Operating profit	28'805	6'748	35'553

Geographical information

	China		USA		Germany		Japan		Italy		Switzerland		Rest of the world		LEM Group	
In CHF thousands	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Sales	57'489	53'198	21'953	20'991	19'969	18'928	13'931	13'297	5'907	5'413	1'872	1'514	47'861	38'856	168'982	152'197

4 Current and noncurrent provisions

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.
The increase in provisions as of 30 September 2018 is linked to quality issues that occurred in the first half of 2018/19.

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's best judgment. Some of these positions are inherently uncertain and include the interpretation of local regulations applied to complex transactions.

5 Current financial liabilities

LEM Group increased its financial short-term liabilities to CHF 40.0 million (CHF 5.0 million at 31 March 2018) via short-term credit lines in order to finance the CHF 45.6 million dividend payment of July 2018.

6 Other noncurrent liabilities

The decrease of the noncurrent liabilities is mainly linked to the decrease of the retirement benefit obligations due to the discount rate increase from 1.00% to 1.25% and to the increase of the fair value of plan assets impacting the other comprehensive income by CHF 2.6 million on a pre-tax basis. At 30 September 2018, the fair value of plan assets is higher than the defined benefit obligations resulting in a net pension asset of CHF 0.9 million.

7 Equity

At the shareholders' meeting held in Fribourg on 28 June 2018, the shareholders approved the distribution of an ordinary dividend of CHF 40.00 per share resulting in an estimated payout of CHF 45'562 thousand. The gross dividend effectively paid on 5 July 2018 amounted to CHF 45'561 thousand (prior year: ordinary dividend of CHF 35.00; total CHF 39'889 thousand).

In the frame of its market-making contract, LEM holds own shares. At 30 September 2018, the Group held 896 shares (31 March 2018: 652).

8 Operating profit

Our sales increased by 11.0% to CHF 169.0 million in the first half of 2018/19; at constant exchange rates, this represents a sales increase of 8.0%.

Our gross margin stood at 45.9%, slightly up from 45.6% in the first half of 2017/18, while EBIT reached CHF 35.6 million, an increase of 11.6% on the first half of 2018/19. Our EBIT margin for the first six months of 2018/19 was 21.0%, compared with 20.9% a year earlier. Increasing sales volumes together with a fairly stable gross margin rate supported the operating result achieved in the first half of 2018/19.

9 Income taxes

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

The 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.

At 20.7%, the tax rate remains fairly stable compared to the first half of 2017/18.

10 Consolidated cash flow statement

The cash flow from changes in net working capital evolution is mainly linked to the increase of the accounts receivable as a consequence of the activity increase.

In order to finance the CHF 45.6 million dividend payment the financial liabilities were increased by CHF 35.0 million via our bank credit lines.

11 Financial assets and liabilities

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

Financial assets

In CHF thousands	30.9.2018 Fair value	31.3.2018 Fair value	Financial assets at amortized cost [1]	At fair value through profit & loss
Cash and cash equivalents	20'913	17'630	X	
Accounts receivable	71'251	66'648	X	
Other current financial assets	672	215	X	
Other noncurrent financial assets	822	906	X	
Total	**93'659**	**85'399**		

Financial liabilities

In CHF thousands	30.9.2018 Fair value	31.3.2018 Fair value	Financial liabilities at amortized cost	At fair value through profit & loss
Accounts payable	23'079	25'718	X	
Accrued expenses	24'731	26'359	X	
Derivative financial instruments – current	30	241		X
Other current financial liabilities	40'000	5'000	X	
Other noncurrent financial liabilities	95	90	X	
Total	**87'936**	**57'408**		

1) "Loans and receivables" at 31.3.2018

In CHF thousands	1.4.2017	Cash impact Cash inflow/(outflow)	Noncash impact Fair value changes and others	30.9.2017
Interest-bearing loans and borrowings		34'000		34'000
Total	**0**	**34'000**		**34'000**

In CHF thousands	1.4.2018	Cash impact Cash inflow/(outflow)	Noncash impact Fair value changes and others	30.9.2018
Interest-bearing loans and borrowings	5'000	35'000		40'000
Total	**5'000**	**35'000**		**40'000**

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, EUR and JPY 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.

The Group's financial liabilities at fair value amount to CHF 30 thousand per 30 September 2018 (CHF 241 thousand per 31 March 2018), all classified under level 2.

During the last reporting period, 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.

12 Events after the balance sheet date

The Board of Directors and Executive Management are not aware of any significant events up to the date of approval of the interim consolidated financial statements on 31 October 2018 that would require an adjustment in carrying amounts of the Group's assets and liabilities or disclosure of non-adjusting events.

LEM Holding SA
Avenue Beauregard 1
1700 Freiburg/Fribourg
Switzerland

Phone: +41 26 460 10 30
Fax: +41 26 460 10 39
www.lem.com