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## PRESS RELEASE

First quarter results from April to June for the FY 2006/07

### LEM gets a head start for the new year – sales growth of 28%

Plan-les-Ouates, 7 August 2006 - LEM continues to demonstrate substantial sales growth of 28% to CHF 43.5 million for the first quarter (compared to CHF 34.0 million in Q1 2005/06). Within the usual fluctuations of quarterly developments, the Group is well on track to reach double-digit sales growth for the year. Compared to the same period of last year, the operating profit (EBIT) more than doubled (+127%) and increased from CHF 2.4 million to CHF 5.4 million. Net earnings from continuing operations amounted to CHF 3.0 million, which represents a year-over-year increase of 260%.

Orders received grew by 28% to CHF 45.1 million (CHF 34.1 million) reflecting a healthy book to bill ratio of 1.04. The previous quarter was an exceptional 1.16. The orders received were well above last year's average and demonstrate the continued growth trend of LEM's businesses. With an EBIT margin of 12.4% (7.0%) profitability was increased significantly and remains highly competitive in an industry comparison. These results are the effects of sales growth and continuous operational improvements despite a strong rise in raw material costs.

"We are satisfied with our results and confident to have achieved an excellent starting basis for the new financial year. Sales remain at a very high level and our order entry is on track to be able to continue to deliver double digit growth with strong earnings for the year. We need to further improve our operational excellence and the capacity of the supply chain. Looking forward LEM will continue to focus on the core competencies in the transducer businesses and concentrate on the strategic objectives" says Paul Van Iseghem, President & CEO of LEM.

The **Industrial Segment** growth remains significant with 25% reaching CHF 37.9 million (CHF 30.3 million). EBIT increased by 85% to CHF 5.1 million (CHF 2.7). Europe has been the main contributor to this growth where sales have increased by 38% followed by NAFTA with 11 % and Asia with 9% year over year. The company is well positioned to face the increasing demands that the energy related markets are experiencing: the breakthrough of renewable energy, the overall need for energy savings and the high desire for comfort all contribute significantly towards LEM's growth.

The first quarter of the financial year has seen the product launch of SENTINEL, which is a transducer to monitor the status of standby industrial battery systems. SENTINEL is the first product launch of three major releases planned for this year.

The **Automotive Segment** continues its strong growth with a 50% increase in sales reaching CHF 5.6 million (CHF 3.7 million). EBIT amounted to CHF 0.2 million (CHF - 0.4 million). Growth drivers in this segment have been the Asian markets experiencing a 325% upturn followed by NAFTA with 19%. LEM's two main markets in this segment remain the Battery Management – primarily for SUV's and hybrid electric vehicles – and the drive applications in which more and more hydraulic systems are being replaced by electronics

### **Share buy-back Program**

On June 12, 2006 LEM launched a share buy-back program to purchase shares in an aggregate amount of up to CHF 8 million via a separate trading line. During the first month of the program purchases of over CHF 4 million were made.



Appendix:

Consolidated Profit & Loss account	April to June	
	2005/06	2006/07
In CHF thousands		
Sales	34'115	43'571
Cost of goods sold	(20'631)	(25'326)
Gross margin	13'484	18'245
	39.5%	41.9%
Sales expense	(4'673)	(5'227)
Administration expense	(4'106)	(5'287)
Research & development expense	(2'560)	(2'524)
Other expense	(14)	(21)
Other income	246	215
Earnings before interests and taxes (EBIT)	2'377	5'400
ROS in %	7.0%	12.4%
Financial Expense (net)	(848)	(576)
Earnings before taxes	1'529	4'825
Income taxes	(696)	(1'822)
Net earnings from Continuing Operations	833	3'003
Earnings from Discontinued operations	23'219	0
Net earnings	24'052	3'003

In CHF thousands	2005/06				2006/07	Variances	
	Q1	Q2	Q3	Q4	Q1	YoY	QoQ
<b>Orders received</b>							
INDUSTRIAL	30'128	32'640	38'797	44'785	39'534	31%	-12%
AUTO	4'287	4'737	5'277	6'004	5'564	30%	-7%
TOTAL	34'415	37'377	44'075	50'789	45'098	31%	-11%
<b>Sales</b>							
INDUSTRIAL	30'366	30'922	32'552	38'422	37'911	25%	-1%
AUTO	3'749	4'849	5'196	5'609	5'660	51%	1%
TOTAL	34'115	35'771	37'748	44'031	43'571	28%	-1%
<b>EBIT</b>							
INDUSTRIAL	2'785	3'244	3'459	5'731	5'175	86%	-10%
AUTO	(408)	172	329	221	226	155%	2%
TOTAL	2'377	3'417	3'788	5'951	5'400	127%	-9%



**LEM – At the heart of power electronics**

LEM is the market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products - current and voltage transducers - are used in a broad range of applications in industrial, traction, energy and automotive markets. LEM's strategy is to exploit the intrinsic strengths of its core business, and to develop opportunities in existing and new markets with new applications. LEM is a mid-size, global company with approximately 700 employees worldwide. It has production plants in Geneva (Switzerland), Machida (Japan), Beijing, (China), regional sales offices close to its clients' locations and offers a seamless service around the globe. LEM has been listed on the SWX Swiss Exchange since 1986; the company's ticker symbol is LEHN.

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