



MEMSCAP
The Power of a Small World™

MEMSCAP EARNINGS FOR FISCAL YEAR 2014: POSITIVE OPERATING CASH FLOW AT EUR 1.7 MILLION

Operating profit at EUR 0.4 million & Net profit at EUR 0.2 million

Grenoble, France and Durham, North Carolina, March 23, 2015 - MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for fiscal year 2014 ending December 31, 2014.

Analysis of the consolidated income statement

Matching previous quarterly press releases, revenue for FY 2014 amounted to EUR 13.2 million (US\$ 17.4 million). Consolidated revenue distribution by market segment over FY 2014 is as follows:

Market segments	Revenue (M€)	%
Aerospace	5.9	45%
Mass Market	2.9	22%
Medical / Biomedical	2.6	20%
Optical Communications / Adaptive Optics	1.8	13%
Total	13.2	100%

(Any apparent discrepancies in totals are due to rounding.)

MEMSCAP consolidated earnings for FY 2014 are given by the following table:

(In millions euros)	For the year ended 31 December 2014	For the year ended 31 December 2013
Revenue	13.2	13.7
- Standard products*	8.1	8.2
- Custom products	5.1	5.5
Gross margin	4.1	2.9
Operating expenses**	(3.7)	(4.4)
Operating profit / (loss)	0.4	(1.4)
Financial profit / (loss)	(0.2)	0.0
Net profit / (loss)	0.2	(1.4)

(Financial data were subject to an audit by the Group's statutory auditors who will issue their reports at a later date. On March 20th, 2015, the MEMSCAP board of directors authorized the release of the FY 2014 consolidated financial statements. Any apparent discrepancies in totals are due to rounding.)

* Including the royalties from the dermo-cosmetics segment.

** Net of research & development grants.

In line with the Group business strategy focused on high-added value market segments and amplification of productivity within the production lines, the gross margin rate ended at 31% of consolidated sales for FY 2014, thus an increase by 10 points compared to the previous year. Consolidated gross margin for FY 2014 amounted to EUR 4.1 million against EUR 2.9 million for FY 2013.

Operating expenses (net of research & development grants) amounted to EUR 3.7 million for FY 2014 showing a EUR 0.7 million reduction compared to FY 2013.

The growth of the Group's gross margin over FY 2014 combined with the control of operating costs led to a EUR 0.4 million operating profit compared to an operating loss at EUR (1.4) million for FY 2013.

The financial loss for FY 2014 at EUR (0.2) million mainly included foreign currency impact related to hedging instruments on Group's sales. The financial profit for FY 2013 was at break-even level.

Finally, the net profit for FY 2014 amounted to EUR 0.2 million compared to a net loss of EUR (1.4) for FY 2013.

Positive operating cash flow at EUR 1.7 million

Due to a positive operating cash flow of EUR 1.7 million over FY 2014, available liquidities at December 31, 2014 amounted to EUR 3.8 million including cash and short term deposits as well as cash investments (Corporate bonds) recorded under financial assets available for sale (December 31, 2013: EUR 2.5 million).

In addition, at December 31, 2014, the available unused credit lines amounted to EUR 0.4 million (December 31, 2013: EUR 0.5 million).

Net cash minus total loans, borrowings and other financial liabilities amounted to EUR 0.9 million at December 31, 2014 compared to a net position at break-even level at December 31, 2013.

MEMSCAP shareholder's equity totaled EUR 16.8 million at December 31, 2014.

Analysis and perspectives

For FY 2014, MEMSCAP reports EUR 13.2 million sales leading to a EUR 0.4 operating profit and a EUR 0.2 million net profit compared to a net loss at EUR (1.4) million for the previous year. During FY 2014, the Group focused its business strategy on high-added value market segments and increased its effort to improve the productivity of its manufacturing sites.

Jean Michel Karam, Chairman of the Board and Chief Executive Officer, says: *"The significant improvement in MEMSCAP performances during the fiscal year 2014 validates the strategic and operational orientations that were implemented within the different entities of the Group. MEMSCAP intends to maintain and develop its technological leadership over its main markets: avionics, medical and biomedical as well as the optical communications industry. As such, the grant of programs for the development and the industrialization of new generations of products by the Norwegian Agencies for Innovation highlights the dynamism and the reputation of MEMSCAP in these areas. The Group aims to strengthen its market position and will continue to improve its productivity and profitability."*

Q1 2015 earnings: April 23, 2015

Shareholders meeting: June 16, 2015

About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP standard and custom products and solutions include components, component designs (IP), manufacturing and related services. MEMSCAP customers include Fortune 500 businesses, major research institutes and universities. The company's shares are traded on the Eurolist of NYSE Euronext Paris S.A (ISIN: FR0010298620-MEMS) and belong to the CAC small, CAC Mid & Small, CAC All-Tradable and CAC All-Share indexes. More information on the company's products and services can be obtained at www.memscap.com.

For more information, please contact:

Yann Cousinet

CFO

Ph: +33 (0) 4 76 92 85 00

Email: yann.cousinet@memscap.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

	<i>31 December 2014</i>	<i>31 December 2013</i>
	<u>€000</u>	<u>€000</u>
Assets		
Non-current assets		
Property, plant and equipment	3 057	3 318
Goodwill and intangible assets	8 635	9 017
Available-for-sale financial assets	1 277	1 141
Deferred tax asset	1 107	1 121
	<u>14 076</u>	<u>14 597</u>
Current assets		
Inventories	2 809	3 733
Trade and other receivables	2 591	2 291
Prepayments	237	155
Cash and short-term deposits	2 494	1 382
	<u>8 131</u>	<u>7 561</u>
Total assets	<u>22 207</u>	<u>22 158</u>
Equity and liabilities		
Equity		
Issued capital	1 772	1 736
Share premium	18 771	20 383
Treasury shares	(117)	(123)
Retained earnings	(1 656)	(3 074)
Foreign currency translation	(1 972)	(1 842)
	<u>16 798</u>	<u>17 080</u>
Non-current liabilities		
Interest-bearing loans and borrowings	1 282	1 517
Employee benefit liability	199	131
	<u>1 481</u>	<u>1 648</u>
Current liabilities		
Trade and other payables	2 224	2 336
Interest-bearing loans and borrowings	1 150	1 015
Other current financial liabilities	476	1
Provisions	78	78
	<u>3 928</u>	<u>3 430</u>
Total liabilities	<u>5 409</u>	<u>5 078</u>
Total equity and liabilities	<u>22 207</u>	<u>22 158</u>

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2014

	2014	2013
	€000	€000
Continuing operations		
Sales of goods and services	13 152	13 716
Revenue	13 152	13 716
Cost of sales	(9 070)	(10 783)
Gross profit	4 082	2 933
Other income	508	146
Research and development expenses	(1 856)	(1 841)
Selling and distribution costs	(592)	(754)
Administrative expenses	(1 772)	(1 885)
Operating profit / (loss)	370	(1 401)
Finance costs	(276)	(141)
Finance income	86	170
Profit / (loss) for the year from continuing operations before tax	180	(1 372)
Income tax expense	--	--
Profit / (loss) for the year from continuing operations	180	(1 372)
Profit / (loss) for the year	180	(1 372)
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ 0,03	€ (0,21)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ 0,03	€ (0,21)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	€000	€000
Profit / (loss) for the year	180	(1 372)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	(95)	(49)
Income tax on items that will not be reclassified to profit or loss	--	--
Total items that will not be reclassified to profit or loss	(95)	(49)
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets	(2)	(2)
Hedging instruments	(395)	--
Exchange differences on translation of foreign operations	(130)	(1 387)
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	(527)	(1 389)
Other comprehensive income for the year, net of tax	(622)	(1 438)
Total comprehensive income for the year, net of tax	(442)	(2 810)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

<i>(In thousands euros, except for number of shares)</i>	<i>Number of shares</i>	<i>Issued capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Foreign currency translation</i>	<i>Total shareholders' equity</i>
		€000	€000	€000	€000	€000	€000
At 1 January 2013	6 071 011	1 518	19 419	(132)	(1 741)	(455)	18 609
Loss for the year	--	--	--	--	(1 372)	--	(1 372)
Other comprehensive income for the period, net of tax	--	--	--	--	(51)	(1 387)	(1 438)
Total comprehensive income	--	--	--	--	(1 423)	(1 387)	(2 810)
Capital increase	872 707	218	964	--	--	--	1 182
Treasury shares	--	--	--	9	--	--	9
Share-based payment	--	--	--	--	90	--	90
At 31 December 2013	6 943 718	1 736	20 383	(123)	(3 074)	(1 842)	17 080
At 1 January 2014	6 943 718	1 736	20 383	(123)	(3 074)	(1 842)	17 080
Profit for the year	--	--	--	--	180	--	180
Other comprehensive income for the period, net of tax	--	--	--	--	(492)	(130)	(622)
Total comprehensive income	--	--	--	--	(312)	(130)	(442)
Capital increase	145 497	36	101	--	(14)	--	123
Retained earnings offset with share premium	--	--	(1 713)	--	1 713	--	--
Treasury shares	--	--	--	6	--	--	6
Share-based payment	--	--	--	--	31	--	31
At 31 December 2014	7 089 215	1 772	18 771	(117)	(1 656)	(1 972)	16 798

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	2014	2013
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year	180	(1 372)
Non-cash items written back:		
Amortization and depreciation	817	883
Loss / (capital gain) on disposal of fixed assets	(11)	(17)
Other non-financial activities	257	75
Accounts receivable	86	375
Inventories	863	(424)
Other debtors	(185)	62
Accounts payable	(271)	(461)
Other liabilities	11	6
Total net cash flows from operating activities	1 747	(873)
Cash flows from investing activities:		
Purchase of fixed assets	(379)	(569)
Proceeds from sale / (purchase) of financial assets	(148)	(29)
Total net cash flows from investing activities	(527)	(598)
Cash flows from financing activities:		
Proceeds from borrowings	--	149
Repayment of borrowings	(577)	(634)
Payment of finance lease liabilities	(108)	(106)
Sale / (purchase) of treasury shares	6	9
Proceeds from issue of shares	124	1 183
Total net cash flows from financing activities	(555)	601
Net foreign exchange difference	119	(24)
Increase / (decrease) in net cash and cash equivalents	784	(894)
Opening cash and cash equivalents balance	1 175	2 069
Closing cash and cash equivalents balance	1 959	1 175