



MEMSCAP
The Power of a Small World™

EARNINGS FOR FISCAL YEAR 2013 – INCREASE OF 11% IN CONSOLIDATED SALES

Strong growth of 20% for the Group avionic business

Grenoble, France and Durham, North Carolina, March 26, 2014 - 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 2013 ending December 31, 2013.

Analysis of the consolidated income statement

Matching previous quarterly press releases, revenue for fiscal year 2013 amounted to EUR 13.7 million (US\$ 18.2 million) compared to EUR 12.4 million (US\$ 15.9 million) for fiscal year 2012 which represents a 11% increase in sales expressed in euro. Consolidated revenue distribution by market segment over fiscal year 2013 is as follows:

Market segments	Revenue (M€)	%
Aerospace	5.6	41%
Medical / Biomedical	3.2	23%
Mass Market	2.2	16%
Optical Communications / Adaptive Optics	1.7	13%
Other Applications	1.0	7%
Total	13.7	100%

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

Sales of the Standard Products business unit benefited from the dynamism of the Avionics activity and increased by 20% compared to the previous year. Sales of the Medical activity remained stable in 2013 (+2% compared to FY 2012) after a strong growth during FY 2012 (+47 % compared to 2011).

Sales of the Custom Products business unit increased by 5 % during FY 2013 (after a 34% growth in 2012) mainly driven by the growth of the Mass Market activity. This evolution occurred despite the limitation of products deliveries during the second half of 2013 in order to reduce the high inventory levels available within the supply chain.

The consolidated gross margin rate was 21.4% for FY 2013. Other operating income during FY 2013 amounted to EUR 0.1 million and was related to a portion of the grant from the Norwegian Research Agency related to the "4P" R&D program started during the second half of 2013.

Operating expenses amounted to EUR 4.5 million for FY 2103 similar to the previous year. The increase of R&D expenses was directly related to the launch of the "4P" R&D program targeting the development of a new generation of aircraft sensors. This increase was however compensated by the related grant recognized in other operating income. Including this grant, the net R&D costs amounted to EUR 1.7 million during the FY 2013 versus EUR 1.6 million for the previous fiscal year. Consequently, the net R&D expenses represented 12 % of the consolidated revenue for FY 2013 (2012: 13%).

In accordance with the costs control programs, selling and administrative expenses were reduced by EUR 0.3 million compared to FY 2012 which represented a 9% reduction versus FY 2012.

Following the increase of sales volumes in FY 2013 together with the control of the operating expenses, the operating loss amounted to EUR (1.4) million versus EUR (1.5) million for FY 2012.

The financial profit in FY 2013 was break-even versus a profit of EUR 1.2 million for FY 2012 which included the EUR 1,3 million capital gain related to the sale of the former MEMSCAP stake in IntuiSkin company on June 26, 2012. Net loss for fiscal year 2013 amounted to EUR (1.4) million versus a net loss of EUR (0.3) million in 2012.

EUR 2.5 million available liquidities (without non-used credit lines) at December 31, 2013

The consolidated net cash amounted to EUR 1.2 million at December 31, 2013. Available liquidities, including cash and non-current financial assets, amounted to EUR 2.5 million at December 31, 2013. At December 31, 2013, the available unused credit lines amounted to EUR 0.5 million.

Perspectives

At December 31, 2013, The Group's order backlog in avionics and medical market segments remains solid. Sales upturn in mass market segment is expected during the first half of 2014.

During the last 2 fiscal years, the MEMSCAP Group has focused its strategy on growing its turnover from 10 million euros (13.9 million US dollars) in 2011 to 13.7 million euros (18.2 million US dollars) in 2013. The Company has therefore totally absorbed the impact of the 2011 crisis and now focuses its efforts on the improvement of its net earnings.

Q1 2014 earnings: April 24, 2014

Shareholders meeting: May 21, 2014

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.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2013

	31 December 2013	31 December 2012*
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	3 318	3 619
Goodwill and intangible assets	9 017	9 836
Available-for-sale financial assets	1 141	1 099
Deferred tax asset	1 121	1 226
	14 597	15 780
Current assets		
Inventories	3 733	3 694
Trade and other receivables	2 276	2 912
Income tax receivable	15	15
Prepayments	155	121
Other current assets	--	35
Cash and short-term deposits	1 382	2 671
	7 561	9 448
Total assets	22 158	25 228
Equity and liabilities		
Equity		
Issued capital	1 736	1 518
Share premium	20 383	19 419
Treasury shares	(123)	(132)
Retained earnings	(3 074)	(1 741)
Foreign currency translation	(1 842)	(455)
	17 080	18 609
Non-current liabilities		
Interest-bearing loans and borrowings	1 517	2 072
Employee benefit liability	131	172
	1 648	2 244
Current liabilities		
Trade and other payables	2 336	2 980
Interest-bearing loans and borrowings	1 015	1 242
Other current financial liabilities	1	75
Provisions	78	78
	3 430	4 375
Total liabilities	5 078	6 619
Total equity and liabilities	22 158	25 228

* Figures have been adjusted following the application of IAS 19 amended.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2013

	2013	2012*
	€000	€000
Continuing operations		
Sales of goods and services.....	13 716	12 410
Revenue	13 716	12 410
Cost of sales.....	(10 783)	(9 380)
Gross profit	2 933	3 030
Other income.....	146	--
Research and development expenses.....	(1 841)	(1 635)
Selling and distribution costs.....	(754)	(820)
Administrative expenses.....	(1 885)	(2 091)
Operating profit / (loss)	(1 401)	(1 516)
Finance costs.....	(141)	(256)
Finance income.....	170	1 439
Profit / (loss) for the year from continuing operations before tax	(1 372)	(333)
Income tax expense.....	--	--
Profit / (loss) for the year from continuing operations	(1 372)	(333)
Profit / (loss) for the year	(1 372)	(333)
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros).....	€ (0,21)	€ (0,06)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros).....	€ (0,21)	€ (0,05)

* Figures have been adjusted following the application of IAS 19 amended.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012 [*]
	€000	€000
Profit / (loss) for the year	(1 372)	(333)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	(49)	420
Income tax on items that will not be reclassified to profit or loss.....	--	--
Total items that will not be reclassified to profit or loss	(49)	420
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets	(2)	(186)
Exchange differences on translation of foreign operations	(1 387)	482
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	(1 389)	296
Other comprehensive income for the year, net of tax	(1 438)	716
Total comprehensive income for the year, net of tax	(2 810)	383

** Figures have been adjusted following the application of IAS 19 amended.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

<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 2012*	4 715 349	9 431	12 703	(140)	(4 055)	(937)	17 002
Loss for the year	--	--	--	--	(333)	--	(333)
Other comprehensive income for the period, net of tax	--	--	--	--	234	482	716
Total comprehensive income	--	--	--	--	(99)	482	383
Reduction of capital	--	(8 252)	8 252	--	--	--	--
Capital increase	1 355 662	339	789	--	--	--	1 128
Retained earnings offset with share premium	--	--	(2 325)	--	2 325	--	--
Treasury shares	--	--	--	8	--	--	8
Share-based payment	--	--	--	--	88	--	88
At 31 December 2012*	6 071 011	1 518	19 419	(132)	(1 741)	(455)	18 609
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

* Figures have been adjusted following the application of IAS 19 amended.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	2013	2012
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year.....	(1 372)	(344)
Non-cash items written back:		
Amortization and depreciation.....	883	904
Loss / (capital gain) on disposal of fixed assets	(17)	(1 300)
Other non-financial activities	75	73
Accounts receivable	375	52
Inventories	(424)	(88)
Other debtors	62	(262)
Accounts payable.....	(461)	(15)
Other liabilities.....	6	57
Total net cash flows from operating activities	(873)	(923)
Cash flows from investing activities:		
Proceeds from sale of property, plant, equipment and intangible assets	--	9
Purchase of fixed assets.....	(569)	(590)
Proceeds from sale / (purchase) of financial assets.....	(29)	120
Net outflow from sale of a subsidiary, net of cash disposed	--	2 862
Total net cash flows from investing activities	(598)	2 401
Cash flows from financing activities:		
Proceeds from borrowings	149	180
Repayment of borrowings	(634)	(646)
Payment of finance lease liabilities.....	(106)	(89)
Sale / (purchase) of treasury shares	9	8
Proceeds from issue of shares	1 183	1 127
Total net cash flows from financing activities	601	580
Net foreign exchange difference	(24)	(17)
Increase / (decrease) in net cash and cash equivalents	(894)	2 041
Opening cash and cash equivalents balance	2 069	28
Closing cash and cash equivalents balance	1 175	2 069