



MEMSCAP

The Power of a Small World™

MEMSCAP FIRST HALF 2015 EARNINGS: EBITDA AT € 1.1 MILLION

Net profit of € 0.5 million raising shareholders' equity to € 18.2 million

Grenoble, France and Durham, North Carolina, August 31, 2015 – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, announced today its earnings for the first half of 2015, ending June 30, 2015.

Revenue and consolidated earnings for the first half of 2015

In accordance with the figures given in the first and second quarter press releases, consolidated revenue for the first half of 2015 amounted to € 6.9 million (US\$ 7.6 million) compared to € 6.5 million (US\$ 8.9 million) for the first half of 2014 and € 6.7 million (US\$ 8.6 million) for the second half of 2014.

Consolidated revenue distribution by market segment over the first half of 2015 is as follows:

Market Segments	Revenue (M€)	%
Aerospace	2.5	37%
Optical Communications / Adaptive Optics	1.9	27%
Medical / Biomedical	1.9	27%
Mass Market / Other Applications	0.6	9%
Total	6.9	100%

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

MEMSCAP consolidated earnings for the first half of 2015 are given by the following table:

(In million euros)	For the 6 months ended 30 June 2015	For the 6 months ended 30 June 2014
Revenue	6.9	6.5
- Standard products*	3.9	4.2
- Custom products	3.0	2.3
Gross Margin	2.6	2.0
Operating Expenses**	(2.0)	(2.0)
Operating Profit / (Loss)	0.6	0.0
Financial profit / (Loss)	(0.1)	0.0
Net Profit / (Loss)	0.5	0.0

(Financial data were subject to a limited review by the Group's statutory auditors. On August 31st, 2015, the MEMSCAP board of directors authorized the release of the HY 2015 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.

* * *

Significant increase of the gross margin / Operating profit of € 0.6 million

The consolidated gross margin for the first half of 2015 increased by € 0.6 million and amounted to € 2.6 million. The gross margin rate was 38% of the consolidated revenue for the first half of 2015 compared to 31% for the first half of 2014 showing a significant increase by 7 points.

The growth of the Group's gross margin, resulting from the business strategy focused on high-added value markets, led to an operating profit of € 0.6 million for the first half of 2015 versus operating earnings at break-even level for the first half of 2014.

Finally, the consolidated net profit amounted to € 0.5 million for the first half of 2015 compared to consolidated net earnings at break-even level for the first half of 2014.

HY 2015 EBITDA at € 1.1 million

The positive operating cash flow for the first half of 2015 was € 0.7 million. The operating cash flow excluding the variation of the working capital requirement amounted to € 1.0 million while the working capital requirement increased by € 0.3 million over the first half of 2015. Consequently, the consolidated EBITDA amounted to € 1.1 million compared to € 0.4 million for the first half of 2014.

At June 30, 2015, the Group's available liquidities amounted to € 3.7 million (June 30, 2014: € 3.2 million) including cash investments (Corporate bonds) recorded under financial assets available for sale. At June 30, 2015, net cash minus financial liabilities amounted to € 1.8 million (June 30, 2014: € 0.6 million).

MEMSCAP shareholders' equity totaled € 18.2 million at June 30, 2015 compared to € 17.2 million by end of June 2014.

Analysis and perspectives

MEMSCAP financial performance over the first half of 2015 confirmed the increase of the Group's profitability as well as the cash generation of its operations. These performances validate the Group's business strategy focused on its high-value markets based on avionics, medical / biomedical and optical communications market segments.

Over the second half of 2015, the Group intends to pursue its actions strengthening its net profit and operating cash flows.

Q3 2015 Earnings: October 26, 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). 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

Interim condensed consolidated financial statements at 30 June 2015

	<i>30 June 2015</i>	<i>31 December 2014</i>
	<u>€000</u>	<u>€000</u>
Assets		
Non-current assets		
Property, plant and equipment	3 134	3 057
Goodwill and intangible assets	8 722	8 635
Available-for-sale financial assets	1 284	1 277
Deferred tax asset	1 162	1 107
	14 302	14 076
Current assets		
Inventories	2 902	2 809
Trade and other receivables	2 630	2 591
Prepayments	253	237
Cash and short-term deposits	2 375	2 494
	8 160	8 131
Total assets	22 462	22 207
Equity and liabilities		
Equity		
Issued capital	1 782	1 772
Share premium	18 675	18 771
Treasury shares	(122)	(117)
Retained earnings	(633)	(1 656)
Foreign currency translation	(1 528)	(1 972)
	18 174	16 798
Non-current liabilities		
Interest-bearing loans and borrowings	1 048	1 282
Employee benefit liability	205	199
	1 253	1 481
Current liabilities		
Trade and other payables	2 104	2 224
Interest-bearing loans and borrowings	652	1 150
Other current financial liabilities	201	476
Provisions	78	78
	3 035	3 928
Total liabilities	4 288	5 409
Total equity and liabilities	22 462	22 207

CONSOLIDATED STATEMENT OF INCOME

Interim condensed consolidated financial statements at 30 June 2015

	<i>For the six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<u>€000</u>	<u>€000</u>
Continuing operations		
Sales of goods and services.....	6 856	6 463
Revenue	<u>6 856</u>	<u>6 463</u>
Cost of sales.....	(4 267)	(4 472)
Gross profit	<u>2 589</u>	<u>1 991</u>
Other income.....	262	283
Research and development expenses.....	(924)	(1 120)
Selling and distribution costs.....	(346)	(332)
Administrative expenses.....	(1 010)	(870)
Operating profit / (loss)	<u>571</u>	<u>(48)</u>
Finance costs.....	(109)	(54)
Finance income.....	34	80
Profit / (loss) for the period from continuing operations before tax	<u>496</u>	<u>(22)</u>
Income tax expense.....	--	--
Profit / (loss) for the period from continuing operations	<u>496</u>	<u>(22)</u>
Profit / (loss) for the period	<u><u>496</u></u>	<u><u>(22)</u></u>
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros).....	€ 0.070	€ (0.003)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros).....	€ 0.070	€ (0.003)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim condensed consolidated financial statements at 30 June 2015

	<i>For the six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>€000</i>	<i>€000</i>
Profit / (loss) for the period	496	(22)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	--	--
Income tax on items that will not be reclassified to profit or loss.....	--	--
Total items that will not be reclassified to profit or loss	--	--
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets	6	20
Hedging instruments	370	--
Exchange differences on translation of foreign operations.....	444	1
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	820	21
Other comprehensive income for the period, net of tax	820	21
Total comprehensive income for the period, net of tax	1 316	(1)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 2015

<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>
		<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2014	6 943 718	1 736	20 383	(123)	(3 074)	(1 842)	17 080
Loss for the period	--	--	--	--	(22)	--	(22)
Other comprehensive income for the period, net of tax	--	--	--	--	20	1	21
Total comprehensive income	--	--	--	--	(2)	1	(1)
Capital increase	145 497	36	103	--	(14)	--	125
Retained earnings offset with share premium	--	--	(1 713)	--	1 713	--	--
Treasury shares	--	--	--	(5)	--	--	(5)
Share-based payment	--	--	--	--	20	--	20
At 30 June 2014	7 089 215	1 772	18 773	(128)	(1 357)	(1 841)	17 219
At 1 January 2015	7 089 215	1 772	18 771	(117)	(1 656)	(1 972)	16 798
Loss for the period	--	--	--	--	496	--	496
Other comprehensive income for the period, net of tax	--	--	--	--	376	444	820
Total comprehensive income	--	--	--	--	872	444	1 316
Capital increase	39 471	10	43	--	--	--	53
Retained earnings offset with share premium	--	--	(139)	--	139	--	--
Treasury shares	--	--	--	(5)	--	--	(5)
Share-based payment	--	--	--	--	12	--	12
At 30 June 2015	7 128 686	1 782	18 675	(122)	(633)	(1 528)	18 174

CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2015

	<i>For the six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>€000</i>	<i>€000</i>
Cash flows from operating activities:		
Net profit / (loss) for the period	496	(22)
Non-cash items written back:		
Amortization and depreciation	424	394
Capital gain or loss on disposal of fixed assets	8	(19)
Other non-financial activities	86	46
Accounts receivable	(137)	285
Inventories	24	426
Other debtors	(73)	(77)
Accounts payable	(179)	(372)
Other liabilities	35	57
Total net cash flows from operating activities	684	718
Cash flows from investing activities:		
Purchase of fixed assets	(102)	(112)
Proceeds from sale / (purchase) of financial assets	(9)	(107)
Total net cash flows from investing activities	(111)	(219)
Cash flows from financing activities:		
Repayment of borrowings	(295)	(280)
Payment of finance lease liabilities	(67)	(59)
Sale / (purchase) of treasury shares	(5)	(5)
Proceeds from issue of shares	53	125
Total net cash flows from financing activities	(314)	(219)
Net foreign exchange difference	16	24
Increase / (decrease) in net cash and cash equivalents	275	304
Opening cash and cash equivalents balance	1 959	1 175
Closing cash and cash equivalents balance	2 234	1 479