



MEMSCAP

The Power of a Small World™

MEMSCAP FIRST HALF 2016 EARNINGS: EBITDA AT € 0.7 MILLION

Net earnings at break-even point and constant increase in net cash

Grenoble, France and Durham, North Carolina, August 31, 2016 – 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 2016, ending June 30, 2016.

Revenue and consolidated earnings for the first half of 2016

In accordance with the figures given in the first and second quarter press releases, consolidated revenue for the first half of 2016 amounted to € 5.6 million (US\$ 6.3 million) compared to € 6.9 million (US\$ 7.6 million) for the first half of 2015 and € 5.8 million (US\$ 6.4 million) for the second half of 2015.

Consolidated revenue distribution by market segment over the first half of 2016 is as follows:

Market Segments	Revenue (M€)	%
Aerospace	2.8	49%
Optical Communications / Adaptive Optics	1.8	32%
Medical / Biomedical	0.7	13%
Mass Market / Other Applications	0.3	6%
Total	5.6	100%

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

MEMSCAP consolidated earnings for the first half of 2016 are given by the following table:

(In million euros)	For the 6 months ended 30 June 2016	For the 6 months ended 30 June 2015
Revenue	5.6	6.9
- Standard products*	3.4	3.9
- Custom products	2.2	3.0
Gross Margin	1.9	2.6
Operating Expenses**	(1.9)	(2.0)
Operating Profit / (Loss)	(0.1)	0.6
Financial profit / (Loss)	0.1	(0.1)
Net Profit / (Loss)	0.0	0.5

(Financial data were subject to a limited review by the Group's statutory auditors. On August 31st, 2016, the MEMSCAP board of directors authorized the release of the HY 2016 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.

* * *

HY 2016 net earnings at break-even point

During the first half of 2016, MEMSCAP faced a temporary weaker demand on the medical and biomedical segment affecting the entire divisions of the Group and mainly explaining the evolution of consolidated sales over the period. This evolution is mitigated by the solid performance of the sales related to avionics and optical communications applications.

Gross margin stood at € 1.9 million, 33% of consolidated sales versus € 2.6 million, 38% of consolidated sales for the first half of 2015. Operating expenses (net of research and development grants) amounted to € 1.9 million for the first half of 2016 against € 2.0 million the first half of 2015, leading to an operating loss of € 0.1 million compared to an operating profit of € 0.6 million for the first half of 2015.

The Group showed a financial gain of € 0.1 million for the first half of 2016 versus a financial loss of € 0.1 million for the first half of 2015. MEMSCAP posted consolidated net earnings at break-even point for the first half of 2016 versus a consolidated net profit of EUR 0.5 million for the first half of 2015.

HY 2016 EBITDA at € 0.7 million / Constant increase in net cash

The positive operating cash flow for the first half of 2016 was € 0.6 million. The operating cash flow excluding the variation of the working capital requirement amounted to € 0.7 million while the working capital requirement increased by € 0.1 million over the first half of 2016. Consequently, the consolidated EBITDA amounted to € 0.7 million compared to € 1.1 million for the first half of 2015.

At June 30, 2016, the Group's available liquidities amounted to € 3.9 million (June 30, 2015: € 3.7 million) including cash investments (Corporate bonds) recorded under financial assets available for sale. At June 30, 2016, net cash minus financial liabilities amounted to € 2.5 million (June 30, 2015: € 1.8 million).

MEMSCAP shareholders' equity totaled € 18.0 million at June 30, 2016 compared to € 18.2 million by end of June 2015.

Analysis and perspectives

MEMSCAP pursues its strategy aiming at the growth of consolidated net cash based on the development of its high added value activities. The Group expects a progressive recovery of its sales on the medical and biomedical segment.

Q3 2016 Earnings: October 26, 2016

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 2016

	<i>30 June 2016</i>	<i>31 December 2015</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	2 876	3 151
Goodwill and intangible assets	8 366	8 254
Available-for-sale financial assets	1 203	1 265
Deferred tax asset.....	1 131	1 103
	13 576	13 773
Current assets		
Inventories.....	2 909	2 793
Trade and other receivables	2 153	2 051
Prepayments.....	259	138
Cash and short-term deposits.....	2 707	2 636
	8 028	7 618
Total assets	21 604	21 391
Equity and liabilities		
Equity		
Issued capital	1 782	1 782
Share premium	18 675	18 675
Treasury shares.....	(142)	(133)
Retained earnings	(314)	(394)
Foreign currency translation.....	(2 010)	(2 168)
	17 991	17 762
Non-current liabilities		
Interest-bearing loans and borrowings.....	811	1 068
Employee benefit liability	56	54
	867	1 122
Current liabilities		
Trade and other payables	2 090	1 883
Interest-bearing loans and borrowings.....	473	451
Other current financial liabilities	105	95
Provisions.....	78	78
	2 746	2 507
Total liabilities	3 613	3 629
Total equity and liabilities	21 604	21 391

CONSOLIDATED STATEMENT OF INCOME

Interim condensed consolidated financial statements at 30 June 2016

	<i>For the six months ended 30 June</i>	
	2016	2015
	€000	€000
Continuing operations		
Sales of goods and services	5 645	6 856
Revenue	5 645	6 856
Cost of sales.....	(3 771)	(4 267)
Gross profit	1 874	2 589
Other income	155	262
Research and development expenses	(729)	(924)
Selling and distribution costs.....	(423)	(346)
Administrative expenses	(935)	(1 010)
Operating profit / (loss)	(58)	571
Finance costs	(28)	(109)
Finance income	106	34
Profit / (loss) for the period from continuing operations before tax	20	496
Income tax expense.....	--	--
Profit / (loss) for the period from continuing operations	20	496
Profit / (loss) for the period	20	496
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ 0.003	€ 0.070
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ 0.003	€ 0.070

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim condensed consolidated financial statements at 30 June 2016

	<i>For the six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>€000</i>	<i>€000</i>
Profit / (loss) for the period	20	496
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	(34)	6
Hedging instruments	(2)	370
Exchange differences on translation of foreign operations	158	444
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	122	820
Other comprehensive income for the period, net of tax.....	122	820
Total comprehensive income for the period, net of tax.....	142	1 316

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 2016

<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 2015	7 089 215	1 772	18 771	(117)	(1 656)	(1 972)	16 798
Profit 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
At 1 January 2016	7 128 686	1 782	18 675	(133)	(394)	(2 168)	17 762
Profit for the period.....	--	--	--	--	20	--	20
Other comprehensive income for the period, net of tax.....	--	--	--	--	(36)	158	122
Total comprehensive income	--	--	--	--	(16)	158	142
Treasury shares.....	--	--	--	(9)	--	--	(9)
Share-based payment.....	--	--	--	--	96	--	96
At 30 June 2016	7 128 686	1 782	18 675	(142)	(314)	(2 010)	17 991

CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2016

	<i>For the six months ended 30 June</i>	
	2016	2015
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the period	20	496
Non-cash items written back:		
Amortization and depreciation	550	424
Capital gain or loss on disposal of fixed assets	10	8
Other non-financial activities	92	86
Accounts receivable	(49)	(137)
Inventories	(71)	24
Other debtors	(25)	(73)
Accounts payable	50	(179)
Other liabilities	40	35
Total net cash flows from operating activities	617	684
Cash flows from investing activities:		
Purchase of fixed assets	(230)	(102)
Proceeds from sale / (purchase) of financial assets	19	(9)
Total net cash flows from investing activities	(211)	(111)
Cash flows from financing activities:		
Repayment of borrowings	(178)	(295)
Payment of finance lease liabilities	(72)	(67)
Sale / (purchase) of treasury shares	(9)	(5)
Proceeds from issue of shares	--	53
Total net cash flows from financing activities	(259)	(314)
Net foreign exchange difference	(76)	16
Increase / (decrease) in net cash and cash equivalents	71	275
Opening cash and cash equivalents balance	2 636	1 959
Closing cash and cash equivalents balance	2 707	2 234