



MEMSCAP
The Power of a Small World™

EARNINGS FOR FISCAL YEAR 2012 – INCREASE OF 24% IN CONSOLIDATED SALES

**Available liquidities of EUR 3.8 million
and record backlog at December 31, 2012**

Grenoble, France and Durham, North Carolina, March 26, 2013 - 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 2012 ending December 31, 2012.

Analysis of the consolidated income statement

Matching previous quarterly press releases, revenue for fiscal year 2012 amounted to EUR 12.4 million (US\$ 15.9 million) compared to EUR 10.0 million (US\$ 13.9 million) for fiscal year 2011 which represents a 24% increase in sales expressed in euro. Consolidated revenue distribution by market segment, over fiscal year 2012, is as follows:

Market segments	Revenue (M€)	%
Aerospace	4.7	38%
Medical / Biomedical	2.9	23%
Optical Communications / Adaptive Optics	2.6	21%
Mass Market	1.1	9%
Other Applications	1.1	9%
Total	12.4	100%

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

Each MEMSCAP business unit contributed to the significant consolidated sales increase over FY 12. During 2012, the Group developed and industrialized a mass market device mainly addressing the smartphone and IT peripherals market segments. The 2012 revenue related to this activity amounted to EUR 1.1 million mostly performed during the second half of FY 2012.

The gross margin rate for fiscal year 2012 stood at 24.3% versus 26.8% in 2011. This evolution is in particular due to the costs associated to the ramp-up phase of the mass market device. At the end of December 2012, the consolidated gross margin benefited from the increase of sales and amounted to EUR 3.0 million.

The decrease in operating expenses (e.g. -2.7% compared to FY 2011) mainly resulted from the continuation of the cost control activities aiming at the improvement of the industrial productivity. In 2012, consolidated operating expenses amounted to EUR 4.6 million versus EUR 4.7 million in FY 2011. The average consolidated headcount decreased from 78 employees in 2011 down to 75 employees for FY 2012 (e.g. -3.8%).

Thanks to both the significant increase in sales volumes and the control of operating expenses, the FY 2012 operating loss amounted to EUR (1.5) million versus EUR (1.9) for FY 2011.

The consolidated financial profit amounted to EUR 1.2 million in 2012 compared to a financial loss of EUR (0.2) million in 2011. The 2012 financial profit included the EUR 1.3 million gain related to the sale of the stake in INTUISKIN company on June 26, 2012.

.../...

Net loss for fiscal year 2012 amounted to EUR (0.3) million versus a net loss of EUR (2.0) million in 2011. Basic earnings per share of the consolidated entity is (0.06) euro for 2012 versus (0.43) euro for 2011.

Consolidated cash at the December 31, 2012

The consolidated net cash amounted to EUR 2.1 million at December 31, 2012. Available liquidities, including cash and non-current financial assets, amounted to EUR 3.8 million at December 31, 2012 versus EUR 1.7 million at December 31, 2011. At December 31, 2012, the available unused credit lines amounted to EUR 0.3 million.

Perspectives

At the end of December 2012, MEMSCAP backlog is historically high. Thus, the Group expects the continuation of the growth of its activities over FY 2013.

Q1 2013 earnings: April 30, 2013

Shareholders meeting: June 27, 2013

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 BALANCE SHEET

at 31 December 2012

	<i>31 December 2012</i>	<i>31 December 2011</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	3 619	3 813
Goodwill and intangible assets	9 836	9 516
Available-for-sale financial assets.....	1 099	2 983
Deferred tax asset.....	1 226	1 201
	15 780	17 513
Current assets		
Inventories.....	3 694	3 476
Trade and other receivables	2 912	2 703
Income tax receivable.....	15	30
Prepayments.....	121	283
Other current financial assets.....	35	--
Cash and short-term deposits.....	2 671	640
	9 448	7 132
Total assets	25 228	24 645
Equity and Liabilities		
Equity		
Issued capital	1 518	9 431
Share premium	19 419	12 703
Treasury shares.....	(132)	(140)
Retained earnings	(1 897)	(3 780)
Foreign currency translation.....	(455)	(937)
	18 453	17 277
Non-current liabilities		
Interest-bearing loans and borrowings.....	2 072	2 455
Other non-current liabilities	--	75
Employee benefit liability	328	275
	2 400	2 805
Current liabilities		
Trade and other payables	2 980	3 104
Interest-bearing loans and borrowings.....	1 242	1 159
Other current liabilities.....	75	207
Provisions.....	78	93
	4 375	4 563
Total liabilities	6 775	7 368
Total equity and liabilities	25 228	24 645

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	<i>2012</i>	<i>2011</i>
	€000	€000
Continuing operations		
Sales of goods and services	12 410	10 023
Revenue	12 410	10 023
Cost of sales	(9 397)	(7 335)
Gross profit	3 013	2 688
Other income	--	137
Research and development expenses	(1 638)	(1 681)
Selling and distribution costs	(822)	(801)
Administrative expenses	(2 093)	(2 196)
Operating profit / (loss)	(1 540)	(1 853)
Finance costs	(243)	(335)
Finance income	1 439	144
Profit / (loss) from continuing operations before tax	(344)	(2 044)
Income tax expense	--	--
Profit / (loss) from continuing operations	(344)	(2 044)
Profit / (loss) for the year	(344)	(2 044)
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ (0,06)	€ (0,43)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ (0,06)	€ (0,43)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	<i>2012</i>	<i>2011</i>
	<i>€000</i>	<i>€000</i>
Profit / (loss) for the year	(344)	(2 044)
Available-for-sale financial assets	(186)	245
Foreign currency translation adjustments	482	120
Income tax effect	--	--
Other comprehensive income for the year, net of tax.....	296	365
Total comprehensive income for the year, net of tax.....	(48)	(1 679)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

<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 2011	4 713 970	9 428	12 701	(99)	(2 085)	(1 057)	18 888
Net (loss) / gain on available-for-sale financial assets.....	--	--	--	--	245	--	245
Foreign currency translation	--	--	--	--	--	120	120
Total income and expense for the year recognised directly in equity	--	--	--	--	245	120	365
Loss for the year	--	--	--	--	(2 044)	--	(2 044)
Total income and expense for the year	--	--	--	--	(1 799)	120	(1 679)
Exercise of stock options and warrants	1 379	3	2	--	--	--	5
Treasury shares	--	--	--	(41)	--	--	(41)
Share-based payment	--	--	--	--	104	--	104
At 31 December 2011	4 715 349	9 431	12 703	(140)	(3 780)	(937)	17 277
At 1 January 2012	4 715 349	9 431	12 703	(140)	(3 780)	(937)	17 277
Net (loss) / gain on available-for-sale financial assets.....	--	--	--	--	(186)	--	(186)
Foreign currency translation	--	--	--	--	--	482	482
Total income and expense for the year recognised directly in equity	--	--	--	--	(186)	482	296
Loss for the year	--	--	--	--	(344)	--	(344)
Total income and expense for the year	--	--	--	--	(530)	482	(48)
Issued capital reduction	--	(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)	(1 897)	(455)	18 453

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

	2012	2011
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year.....	(344)	(2 044)
Non cash items written back:		
Amortization and depreciation.....	904	1 097
Capital gain or loss on disposal of fixed assets	(1 300)	24
Other non financial activities.....	73	74
Accounts receivable.....	52	818
Inventories.....	(88)	296
Other debtors	(262)	132
Accounts payable.....	(15)	394
Other liabilities	57	(164)
Total net cash flows from operating activities	(923)	627
Cash flows from investing activities:		
Proceeds from sale of property, plant, equipment and intangible assets	9	2
Purchase of fixed assets.....	(590)	(981)
Proceeds from sale/ (purchase) of financial assets.....	120	(138)
Net outflow from sale of a subsidiary, net of cash disposed	2 862	--
Total net cash flows from investing activities	2 401	(1 117)
Cash flows from financing activities:		
Proceeds from borrowings	180	632
Repayment of borrowings	(646)	(403)
Payment of finance lease liabilities.....	(89)	(113)
Sale / (purchase) of treasury shares	8	(41)
Decrease / (increase) in restricted cash.....	--	23
Net proceeds from capital increases, exercise of stock options and warrants.....	1 127	5
Total net cash flows from financing activities	580	103
Net foreign exchange difference	(17)	(18)
Increase / (decrease) in net cash and cash equivalents	2 041	(405)
Opening cash and cash equivalents balance	28	433
Closing cash and cash equivalents balance	2 069	28