



FINANCIAL RELEASE

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IMMEDIATE DISTRIBUTION

ALPHA M.O.S – ANNUAL STATEMENTS 2013/2014

SIGNIFICANT IMPROVEMENT OF THE PROFITABILITY OVER THE SECOND TERM OF THE YEAR

The Alpha MOS (EuroNext Paris – Eurolist C ISIN FR0000062804 ALM) Board of Directors, with Mr. Jean-Christophe MIFSUD as chairman, held a meeting on January 27th, 2015 to close the financial year ending September 30, 2014.

Over the year (October 2013 – September 2014), Alpha M.O.S reported consolidated revenues of 7.14 M€, with a decrease by 19.5 % compared with the previous year. The company has been highly impacted by the Chapter 11 situation, the reorganization (including staff reduction and business re-focusing) and, to a lesser extent, by the preparation of the capital increase.

However, the order backlog on September 30, 2014 was of 1,692 M€, 65 % higher than the backlog of September 30, 2013 (1,023 M€ re-processed with PERSEIDES contract cancellation).

Upon application of AMF recommendation from February 5, 2010, the audit procedures on consolidated accounts have been conducted.

1/ CONSOLIDATED INCOME STATEMENT

Bi-annual income statement

	30/09/2014	31/03/2014	30/09/2013	31/03/2013
	(6 months)	(6 months)	(6 months)	(6 months)
Revenue	3 568 204	3 572 523	4 633 594	4 237 237
Revenues from other activities	285 439	247 181	210 808	182 282
Finished goods inventory variation	13 245	175 409	296 677	96 218
Purchases	-1 194 977	-1 392 625	-1 639 586	-1 520 978
Personnel expenses	-1 561 353	-2 224 383	-2 081 435	-2 205 096
Other external expenses	-1 051 951	-1 111 707	-1 456 086	-1 425 586
Taxes	-46 068	-151 046	-51 269	-67 931
Other current operating income and expenses	94 761			
Depreciation	-112 090	-154 166	-165 377	-180 388
Provisions variation	532 811	-199 455	-416 520	-465 468
Impairment of goodwill	-65 915		-20 000	-35 000
Current operating income	462 106	-1 238 268	-689 194	-1 384 710
	0		0	
Other operating income and expenses	-63 307	70 079	79 087	24 924
Operating income	398 799	-1 168 189	-610 107	-1 359 786
	0		0	
Financial statement	649 532	-27 629	-159 154	46 757
	0		0	
Result of income before tax	1 048 331	-1 195 818	-769 261	-1 313 029
	0		0	
Income tax	-10 606	1 258	-76 605	0
Net income of consolidated companies	1 037 725	-1 194 560	-845 866	-1 313 029
	0		0	
Profit attributable to minority interests	0		0	
Net income group	1 037 725	-1 194 560	-845 866	-1 313 029

Business profitability has highly improved, leading to a positive operational income of 462 K€ on the second half of the year 2014 (taking into account exceptional costs linked with the restructuring and the Chapter 11 procedure, from which Alpha M.O.S got out in September 2014), that is to be compared to the loss of the first half of the year established at -1 238 K€.

The improved results from the actions taken as part of the restructuring, (reduction of external expenses and staff expenses) and the strategic re-focusing of Alpha M.O.S sales efforts towards food and environment sectors).

However, it should be noted the exceptional impact due to the change in provisions totaling 532 K € related specifically to the Chapter 11 situation and the Perseide contract.

Additionally, the exceptional amount of financial income, including € 561 K is due to the transfer of liabilities following the adoption by the court of the continuation plan and spreading of past liabilities into receivership over 9 years.

Data in Thousands of Euros	Year 2013/2014	Year 2012/2013
Revenues of consolidated ordinary activities	7.140	8.870
Other revenues of ordinary activities	532	393
Current operating income	- 776	- 2 074
Operating income	- 769	- 1 970
Net income Group share	- 157	- 2 159

Other significant improvements in the income statement are as follows:

- The gross margin on purchases (excluding products of ongoing activities and changes in finished product inventories - inventories and capitalized production) stood at 66.4% versus 68.7% for the previous year.
- Personnel expenses decreased over the year by 11.7% to € 3.8 million. Downsizing initiated in the previous year continued as part of the Chapter 11 situation.
- Other external expenses also decreased by 24.9% to € 2.16 million despite the additional costs related to the Chapter 11 situation.

2/ CONSOLIDATED BALANCE SHEET

The main line items of the balance sheet versus the previous year :

Data in Thousands of Euros	Year 2013/2014	Year 2012/2013
Equity	- 555	- 314
Provisions risks and charges	317	521
Long-term financial liabilities and other non-current liabilities	3 168	1 547
Non-current assets	1 783	1 944
Current assets	3 349	3 234
Non-financial current liabilities	2 455	3 563
Net cash in short-term financial liabilities	+ 253	+ 139

As of September 30, 2014, cash amounted to 387 K€ (versus 857K€ on September 30th, 2013) while the short-term financial liabilities were 134 K€ (versus 718 K€ on September 30th, 2013).

3/ HIGHLIGHTS OF THE YEAR

Approval of the continuation plan:

The Commercial Court of Toulouse, in a judgment dated September 19, 2014, approved the Continuation Plan presented by Alpha MOS, allowing the company to emerge from the insolvency proceedings. The plan established a majority investment from DMS, a French leader in the development, design and manufacture of imaging systems dedicated to digital and conventional radiology as well as bone densitometry. DMS has participated in two funds raising activities with the public in Alpha MOS. The financial outcome will be used for the development of the core business of Alpha MOS (Electronic eyes, Tongue and electronic nose), the new activity (micro-sensors) and the establishment of technological synergies with DMS in the field of non-invasive diagnosis for the practitioner (POC – Point of Care)

The continuation plan also includes a spread of debts (amounting to € 3.56 million) over 9 years, as part of nine progressive annual payments.

Despite economic difficulties in 2014, the company continued its developments in the field of food safety and air safety by introducing to the market new software with enriched databases and major applications in the field of micro-sensors.

These new developments have been pursued particularly in the context of OPTICOOK & OBJECT WORLD projects, partly funded by OSEO to develop applications for connected objects in environmental and / or food industries. In both cases ALPHA MOS continued to work with the SEB group on the monitoring of cooking by micro-sensors to best preserve the nutritional qualities of food.

High sales activity helps to limit the negative impact of the chapter 11 that was expected on the turnover and the highest contribution came particularly from Europe and Asia, with a high level of back log orders booked at the end of year.

5/ POST-CLOSING EVENTS

The General Meeting of October 24, 2014 approved:

- **A new composition of the Board**

Following the resignations of Mr. Pascal Gendrot and Mr Jonathan Lapin, the following members were appointed to the Board:

- Mr Jean-Paul Ansel ;
- Mrs Nuan Simonyi ;
- Mr Lionel Moisan (independent director) ;
- Mr Frédéric Kahn (independent director).

Mr Jean-Christophe Mifsud, was also confirmed in his position as CEO.

- **Implementation of capital transactions :**

Following the decisions of the General Assembly on 24 October 2014 the Board of Directors noted the lifting of all the conditions precedent relating to:

- the issuance of 13,888,889 new shares at a price of 0.36 euro in the framework of a capital increase in cash with preferential subscription rights reserved for the benefit of Diagnostic Medical Systems, totaling 5,000,000.04 euros, including share premium (the "**Reserved Capital Increase**");
- the issuance of 4,810,438 new shares at a price of 0.36 euro in the framework of a capital increase in cash with preferential subscription rights of shareholders totaling 1,731,757, 68 euros, issue

premium included, at a rate of 45 new shares for every 39 existing shares (the "**Capital Increase with DPS Maintained**");

- the issuance of 4,169,047 warrants of bonus shares to shareholders subscription, likely to result in the issuance of 2,084,523 new shares at 0.36 euro each price (the "**free grant of warrants**").

- **Change of closing date :**

Opening and closing dates of the financial year will now be January 1 and December 31 of each year. The current year will be an exceptional period of three months and will end December 31, 2014.

Dr Jean-Christophe Mifsud, CEO of Alpha M.O.S comments: « *During a very difficult fiscal year 2013 - 2014, the company continued its research efforts while seeking to regain profitability by reorganization of its structure and increased commercial focus. These efforts have had a very positive impact in the second half of the year. Meanwhile, we now have a reference shareholder that permits Alpha MOS to have access to renewed financial resources, not only to complete our restructuring autonomously but also to continue the development of instruments for industry and miniaturized sensors for consumers.* »

About Alpha M.O.S.

Alpha M.O.S. (Euronext Paris, compartment C, ISIN: FR0000062804-ALM), specializes in the digitization of smell, taste and vision and is the worldwide leader of electronic nose, electronic tongue and electronic eye technology for industrial use. Created in 1993 by Jean-Christophe MIFSUD, Alpha M.O.S. is present in Japan, China, and United States and currently has over 2.000 instruments installed worldwide.

For more information please visit: www.alpha-mos.com

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