



HALF-YEAR REPORT

2014

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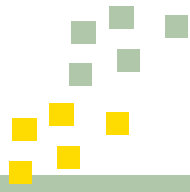


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COMMENTS ON THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS PREPARED ACCORDING TO IFRS STANDARDS

1.1 Selected financial figures

The tables below set out the components of Melexis' operating income and operating expenses, as well as the key elements of the unaudited condensed consolidated interim statement of financial position.

Unaudited condensed consolidated interim statement of comprehensive income

In Euro

	Half year ended 30/06/2014	Half year ended 30/06/2013
Product sales	157.081.773	127.768.580
Revenues from research and development	546.968	1.176.875
Cost of sales	(83.161.328)	(69.673.531)
Gross margin	74.467.414	59.271.924
Research and development expenses	(21.641.236)	(20.437.671)
General and administrative expenses	(7.735.439)	(7.280.596)
Selling expenses	(4.081.618)	(3.479.376)
Operating result (EBIT)	41.009.121	28.074.280
Financial results (net)	1.459.299	(675.212)
Result before taxes	42.468.420	27.399.068
Income taxes	(2.374.393)	(3.053.873)
Net result of the period	40.094.027	24.345.195
Net profit of the group	40.094.027	24.345.195
Attributable to the owner of the parent	40.094.027	24.345.195

Unaudited condensed consolidated interim statement of comprehensive income

In Euro

	Half year ended 30/06/2014	Half year ended 30/06/2013
Current assets	161.288.312	120.008.884
Non current assets	88.266.611	86.831.041
Current liabilities	37.743.414	32.346.268
Non current liabilities	15.829.880	19.812.064
Equity	195.981.630	154.681.592

1.2 Exchange rates

Since the introduction of the Euro on January 1st, 1999, and in accordance with Belgian law, Melexis NV keeps its books and prepares its consolidated financial statements in Euro. The functional currency of Melexis NV and of its subsidiaries Melexis Technologies NV, Melefin NV, Melexis GmbH and Melexis BV is the Euro. The functional currency for Melexis Inc. is the United States Dollar (USD), for Melexis Ukraine the Ukrainian Hryvnia (UAH), for Melexis Bulgaria Ltd., the Bulgarian Leva (BGN), for Sentron AG, Melexis Switzerland SA and Melexis Technologies SA the Swiss franc (CHF), for the Philippine branch of Melexis NV the Philippine Peso (PHP), for the Chinese branch of Melexis NV in Hong Kong the Hong Kong Dollar and for Melexis Electronic Technolo-

gy Co. Ltd in Shanghai the Chinese Yuan, and for Melexis Japan the Japanese Yen is the functional currency. Assets and liabilities of Melexis Inc., Melexis Technologies SA, Sentron AG, Melexis Switzerland SA, Melexis Ukraine, Melexis Bulgaria Ltd., Melexis Philippines, Melexis Electronic Technology (Shanghai) Co. Ltd, Melexis Hong Kong and Melexis Japan are translated at exchange rates at the end of the reporting period. Revenues and expenses are translated at the average exchange rate during the period. Equity components have been translated at historical exchange rates. Gains or losses resulting from this translation are reflected in the component 'cumulative translation adjustment' (CTA) in the statement of financial position.

1.3 Result of operations

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the Company's financial statements of prior years.

Revenues

The total sales amounted to EUR 157.628.742, an increase of 22% compared to the first half year of 2013. Specific research and development activities are performed under contract for customers. For the year 2014, the company invoiced EUR 546.968 research and development costs to its customers, compared to EUR 1,176,875 in 2013.

Cost of sales

Costs of sales consist of materials (raw material and semi finished parts), subcontracting, labor, depreciation and other direct production expenses. They increased from EUR 69.673.531 in 2013 up to EUR 83.161.328 in 2014.

Expressed as a percentage of sales, the cost of sales was 54% in 2013 compared to 53% in 2014.

Gross margin

The gross margin, expressed as a percentage of sales, was 46% in 2013 compared to 47% in 2014.

Research and development expenses

Research and development expenses amounted to EUR 21.641.236 in 2014, representing 14% of sales. The research and development activities concentrate further on research

and development of Hall Effect Sensors, MEMS Sensors and Signal Conditioning Interface Sensors, Motor Control IC's and LIN Slaves, Infrared and Opto Sensors, and Wireless IC's.

General, administrative and selling expenses

General, administrative and selling expenses consist mainly of salaries and salary related expenses, office equipment and related expenses, commissions, travel and advertising expenses. The general, administrative and selling expenses increased by 10% compared to 2013, mainly as a result of increased selling expenses and increased investment in general supporting activities.

Financial results

The net financial results increased from EUR 675.212 loss in the first half of 2013 to EUR 1.459.299 income in the first half of 2014. The (net) interest result decreased from a loss of EUR 94.517 in 2013 to a loss of EUR 221.912 In 2014. The net exchange gains (both realized and unrealized) in 2014 amounted to a gain of EUR 73.034, compared to a gain of EUR 141.054 during 2013.

Net income

The company recorded a net income for the first half of 2013 of EUR 24.345.195 compared to EUR 40.094.027 in the first half of 2014. This positive result is mainly caused by the total sales increase of 22%.

1.4 Liquidity, working capital and capital resources

Cash and cash deposits amounted to EUR 53.333.755 as of June 30, 2014, in comparison to EUR 27.721.955 as of December 31, 2013.

In the first half year of 2014, operating cash flow before working capital changes amounted to EUR 49.175.930. Working capital changes in the first half year of 2014 resulted in a net operating cash flow of EUR 34.718.207.

The cash flow from investing activities was negative for an amount of EUR 4.844.946.

The cash flow from financing activities was negative for an amount of EUR 4.093.662.

1.5 Risk Factors

Melexis is, as with any company, continuously confronted with – but not exclusively – a number of market and competition risks or more specific risks related to the company (eg. currency fluctuations, customer concentration, dependence on key personnel, product liability, IP or litigation). More information on risk factors can be found in the annual report 2013.

Melexis believes that the most noteworthy risks facing the company for the coming half year would be the volatility in supply and demand, and fluctuations in the USD exchange rate.

1.6 Events after the balance sheet date

There are no events after the balance sheet date that have a material impact on the unaudited condensed consolidated interim financial statements.

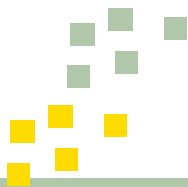
1.7 Statement of the Board of Directors

The board of directors of Melexis certifies, on behalf and for the account of the company, that, to their knowledge,

(a) the unaudited condensed consolidated interim financial statements which have been prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole and

(b) the comments on the consolidated accounts include a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.

2



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Unaudited condensed consolidated interim statement of financial position

In Euro

			Half year ended 30/06/2014	Year ended 31/12/2013
ASSETS				
Current assets	Cash and cash equivalents	Note 2.6.5 A	53.333.755	27.721.955
	Current investments	Note 2.6.5 B	-	3.827.173
	Accounts receivable -trade		43.846.814	39.466.930
	Accounts receivable -related companies	Note 2.6.5 J	6.967.977	1.636.493
	Assets for current tax		982.669	4.803.232
	Inventories		50.267.732	44.265.081
	Other current assets		5.889.365	6.466.387
Total current assets			161.288.312	128.187.250
Non current assets	Intangible assets		4.964.051	4.727.016
	Property, plant and equipment	Note 2.6.5 C	67.633.664	66.323.948
	Financial assets		6.100	6.100
	Other non-current assets		1.476.122	1.476.948
	Deferred tax assets	Note 2.6.5 D	14.186.674	14.095.737
Total non current assets			88.266.611	86.629.749
TOTAL ASSETS			249.554.924	214.816.999

In Euro

			Half year ended 30/06/2014	Year ended 31/12/2013
LIABILITIES				
Current liabilities	Derivative financial instruments	Note 2.6.5 E	1.585.354	1.145.573
	Current portion of long-term debt	Note 2.6.5 F	4.147.800	4.147.398
	Accounts payable - trade		12.786.760	13.895.152
	Accounts payable - related companies	Note 2.6.5 J	8.751.914	7.461.359
	Accrued expenses, payroll and related taxes		5.140.612	5.171.491
	Accrued taxes		3.536.266	3.680.964
	Other current liabilities	Note 2.6.5 G	1.258.548	1.251.075
	Deferred income		536.161	548.109
Total current liabilities			37.743.414	37.301.122
Non current liabilities	Long-term debt less current portion	Note 2.6.5 F	14.084.404	18.176.860
	Other non current liabilities	Note 2.6.5 H	1.745.476	1.700.476
Total non current liabilities			15.829.880	19.877.336
Shareholders' capital			564.814	564.814
Reserve treasury shares			(3.817.835)	(3.817.835)
Revaluation reserve hedge			(437.282)	(260.679)
Revaluation reserve fair value			-	1.304.375
Legal reserve			56.520	56.520
Retained earnings			200.531.923	160.437.896
Cumulative translation adjustment			(926.981)	(657.021)
Equity attributable to company owners			195.971.158	157.628.070
Non controlling interest			10.471	10.471
Total equity			195.981.630	157.638.541
TOTAL LIABILITIES			249.554.924	214.816.999

The accompanying notes to this interim statement of financial position form an integral part of these condensed consolidated interim financial statements.

2.2 Unaudited condensed consolidated interim statement of profit and loss

In Euro

	Half year ended 30/06/2014	Half year ended 30/06/2013
Product sales	157.081.773	127.768.580
Revenues from research and development	546.968	1.176.875
Cost of sales	(83.161.328)	(69.673.531)
Gross margin	74.467.414	59.271.924
Research and development expenses	(21.641.236)	(20.437.671)
General and administrative expenses	(7.735.439)	(7.280.596)
Selling expenses	(4.081.618)	(3.479.376)
Result from operations (EBIT)	41.009.121	28.074.280
Financial income	1.936.513	1.252.584
Financial charges	(477.213)	(1.927.796)
Result before taxes	42.468.420	27.399.068
Income taxes	(2.374.393)	(3.053.873)
Net result of the period	40.094.027	24.345.195
Earnings per share non-diluted	0,99	0,60
Earnings per share diluted	0,99	0,60

The accompanying notes to this unaudited condensed consolidated interim income statement form an integral part of these consolidated interim financial statements

2.3 Unaudited condensed consolidated interim statement of comprehensive income

In Euro

	Half year ended 30/06/2014	Half year ended 30/06/2013
Net result	40.094.027	24.345.195
Other comprehensive income		
Recyclable components		
Fair value adjustments cash flow hedges, net of related tax effects	(176.604)	367.757
Fair value adjustments available-for-sale financial assets	(1.304.375)	792.120
Non recyclable components		
Cumulative translation adjustment	(269.959)	(100.580)
Total other comprehensive income/(loss) for the period, net of related tax effects	(1.750.938)	1.059.296
Total comprehensive income/(loss) for the period	38.343.089	25.404.491
Total comprehensive income attributable to attributable to owners of the parent	38.343.089	25.404.491

2.4 Unaudited condensed consolidated interim statement of changes in equity

In Euro

	Number of shares	Share capital	Share premium	Legal reserve	Retained earnings
December 31, 2012	40.400.000	564.814	-	56.520	133.262.048
Net result	-	-	-	-	24.345.195
CTA movement	-	-	-	-	-
Hedge reserves	-	-	-	-	-
Fair value adjustments through equity	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Dividend	-	-	-	-	-
Transactions with owners of the parent	-	-	-	-	-
June 30, 2013	40.400.000	564.814	-	56.520	157.607.243
Net result	-	-	-	-	30.868.355
CTA movement	-	-	-	-	-
Hedge reserves	-	-	-	-	-
Fair value adjustments through equity	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Dividend	-	-	-	-	(28.037.702)
Transactions with owners of the parent	-	-	-	-	(28.037.702)
December 31, 2013	40.400.000	564.814	-	56.520	160.437.896
Net result	-	-	-	-	40.094.027
CTA movement	-	-	-	-	-
Hedge reserves	-	-	-	-	-
Fair value adjustments through equity	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Dividend	-	-	-	-	-
Transactions with owners of the parent	-	-	-	-	-
June 30, 2014	40.400.000	564.814	-	56.520	200.531.923

During the extraordinary shareholder's meeting on April 20, 2012 it was decided to cancel 2.841.860 treasury shares, bringing the total outstanding shares to 40.400.000 shares. During 2012, Melexis Technologies NV and Melexis NV purchased 189.473 shares of Melexis NV on Euronext Brussels at an average price of EUR 11.47. At the end of 2012, Melexis NV holds 1.785 own shares and Melexis Technologies NV holds 344.356 shares of Melexis NV, in total representing 0.86% of shares outstanding

During 2013 and 2014 no additional purchase of own shares was done, therefore the amount of own shares held by Melexis NV and Melexis Technologies NV remains the same.

Reserve treasury shares	Hedge reserve	Fair value adjustment reserve	CTA	Non controlling interest	Total equity
(3.817.835)	(607.786)	72.824	(263.955)	10.471	129.277.100
-	-	-	-	-	24.345.195
-	-	-	(100.580)	-	(100.580)
-	367.757	-	-	-	367.757
-	-	792.120	-	-	792.120
-	367.757	792.120	(100.580)	-	1.059.296
-	-	-	-	-	-
-	-	-	-	-	-
(3.817.835)	(240.029)	864.943	(364.535)	10.471	154.681.592
-	-	-	-	-	30.868.355
-	-	-	(292.486)	-	(292.486)
-	(20.650)	-	-	-	(20.650)
-	-	439.432	-	-	439.432
-	(20.650)	439.432	(292.486)	-	126.296
-	-	-	-	-	(28.037.702)
-	-	-	-	-	(28.037.702)
(3.817.835)	(260.679)	1.304.375	(657.021)	10.471	157.638.541
-	-	-	-	-	40.094.027
-	-	-	(269.959)	-	(269.959)
-	(176.604)	-	-	-	(176.604)
-	-	(1.304.375)	-	-	(1.304.375)
-	(176.604)	(1.304.375)	(269.959)	-	(1.750.938)
-	-	-	-	-	-
-	-	-	-	-	-
(3.817.835)	(437.282)	-	(926.981)	10.471	195.981.630

2.5 Unaudited condensed consolidated interim statement of cash flow

In Euro (indirect method)

	Half Year Ended 30/06/2014	Half Year Ended 30/06/2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result	40.094.027	24.345.195
Adjustments for operating activities:		
Deferred taxes	(90.937)	740.186
Unrealized exchange results	(142.850)	(297.137)
Government grants	305.389	520.368
Depreciations	10.389.322	7.026.513
Financial results	(1.379.022)	485.030
Operating cash flow before working capital changes	49.175.930	32.820.155
Accounts receivable, net	(5.408.110)	(4.079.545)
Other current assets	3.917.224	2.645.835
Other non-current assets	(6.226)	212.679
Due to related companies	1.290.555	1.949.571
Due from related companies	(5.331.484)	(8.617.831)
Accounts payable	(1.122.366)	(1.273.206)
Accrued expenses	1.903.401	1.811.205
Other current liabilities	35.273	(249.677)
Other non-current liabilities	472.127	(65.657)
Inventories	(7.915.774)	(1.111.801)
Interest paid	(213.364)	(322.950)
Income tax paid	(2.078.979)	(1.859.898)
Net cash from operating activities	34.718.207	21.858.880
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial fixed assets (incl. own shares)		
Purchase of property, plant and equipment and intangible assets	(9.194.313)	(11.522.150)
Interests received	25.781	148.436
Investments, proceeds from current investments	4.323.585	(769.709)
Net cash used in investing activities	(4.844.946)	(12.143.423)

Unaudited condensed consolidated interim statement of cash flow (continued)

CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from long-term debts	(4.093.662)	(14.599.217)
Dividend payment	-	-
Net cash used in financing activities	(4.093.662)	(14.599.217)
Effect of exchange rate changes on cash	(167.798)	(7.061)
(Decrease) increase in cash	25.611.800	(4.897.882)
Cash at beginning of the period	27.721.955	21.316.624
Cash at the end of the period	53.333.755	16.425.803
Cash at the end of the period minus cash at the beginning of the period	25.611.800	(4.890.821)

The accompanying notes to this interim statement of cash flows form an integral part of the condensed consolidated interim financial statements.

2.6 Notes to the unaudited condensed consolidated interim financial statements

2.6.1 General

Melexis NV is a limited liability company incorporated under Belgian law. The company has been operating since 1989. The company designs, develops, tests and markets advanced integrated semiconductor devices for the automotive industry. The company sells its products to a wide customer base in the automotive industry in Europe, Asia and North America.

The Melexis group of companies employed, on average 879 people at the end of June in 2014 and 822 in 2013.

The registered office address of the Group is located at Rozendaalstraat 12, 8900 Ieper, Belgium.

The consolidated statements were authorized for issue by the Board of Directors subsequent to their meeting held on July 28th, 2014 in Tessenderlo.

2.6.2 Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the company for the year ended 31 December 2013. Melexis has not applied early any new IFRS requirements that are not yet effective in 2014.

2.6.3 Summary of significant accounting policies

The accounting policies applied are consistent with those applied in the annual consolidated financial statements ended 31 December 2013, except as described below.

Adoption of new and revised standards and interpretations

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on January 1, 2014. The Group has not applied any new IFRS requirements that are not yet effective as per June 30, 2014.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC are effective for the current period:

- IFRS 10 - Consolidated Financial Statements – Original Issue May 2011
- IFRS 10 - Consolidated Financial Statements (Amendment June 2012) – Amendments to transitional guidance
- IFRS 10 - Consolidated Financial Statements (Amendment October 2012) – Amendments for investment entities
- IFRS 11 - Joint Arrangements - Original Issue May 2011
- IFRS 11 - Joint Arrangements (Amendment June 2012) – Amendments to transitional guidance
- IFRS 12 - Disclosure of Interests in Other Entities - Original Issue May 2011
- IFRS 12 - Disclosure of Interests in Other Entities (Amendment June 2012) – Amendments to transitional guidance
- IFRS 12 - Disclosure of Interests in Other Entities (Amendment October 2012) – Amendments for investment entities

- IAS 27 - Consolidated and Separate Financial Statements (Amendment October 2012) — Amendments for investment entities
- IAS 32 - Financial Instruments: Presentation (Amendment December 2011) — Amendments relating to the offsetting of assets and liabilities
- IAS 36 – Impairment of Assets (Amendment May 2013) — Recoverable Amounts Disclosures for Non-Financial Assets
- IAS 39 – Financial Instruments: Recognition and Measurement (Amendment June 2013) — Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies (May 2013).

The adoption of these amendments has not led to major changes in the Group's accounting policies.

Standards and Interpretations issued but not yet effective in the current period

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per June 30, 2014.

- Annual Improvements to IFRSs 2010-2012 Cycle (issued by the IASB in December 2013)
- Annual Improvements to IFRSs 2011-2013 Cycle (issued by the IASB in December 2013)
- IFRS 7 - Financial Instruments: Disclosures (Amendment December 2011) — Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures
- IFRS 7 – Financial Instruments: Disclosures (Amendment November 2013) — Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9
- IFRS 9 - Financial Instruments — Classification and Measurement (Original issue November 2009, and subsequent amendments)

- IFRS 11 - Joint Arrangements (Amendment May 2014)— Amendments regarding the accounting for acquisitions of an interest in a joint operation
- IFRS 14 – Regulatory Deferral Accounts (Original issue January 2014)
- IFRS 15 - Revenue from Contracts with Customers (Original issue May 2014)
- IAS 16 – Property, Plant and Equipment (Amendment May 2014)— Amendments regarding the clarification of acceptable methods of depreciation and amortization
- IAS 16 – Property, Plant and Equipment (Amendment June 2014)— Amendments bringing bearer plants into the scope of IAS 16
- IAS 19 - Employee Benefits (Amendment November 2013) — Amendments relating to Defined Benefit Plans: Employee Contributions
- IAS 38 – Intangible Assets (Amendment May 2014) — Amendments regarding the clarification of acceptable methods of depreciation and amortization
- IAS 39 – Financial Instruments: Recognition and Measurement (Amendment November 2013) — Amendments for continuation of hedge accounting (fair value hedge of interest rate exposure) when IFRS 9 is applied
- IAS 41 - Agriculture (Amendment June 2014)— Amendments bringing bearer plants into the scope of IAS 16.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1st July 2014 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements. The possible impact of IFRS 15 has not yet been evaluated by the company.

2.6.4 Changes in group's organization

There have been no changes in the group structure during 2014.

2.6.5 Notes

A. CASH AND CASH EQUIVALENTS

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
Cash at bank and in hand	53.333.755	27.721.955
Total	53.333.755	27.721.955

B. CURRENT INVESTMENTS

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
Current investments	-	3.827.173

In principle, Melexis' current investments are classified as assets available for sale. According to IAS 39, the difference between the purchase price and the fair value of current investments classified as available for sale is recognized directly into equity under 'Revaluation reserve fair value'. As of June 30, 2014 there are no current investments. The investments classified as current investments at December 31, 2013 have been sold during the first half year of 2014.

Melexis' financial derivatives with a positive market value are classified as assets held for trading. The fair value changes for those derivatives where no hedge accounting is applicable are immediately recognized in the statement of comprehensive income. As of June 30, 2014 there are no financial derivatives classified as assets held for trading.

C. PROPERTY, PLANT AND EQUIPMENT

In Euro (30th June 2014)

	Land & buildings	Machinery & equipment	Furniture & vehicles	Fixed assets under construction	Total
Cost:					
Balance end of previous period 31/12/2013	38.362.662	147.928.630	7.907.735	2.205.906	196.404.933
Additions of the year	256.509	6.262.985	676.994	1.725.491	8.921.979
Retirements (-)	-	(1.481.671)	(40.994)	(331.818)	(1.854.483)
Transfers	-	1.968.573	-	(1.968.573)	(0)
CTA	(146.149)	(403.343)	(440)	406	(549.526)
Total as of June 30th 2014	38.473.022	154.275.174	8.543.295	1.631.412	202.922.903
Accumulated depreciation:					
Balance end of previous period 31/12/2013	10.210.280	114.483.385	5.387.320	-	130.080.985
Additions of the period	731.817	5.783.241	534.681	-	7.049.739
Retirements (-)	-	(1.408.294)	(38.661)	-	(1.446.955)
Transfers	-	-	-	-	-
CTA	(65.695)	(332.547)	3.712	-	(394.530)
Total as of June 30th 2014	10.876.402	118.525.785	5.887.052	-	135.289.239
Carrying amount as of June 30th 2014	27.596.620	35.749.389	2.656.243	1.631.412	67.633.664
Carrying amount as of December 31st 2013	28.152.382	33.445.245	2.520.415	2.205.906	66.323.948

Additions of the year mainly relate to test equipment.

Retirements: no material amount of compensation from third parties which have been included in the unaudited consolidated interim statement of comprehensive income.

D. COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets are as follows:

In Euro

	01/01/2014	Charged to income statement	Charged to equity	Other	30/06/2014
Tax amortization charges	8.466.608	-			8.466.608
Fair value adjustments financial instruments	5.340.454				5.340.454
Fair value adjustments hedge accounting	134.229		90.937		225.166
Other	154.447				154.447
Total	14.095.738	-	90.937	-	14.186.674

E. DERIVATIVES

Notional amounts

The following table presents the evolution of the aggregate notional amounts of the group's outstanding derivative financial instruments:

		Half year ended 30/06/2014	Year ended 31/12/2013
Outstanding FX hedge contracts, not exceeding 1 year	USD	16.000.000	16.000.000
Outstanding interest hedge contracts, exceeding 1 year	EUR	15.000.000	15.000.000
Outstanding inflation hedge contracts, exceeding 1 year	EUR	15.000.000	15.000.000

FX hedge contracts are entered into in order to hedge (part of) the outstanding balance sheet exposure in foreign currency (USD).

Interest hedge contracts are entered into in order to hedge (part of) the group's borrowings at floating interest rate. Inflation hedge contracts are entered into in order to hedge (part of) the salary inflation risk of the group.

Fair value

The fair value of derivatives is based upon mark to market valuations (input received from bank). The following table presents an overview of the fair value of outstanding derivatives, classified as an asset under current investment, derivatives:

Fair value in Euro

Assets	Half year ended 30/06/2014	Year ended 31/12/2013
Outstanding FX hedge contracts - in accordance with IFRS 7 - level 2	-	38.827
Total, classified under current investment (see also Note 2.6.5.B)	-	38.827

These financial instruments are classified as financial assets at fair value through profit or loss.

The following table presents an overview of the fair value of outstanding derivatives, classified as a liability under derivative financial instruments. Changes in the fair value of the hedging instruments are recognized in the financial result.

Fair value in Euro

Liabilities	Half year ended 30/06/2014	Year ended 31/12/2013
Outstanding FX hedge contracts - in accordance with IFRS 7 - level 2	(2.573)	-
Outstanding interest hedge contracts (hedge acc.) - in accordance with IFRS 7 - level 2	-	(394.908)
Outstanding inflation hedge contracts - in accordance with IFRS 7 - level 2	(920.332)	(750.665)
Total, classified under derivative financial instruments	(922.905)	(1.145.573)

The following table presents an overview of the fair value of outstanding derivatives, for which hedge accounting is applied as defined under IAS 39. Changes in the fair value of the hedging instrument are recognized in a hedging reserve, classified as 'revaluation reserve hedge'.

Fair value in Euro

Fair value of instruments through equity (hedge accounting IAS 39)	Half year ended 30/06/2014	Year ended 31/12/2013
Outstanding interest hedge contracts	(662.449)	(394.908)
Outstanding inflation hedge contracts	-	-
Subtotal	(662.449)	(394.908)
Deferred tax asset	225.166	134.229
Total, classified under revaluation reserve hedge	(437.282)	(260.679)

F. LONG AND SHORT TERM DEBTS

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
Secured loans		
Bank loan (in CHF) at floating interest rate, average rate for 1H14 was 2.50% (1); maturing in 2019	205.552	244.272
Bank loan (in EUR) at floating interest rate, average rate for 1H14 was 1.65% (2); maturing in 2033	2.026.652	2.079.986
Total secured loans	2.232.204	2.324.258
Unsecured loans		
Unsecured loans (in EUR) at floating interest rate, average rate for 1H14 was 1.65%, maturing in 2018	16.000.000	20.000.000
Total unsecured loans	16.000.000	20.000.000
Total debt	18.232.204	22.324.258
Current maturities	4.147.800	4.147.398
Long-term portion of debts	14.084.404	18.176.860

(1) The loan is secured by a mortgage on the building of Bevaix, Switzerland.

(2) A secured loan was concluded for an amount of EUR 3.200.000 to finance the construction of an office building. A mortgage of EUR 3.200.000 is given on the building project.

As per June 30, 2014 there are engagements for the following financial covenants:

For Melexis NV:

Net debt/EBITDA ratio $\leq 2,5$

Tangible net worth/total assets $\geq 35\%$

As per June 30, 2014 Melexis is respecting all its financial covenants.

G. OTHER CURRENT LIABILITIES

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
Accrued real estate withholding tax	67.750	25.000
Accrued financial services	312.326	234.892
Accrued design services	48.939	339.241
Accrued management services	235.203	199.273
Accrued interests	-	13.600
Accrued insurances	45.500	77.200
Accrued IT services	64.500	-
Accrued marketing services	136.936	-
Other	347.393	361.869
Total	1.258.548	1.251.075

The other current liabilities relates to services rendered by both third party suppliers and affiliated companies for which we did not receive an invoice yet. EUR 1.093.325 refers to

third party supplier services and EUR 165.223 refers to rendered services from affiliated companies.

H. OTHER NON CURRENT LIABILITIES

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
Other non current Liability	1.745.476	1.700.476
Total	1.745.476	1.700.476

The other non current liability relates to an obligation of repayment for subsidies. Melexis Erfurt received an investment grant for a planned investment project which ended at year end 2009. The allocation of subsidies is based on 'Joint agreement for the improvement of regional economic structures (GA)' and according 'European fund for regional development (EFRE)'. Since not all agreed criteria were met at the end of the investment period, there is a risk that Melexis Erfurt needs to repay the grant. The repayment of the investment grant threatens at the earliest in the financial year 2017. Because of the long-term character of the provision, a non current -liability has been booked for the amount of KEUR 1.627.

I. OPERATING SEGMENTS

Operating segments

As of 2014 Melexis has only one operating segment. The available information that is evaluated regularly by the chief operating decision maker has only one operating segment. Melexis products and production processes have evolved in such a way that the distinction between automotive and non automotive segments is no longer relevant. Operating decisions are taken for each individual product during a committee lead by the CEO, based on performance assessments.

Information about transactions with major customers

The following table summarizes sales by customer for the 10 most important customers, as % of total sales. It consists of the sales to the end customer and not to the subcontractors.

In%

	Half year ended 30/06/2014	Half year ended 30/06/2013	Year ended 31/12/2013
Customer A	17	16	17
Customer B	6	6	6
Customer C	5	5	5
Customer D	5	5	5
Customer E	4	4	4
Customer F	4	4	4
Customer G	4	3	3
Customer H	3	3	3
Customer I	2	2	2
Customer J	2	2	2
TOTAL	52	50	51

Information about geographical areas

The Melexis group's activities are conducted predominantly in Western Europe, Eastern Europe, Asia and the United States.

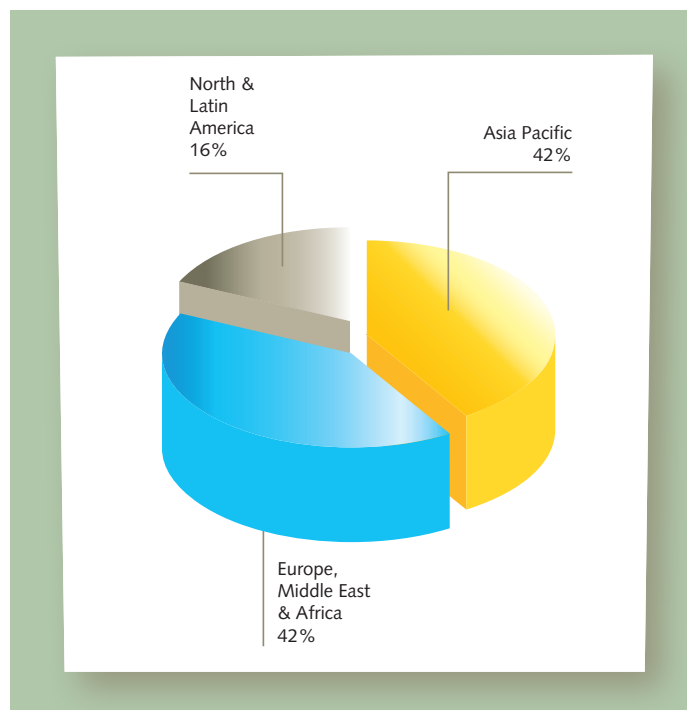
The origin of all revenue is in Belgium, as the entity which has made the invoices towards the customers is located in Belgium.

In Euro

	Europe, Middle East and Africa	North and Latin America	Asia Pacific	Total
Half year ended 30/06/2014				
Non current assets	86.006.820	265.328	1.994.464	88.266.611
Half year ended 30/06/2013				
Non current assets	85.073.688	287.309	1.470.045	86.831.042
Year ended 31/12/2013				
Non current assets	84.305.158	263.770	2.060.821	86.629.749

Due to the fact that the production sites are mainly located in Europe, the assets are also centralized in Europe (see table above). In the other geographical areas outside Europe, mainly sales offices are located and therefore less assets are present.

The following table summarizes sales by destination (this refers to the geographical area in which the customer is located. Also equal to bill to address):



In Euro

	Half year ended 30/06/2014	Half year ended 30/06/2013
Europe, Middle East and Africa	66.739.133	57.363.554
Germany	30.537.002	26.160.593
France	4.104.527	3.150.300
United Kingdom	4.410.808	4.995.000
Poland	4.187.409	3.355.400
Switzerland	2.540.402	1.642.900
Ireland	2.550.927	2.290.300
Czech Republic	1.529.339	830.700
Austria	6.896.580	5.539.500
Netherlands	529.602	735.500
Romania	4.139.819	3.953.000
Bulgaria	781.293	595.200
Spain	931.836	914.500
South Africa	618.863	1.380.700
Hungary	1.467.336	280.000
Italy	608.825	553.900
Other	904.567	986.061
North and Latin America	24.911.837	21.796.600
United States	17.029.463	13.883.700
Canada	774.976	597.400
Mexico	6.406.953	6.418.800
Brazil	44.880	32.800
Bermuda	655.566	863.900
Asia Pacific	65.977.772	49.785.300
Japan	12.352.106	9.552.000
China	15.699.050	9.853.100
Hong Kong	6.622.624	4.503.100
Thailand	17.168.054	12.286.400
Korea	8.529.163	6.988.300
Philippines	1.155.774	841.600
Taiwan	2.301.701	2.534.800
India	550.078	1.377.400
Singapore	569.264	664.900
Other	1.029.957	1.183.700
Total	157.628.742	128.945.454

J. RELATED PARTIES

1. Shareholders' structure and identification of major related parties

Melexis NV is the parent company of the Melexis group that includes following entities which have been consolidated:

Melexis Inc	US entity
Melexis Gmbh	German entity
Melexis Bulgaria Ltd.	Bulgarian entity
Melexis BV	Dutch entity
Melexis Ukraine	Ukraine entity
Melexis Technologies SA	Swiss entity
Melexis French branch	French branch
Sentron AG	Swiss entity
Melefin NV	Belgian entity
Melexis Technologies NV	Belgian entity
Melexis Philippine branch	Philippine branch
Melexis Japan	Japanese Entity
Melexis Hong Kong	Chinese branch
Melexis Electronic Technology Co. Ltd	Chinese entity
Melexis Switzerland SA	Swiss entity

The shareholders of Melexis NV are as follows:

Xtrion NV owns 53,58% of the outstanding Melexis shares. The shares of Xtrion are held directly and/or indirectly by Mr. Roland Duchâtelet, Mr. Rudi De Winter and Mrs. Françoise Chombar who are all directors at Melexis NV.

Xtrion NV owns 59% of the outstanding shares of X-FAB Silicon Foundries SE, producer of wafers, which are the main raw materials for the Melexis products. X-FAB Silicon Foundries SE sells the majority of its products also to third parties.

Melexis, as in prior years, purchases part of its test equipment from the XPEQT Group. XPEQT Group develops, produces and sells test systems for the semiconductor industry. XPEQT Group is owned by Mr. Roland Duchâtelet (60%) and Mrs. Françoise Chombar (40%), CEO of Melexis NV.

During the half year 2014 no transactions took place which can create a potential conflict.

2. Outstanding balances at 30th June 2014

The following balances were outstanding:

Receivables of

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
Elex	3.630	4.455
Xtrion	39.598	4.598
Fremach Dieppe	76.353	52.650
X-fab group	6.355.032	1.560.903
Xpeq group	51.142	12.071
Anvo-Systems	432.677	-
Other	9.545	1.815
Total	6.967.977	1.636.493

Payables to

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
Elex	36.733	18.813
Xtrion	239.171	203.966
Epiq NV	(4)	(4)
X-fab group	8.076.918	6.343.398
Xpeq group	382.998	810.877
Anvo-Systems	16.098	83.940
Other	-	370
Total	8.751.914	7.461.359

Long term receivable

In Euro

	Half year ended 30/06/2014	Year ended 31/12/2013
X-fab group	1.422.548	1.466.548

3. Transactions during the year

In the course of the year, following transactions have taken place:

Sales/ purchases of goods and equipment

In Euro

Sales to	Half year ended 30/06/2014	Year ended 31/12/2013
Fremach Dieppe (mainly integrated circuits)	656.506	1.197.183
Xpeq group	-	2.851

In Euro

Purchases from	Half year ended 30/06/2014	Year ended 31/12/2013
X-fab group (mainly wafers)	52.000.969	85.374.234
Xpeq group (mainly equipment and goods)	2.054.423	5.666.735
Xtrion (mainly IT infrastructure)	170.754	319.126
Other	5.127	-

Sales/purchases of services

In Euro

Sales to	Half year ended 30/06/2014	Year ended 31/12/2013
Elex (mainly R&D services and rent)	-	22.607
Xpeq group (infrastructure office building)	13.505	110.369
Xtrion (infrastructure office building)	-	45.600
X-fab group	235.437	448.031
Anvo-Systems (mainly test services)	141.589	-

In Euro

Purchases from	Half year ended 30/06/2014	Year ended 31/12/2013
Xtrion NV (mainly IT and related support)	545.214	1.229.668
Elex (mainly IT and related support)	39.645	100.581
Xpeq group	565.278	1.348.325
X-fab group	914.383	2.092.097
Anvo-Systems (mainly R&D services)	292.325	515.989
Other	5.400	-

The Board of Directors and the Audit Committee have reviewed and analyzed the major transactions and concluded these transactions are within the normal course of business

and that there are sufficient elements to conclude that the remuneration is based on arm's length principles.

K. COMMITMENTS & ESTIMATED LIABILITIES

Purchase commitments

The group had purchase commitments for a total of 5.406.326 EUR at June 30, 2014.

L. LITIGATION

1. Melexis is involved in a patent claim because AustriaMicroSystems is seeking compensation for IP related to a patent on magnetic angle sensing they acquired. The court in Düsseldorf (1st instance) has judged in favour of AustriaMicroSystems against which Melexis has lodged an appeal with the Higher Regional Court of Düsseldorf.

Moreover, Melexis initiated in March 2010 on the basis of prior art, a claim against the AustriaMicroSystems patent with the Federal Patent Court in Munich, the only competent German court for judging patent validity. As a consequence, the appeal with the Higher Regional Court of Düsseldorf was postponed. On December 9, 2010 the Court rendered its verdict on this patent nullity case. In 1st instance, the Court declared all attacked patent claims as null and invalid based on the prior art submitted by Melexis. The invalidation of all relevant claims of the AustriaMicroSystems patent takes away the basis for the earlier judgment in the parallel patent infringement case judged in Düsseldorf. However, in May 2014, the patent nullity claim, against which AustriaMicroSystems lodged an appeal in the Federal Supreme Court of Karlsruhe was judged against Melexis. As a result, the claim in appeal with the Higher Regional Court of Düsseldorf will be reopened.

2. Melefin NV (a daughter company of Melexis NV) has taken KBC Bank to court in relation with a dispute regarding an investment by Melexis in CDO's issued by KBC Bank. Melexis invested in 2006 15 million euro in these CDO's. By 2009, Melexis had to write off the full investment as the underlying assets had no more value. Melexis requests the full repayment of the initial investment and the lost interest income.

The case was judged in the court of Hasselt on 14 November 2012 in favour of KBC bank, against which Melexis has appealed with the Supreme Court of Antwerp. During 2013 and 2014 there were no changes.

M. FINANCIAL INSTRUMENTS

Financial risk management

Melexis operates internationally, which could give an exposure to market risks from changes in interest and foreign exchange rates. Melexis uses derivative financial instruments to manage the foreign exchange risks, interest risks and inflation risks.

Risk management policies have been defined on group level, and are carried out by the local companies of the group.

(1) Credit risks

The group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics. The group has a policy to ensure that sales are only made to new and existing customers with an appropriate credit history.

(2) Interest rate risk

The group does use derivatives to manage interest rate risks of the outstanding bank debt.

The schedule of long-term-debt repayments is disclosed in Note 2.6.5.F.

The table with outstanding derivatives at year end is disclosed in Note 2.6.5.E.

(3) Liquidity risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the company within the normal terms of trade. To manage the risk the company periodically assesses the financial viability of customers.

(4) Foreign exchange risk

The currency risk of the group occurs due to the fact that the group operates and has sales in USD. The group uses derivative contracts to manage foreign exchange risks. The table with outstanding derivatives at year end is taken up in Note 2.6.5.E.

Fair value of Financial Instruments

The fair value of foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. For all of these instruments, the fair values are confirmed to the group by the financial institutions through which the group has entered into these contracts.

The group's principal financial instruments not carried at fair value are cash and cash equivalents, trade receivables, other current assets, other non current assets, trade and other payables, bank overdrafts and long term borrowings.

The carrying amount of cash and cash equivalents and of bank overdrafts approximates their fair value due to the short-term maturity of these financial instruments. The fair value of current investments is calculated by reference to the market value on the stock exchange on which the shares are listed.

The fair value of the long-term loans is based on the current rates available for debt with the same maturity profile and approximates their carrying amounts.

Management believes that the exposure to interest rate risk of financial assets and liabilities as of June 30th, 2014 was minimal since their deviation from their respective fair values was not significant.



The unaudited consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 28 July 2014 and were signed on its behalf by Françoise Chombar.

Françoise Chombar
Managing Director, Chief Executive Officer (CEO)

A handwritten signature in black ink, appearing to be 'F. Chombar', written over a horizontal line.

3



SHAREHOLDER INFORMATION

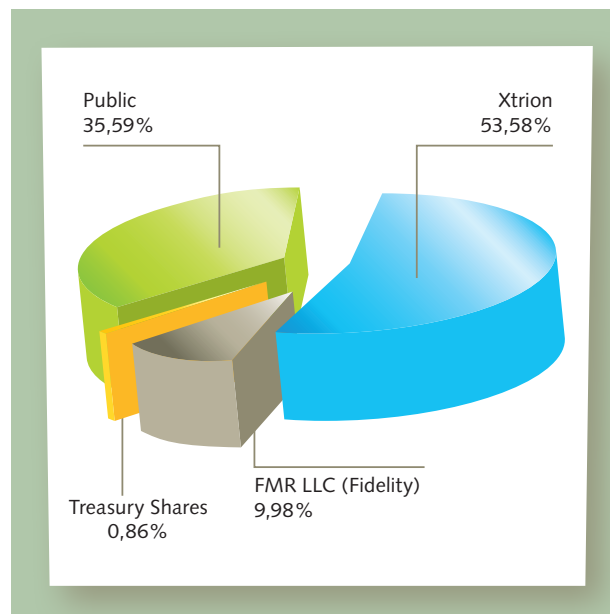
- Listing
- Reuters ticker
- Bloomberg ticker

Euronext
MLXS.BR
MELE BB

3.1 Shareholder structure

Situation on June 30, 2014.

Company	Number of shares	Participation rate
Xtrion	21.644.399	53,58%
FMR LLC (Fidelity)	4.032.132	9,98%
Treasury shares	346.141	0,86%
Public	14.377.328	35,58%
Total	40.400.000	100,00%



3.2 Shareholder contact info

Investor Relations

Phone: +32 13 67 07 79

Fax: +32 13 67 21 34

Rozendaalstraat 12, B-8900 Ieper, Belgium

www.melexis.com/investor.asp

3.3 Financial calendar 2014

Announcement of Q3 results October 22nd, 2014

Announcement of Full Year Results February 4th, 2015

3.4 Dividend

Gross (interim-) dividend paid out per share in

- 1999: EUR 0,30 interim dividend
- 2002: EUR 0,50 interim dividend
- 2003: EUR 0,50 interim dividend
- 2004: EUR 0,2762 dividend and EUR 0,7238 capital decrease
- 2005: EUR 0,50 interim dividend
- 2006: EUR 0,50 interim dividend
- 2007: EUR 0,60 interim dividend
- 2008: EUR 0,60 interim dividend
- 2010: EUR 0,30 interim dividend
- 2011: EUR 0,60 interim dividend
- 2012: EUR 0,65 interim dividend
- 2013: EUR 0,70 interim dividend

The Board of Directors decided to pay out an interim dividend of 1,00 EUR gross per share, payable as from October 23, 2014.



**STATUTORY AUDITOR'S REVIEW OPINION
ON THE UNAUDITED CONDENSED
CONSOLIDATED INTERIM FINANCIAL
STATEMENTS OF MELEXIS NV FOR THE SIX
MONTH PERIOD ENDING 30 JUNE 2014**

Statutory auditor's report to the Board of Directors of Melexis NV on the review of consolidated interim financial information for the six-month period ended 30 June 2014

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Melexis NV as of 30 June 2014 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, as well as the explanatory notes. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Zaventem, August 26, 2014



BDO Bedrijfsrevisoren Burg. Ven. CBVA
Statutory auditor
Represented by Veerle Catry

5



GLOSSARY

Earnings per share

Profit attributable to equity holders of Melexis divided by the weighted average number of ordinary shares.

Earnings per share diluted

Profit attributable to equity holders of Melexis divided by the fully diluted weighted average number of ordinary shares.

Revenue

Product sales + Revenues from Research and Development

EBIT (Earnings Before Interests and Taxes)

Turnover/sales – cost of sales – research and development expenses – general and administrative expenses – selling expenses – other operating expenses

EBITDA (Earnings Before Interests and Taxes + Depreciation, Amortization and impairment)

EBIT + depreciation, amortization and impairment.

Shareholders' equity

Shareholders' capital + retained earnings (inclusive current year's result) +/- reserves (reserve treasury shares, revaluation reserve hedge, revaluation reserve fair value, legal reserve) +/- Cumulative translation adjustment.

Net Indebtedness

Current portion of long-term debt + long-term debt less current portion + bank loans and overdrafts – current investments - cash and cash equivalents

Working capital

(Total current assets – cash and cash equivalents – current investments) – (current liabilities – bank loans and overdrafts – current portion of long-term debt – derivative financial instruments)

Net cash from operating activities

Net Result +/- adjustments for operating activities +/- changes in working capital

Capital expenditure

Investments in property, plant and equipment

ROE (Return On Equity)

Net income/shareholders' equity

Liquidity

Current assets/current liabilities

Solvency

Shareholders' equity/total assets

