



FIRST SEMESTER 2007: 20% GROWTH IN DOLLARS

The Group build-up confirmed by the semester achievements

Grenoble, France and Durham, North Carolina, August 30, 2007 – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces its earnings for the first semester 2007, ending June 30, 2007.

Strong Improvement of Net Result

In accordance with the figures given in the first and second quarter press releases, consolidated revenue for this first semester amounts to 7.3 million euros (9.8 million US dollars) compared to 6.9 million euros (8.2 million US dollars) for the first semester 2006 and 3.9 million euros for the first semester 2005 (4.9 million US dollars), thus showing a revenue growth in dollars of 20% over a year and 100% over two years.

Consolidated operating result is (1.2) million euros compared to (5.8) million euros for the same period 2006. Consolidated net result also improved significantly at (0.9) million euros compared to (5.9) million euros for the first semester 2006.

Growth margin amounts to 3.1 million euros and represents 42% of the semester consolidated revenue, thus showing a point increase compared to first semester 2006 and 20 points increase compared to the same period 2005.

As of June 30 2007, MEMSCAP available cash is 7.6 million euros, including cash investments (Mutual funds), incorporated according to IFRS, as current and non-current financial assets. Furthermore, customers and other debtors amount to 6.9 million euros while suppliers and other creditors total 3.9 million euros. Finally, inventory is at 3.1 million euros, an increase of 37% compared to first semester 2006. This increase of working capital reflects the Group business growth and is intended to enable catering for the commercial needs in the coming quarters.

The Group shareholders equity amounts to 29.7 million euros.

A semester of many achievement and substantial backlog

During the semester, Standard Products and Custom Products business units have dedicated their efforts to increase their customer base, the purchase order amounts (the Custom Products business unit has received and accepted an 8.5 million dollars purchase order), while developing new products and ensuring the sales of the existing ones. As a result, the Group backlog is the most substantial the Group has known over the last five years.

However, the most important fact of the semester is IntuiSkin growth, as it has actively contributed to the Group revenue, but has also completely fulfilled its growth objectives for customers, product brand improvements and strengthening of its business and financial fundamentals.

Other achievements of the semester

- The acceptance by MEMSCAP of a purchase order for the manufacturing of a consumer dedicated application component, for a total amount of 8.500 000 US\$ (*cf. Press release July 23, 2007*)
- The appointment of Vera Strübi, independent board member and cosmetics specialist, to MEMSCAP board of director (*cf. Press release April 3, 2007*)
- The recruitment of a Manufacturing Director for IntuiSkin, Mickaël Odier, a volume manufacturing expert (*cf. Press release July 16, 2007*)
- The set up of the new IntuiSkin production tools in the new Bernin site (*cf. Press release June 21, 2007*)
- The choice of MEMSCAP by Given Imaging for its revolutionary PillCam™ COLON (*cf. Press Release, May 9, 2007*)
- The announcement by MEMSCAP that it is a breeding ground for the next MEMS generation (*cf. Press Release, June 25, 2007*)
- MUMPs sold out in Barcelona for Stimesi (*cf. Press Release, June 28, 2007*).

3rd Quarter revenue will be released on October 22, 2007.

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), where MEMSCAP belongs to the Next Economy segment. More information on the company's products and services can be obtained at www.memscap.com.

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INTERIM CONSOLIDATED BALANCE SHEET

at 30 June 2007

| | <i>30 June 2007</i> | <i>31 December 2006</i> |
|--|-------------------------|-----------------------------|
| | €000 | €000 |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment..... | 9 975 | 9 394 |
| Intangible assets..... | 8 424 | 8 380 |
| Financial assets..... | 813 | 677 |
| Deferred tax asset..... | 633 | 419 |
| | 19 845 | 18 870 |
| Current assets | | |
| Inventories..... | 3 131 | 2 284 |
| Trade and other receivables..... | 6 927 | 6 250 |
| Prepayments..... | 192 | 211 |
| Current financial assets..... | 40 | 412 |
| Cash and short-term deposits..... | 6 805 | 9 409 |
| | 17 095 | 18 566 |
| | 36 940 | 37 436 |
| TOTAL ASSETS | | |
| Equity and Liabilities | | |
| Equity | | |
| Issued capital..... | 9 174 | 9 108 |
| Share premium..... | 34 373 | 39 912 |
| Treasury shares..... | (40) | (112) |
| Retained earnings..... | (12 696) | (17 474) |
| Foreign currency translation..... | (1 108) | (1 227) |
| | 29 703 | 30 207 |
| Non-current liabilities | | |
| Interest-bearing loans and borrowings..... | 1 621 | 1 061 |
| Provisions..... | 189 | 188 |
| Other non-current liabilities..... | 196 | 192 |
| | 2 006 | 1 441 |
| Current liabilities | | |
| Trade and other payables..... | 3 884 | 4 271 |
| Interest-bearing loans and borrowings..... | 1 221 | 1 382 |
| Provisions..... | 34 | 52 |
| Other current liabilities..... | 92 | 83 |
| | 5 231 | 5 788 |
| | 7 237 | 7 229 |
| TOTAL LIABILITIES | | |
| TOTAL EQUITY AND LIABILITIES | 36 940 | 37 436 |

INTERIM CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2007

| | <i>For the six months ended 30 June</i> | |
|--|---|----------------|
| | <i>2007</i> | <i>2006</i> |
| | <u>€000</u> | <u>€000</u> |
| Sales of goods and services..... | 7 347 | 6 853 |
| Revenue from continuing operations | 7 347 | 6 853 |
| Cost of sales..... | (4 286) | (4 046) |
| Gross profit | 3 061 | 2 807 |
| Research and development expenses | (1 809) | (1 427) |
| Selling and distribution costs | (681) | (671) |
| Administrative expenses | (1 749) | (1 936) |
| Other expenses..... | -- | (4 545) |
| Profit / (Loss) from continuing operations before tax and finance costs.... | (1 178) | (5 772) |
| Finance costs..... | (90) | (402) |
| Finance income..... | 123 | 152 |
| Profit / (Loss) before tax | (1 145) | (6 022) |
| Income tax profit..... | 197 | 145 |
| Profit / (Loss) for the year | (948) | (5 877) |

Earnings per share:

| | | |
|--|--------|--------|
| - Basic, for profit for the period attributable to ordinary equity holders of the parent (in euros)..... | (0,21) | (1,29) |
| - Diluted, for profit for the period attributable to ordinary equity holders of the parent (in euros)..... | (0,20) | (1,27) |

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended June 2007

| <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 2006 | 182 053 857 | 9 103 | 40 778 | (22) | (12 675) | (432) | 36 752 |
| Foreign currency translation..... | -- | -- | -- | -- | -- | (334) | (334) |
| Total income and expense for the period recognised directly in equity | -- | -- | -- | -- | -- | (334) | (334) |
| Loss for the period..... | -- | -- | -- | -- | (5 877) | -- | (5 877) |
| Total income and expense for the period | -- | -- | -- | -- | (5 877) | (334) | (6 211) |
| Reverse stock split initiated at 20 march 2006..... | (177 502 511) | -- | -- | -- | -- | -- | -- |
| Exercise of warrants (BSA)..... | 2 789 | 5 | -- | -- | -- | -- | 5 |
| Retained earnings offset with share premium..... | -- | -- | (867) | -- | 867 | -- | -- |
| Treasury shares..... | -- | -- | -- | (104) | -- | -- | (104) |
| Share-based payment..... | -- | -- | -- | -- | 74 | -- | 74 |
| At 30 June 2006 | 4 554 135 | 9 108 | 39 911 | (126) | (17 611) | (766) | 30 516 |
| At 1 January 2007 | 4 554 236 | 9 108 | 39 912 | (112) | (17 474) | (1 227) | 30 207 |
| Foreign currency translation..... | -- | -- | -- | -- | -- | 119 | 119 |
| Total income and expense for the period recognised directly in equity | -- | -- | -- | -- | -- | 119 | 119 |
| Loss for the period..... | -- | -- | -- | -- | (948) | -- | (948) |
| Total income and expense for the period | -- | -- | -- | -- | (948) | 119 | (829) |
| Exercise of warrants and stock-options..... | 32 858 | 66 | 108 | -- | (3) | -- | 171 |
| Retained earnings offset with share premium..... | -- | -- | (5 647) | -- | 5 647 | -- | -- |
| Treasury shares..... | -- | -- | -- | 72 | -- | -- | 72 |
| Share-based payment..... | -- | -- | -- | -- | 82 | -- | 82 |
| At 30 June 2007 | 4 587 094 | 9 174 | 34 373 | (40) | (12 696) | (1 108) | 29 703 |

INTERIM CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2007

For the six months ended 30 June

| | <i>2007</i> | <i>2006</i> |
|---|----------------|----------------|
| | <i>€000</i> | <i>€000</i> |
| Cash flows from operating activities: | | |
| Net income/(loss) | (948) | (5 877) |
| Non cash items written back: | | |
| Amortization and depreciation | 570 | 4 622 |
| Capital gain or loss on disposal of fixed assets | -- | 1 |
| Other non financial activities | (195) | (181) |
| Accounts receivable | (971) | (690) |
| Inventories | (781) | (92) |
| Other debtors | 422 | 430 |
| Accounts payable | (210) | 567 |
| Other liabilities | (95) | 145 |
| Total net cash flows from operating activities..... | (2 208) | (1 075) |
| Cash flows from investing activities: | | |
| Proceeds from sale of property, plant, equipment and intangible assets..... | 33 | 117 |
| Purchase of fixed assets..... | (991) | (233) |
| Purchase of financial assets..... | 120 | -- |
| Impact of variation of frozen cash..... | 95 | 173 |
| Impact of variation of cash deposits related to Bernin plant..... | -- | 339 |
| Total net cash flows from investing activities..... | (743) | 396 |
| Cash flows from financing activities: | | |
| Proceeds from borrowings..... | 636 | 400 |
| Repayment of borrowings | (179) | (343) |
| Payment of finance lease liabilities | (394) | (954) |
| Purchase of treasury shares | 72 | -- |
| Proceeds from issue of share | 171 | 5 |
| Total net cash flows from financing activities | 306 | (892) |
| Net foreign exchange difference | (92) | (21) |
| Increase/(decrease) in net cash and cash equivalents | (2 737) | (1 592) |
| Opening cash and cash equivalents balance..... | 8 623 | 5 486 |
| Closing cash and cash equivalents balance | 5 886 | 3 894 |