



MEMSCAP

The Power of a Small World™

7th QUARTER OF CONSECUTIVE GROWTH AND CONFIRMED PROFITABILITY FOR MEMSCAP

A semester of profitability and total annulment of debts that opens the way for 2007

Grenoble, France and Durham, North Carolina, January 22, 2007 – MEMSCAP (Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces its earnings for the fourth quarter ending December 31, 2006.

2nd consecutive quarter of profitability

The consolidated revenue for the fourth quarter amounts to 4 million euros (5.1 million US dollars), compared to 3.2 million euros (3.8 million US dollars) in the fourth quarter 2005, representing a 25% growth in euros (36% in US dollars), and bringing the consolidated revenue for fiscal year 2006 to 14.6 million euros (18.4 million US dollars). The Company thus shows its 7th quarter of consecutive growth.

During this 4th quarter, the gross margin went up 50%, a 13 points increase compared to 4th quarter 2005.

In parallel to this growth and despite the 0.3 million euros exceptional expenses related to the early cancellation of the Bernin lease, to the moving out and the set up in the new Company offices, consolidated operating result for the 4th quarter is (0.1) million euros, compared to (0.7) for the same period 2005. With these figures, the Company reaches its 2nd consecutive profitable quarter.

It should be mentioned that the euro/dollar exchange rate, despite having an impact on the Group revenue, has no significant effect on the operating result since purchases are covered by the revenue made in each of those currencies. Therefore, taking into account a constant euro/dollar exchange rate throughout the whole year, the 4th quarter revenue would amount to 4.2 million euros and the total revenue for fiscal year 2006 would go up to 15 million euros. The quarter and yearly net results would remain mostly identical.

The Company's two core activities, Standard Products and Custom Products, contribute to the revenue and results as follows:

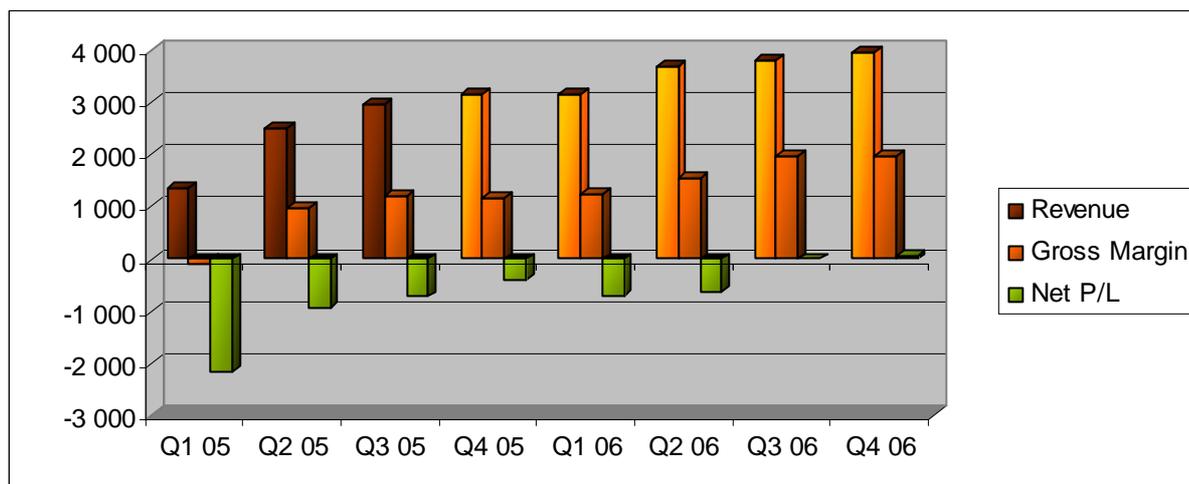
| | Q4, 05 | Q3, 06 | Q4, 06 |
|---|--------------|--------------|--------------|
| Revenue: | | | |
| Standard Products (including IntuiSkin) | 1.2 | 1.7 | 1.9 |
| Custom Products | 1.9 | 2.1 | 2.1 |
| Total Revenue | 3.2 | 3.8 | 4.0 |
| Cost of Revenue | (2.0) | (1.8) | (2.0) |
| Gross Margin | 1.2 | 2.0 | 2.0 |
| % of Revenue | 37% | 52% | 50% |
| Operating Expenses | (1.8) | (2.1) | (2.1) |
| Operating Profit / (Loss) | (0.7) | (0.1) | (0.1) |
| Financial Profit / (Loss) | (0.1) | 0 | 0.1 |
| Corporate Income taxes | 0.4 | 0.1 | 0.1 |
| Net Profit / (Loss) | (0.4) | 0 | 0.1 |

A sustained activity

During this quarter, the Standard Products division has developed new business alliances, consolidated its backlog, and prepared the development and launch of new products for 2007. Its revenue has been realised through 57% of avionics sales and 43% of medical sales. Its net profitability of 21% comes as a confirmation of its performances.

Custom Products show a record activity for delivery of dies and finished products, while the future engine growth development projects based in France are online with the planned agenda.

Finally, IntuiSkin has, for the first time, delivered products/systems in Japan and Australia, and launched the set up of the infrastructures it will need for its expected deployment in 2007.



Other achievements of this third quarter

- The chairing by MEMSCAP of a project for a new biomedical sensors and implants platform based on an extremely high level of innovation, that will enable to bring a new dimension to the patients comfort and security. (cf. Press release, December 20, 2006)
- The early cancellation of the France, Bernin offices lease. The total economy thus realized by MEMSCAP, and corresponding, over the lease period, to the termination of the financial commitment linked to the lease (including associated costs and taxes), amounts to 2.2 million euros. (cf. Press release December 12, 2006)
- The award to the Norwegian facility specialised in Standard Products, of a new Aerospace certification, namely the international AS 9100 validating the high standard of infrastructure and environment, the products quality, and complementing the numerous certifications already awarded to this business unit such as the medical ISO 13485:2003. (cf. Press release November 1st, 2006)
- The election of the Group vice- president of strategy as chairman of EURIPIDES, the European project for packaging and integration of micro-devices and smart systems. This 7 years project with a 1.2 billion euros budget brings together 16 countries, France participating for 25%, and comprises prestigious research institutes and companies such as MEMSCAP. (cf. Press release October 11, 2006)
- MUMPs, the MEMSCAP world renowned proof of concept and manufacturing platform, at work for Europe within the frame of STIMESI, the European program for the promotion of MEMS technology, bringing together international participants. (cf. Press release October 9, 2006)
- The very popular Nemko certification and related CE marking being granted to IntuiSkin the Group subsidiary specialised in skin technologies, for its first range of professional products. (cf. Press release October 3, 2006)

« MEMSCAP had fixed for 2006 an objective of growth, profitability and debt annulment », declares Jean Michel Karam, MEMSCAP Chairman and Chief Executive Officer. « This has been achieved as early as the 3rd quarter that ended breakeven and with no debts, and confirmed during this 4th quarter, that not only reaches profitability but also is our 7th quarter of consecutive growth. These results are encouraging for our Group and we intend to intensify our efforts in 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 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.

For more information contact:

Aurore Foulon
Vice-President,
Corporate Communications
Tel. : +33 (0)4 76 92 85 00
aurore.foulon@memscap.com

Yann Cousinet
Chief Financial Officer
Tel.: +33 (0) 4 76 92 85 00
yann.cousinet@memscap.com