



MEMSCAP
The Power of a Small World™

8% NET PROFIT FOR THE THIRD QUARTER 2010

45% revenue growth for the first 9 months of the year and continuing operations profitable over the same period

Grenoble, France and Durham, North Carolina, October 28, 2010 – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, announced today its earnings for the third quarter ending September 30, 2010.

Group net profitability confirmed

Revenue for this third 2010 quarter is 3.5 million euros (4.5 million US dollars), compared to 2.2 million euros (3.1 million US dollars) for the third quarter 2009, thus an increase of the quarterly revenue by 60% in euro and 44% in US dollars.

Benefiting from a strong growth in all its market segments, MEMSCAP revenue for the first 9 months of the year totaled 9.9 million euros (12.9 million US dollars), compared to 6.8 million euros (9.2 million US dollars) for the same period in 2009, thus a growth of 45% in euros and 40% in US dollars.

Consolidated revenue distribution by market segment, over the third quarter is as follows:

Market Segments	Revenue (M€)	%
Aerospace	1.6	46%
Optical Communications / Adaptive Optics	1.0	28%
Medical / Biomedical	0.6	18%
Other Applications	0.3	8%
Total	3.5	100%

The Group gross margin rate for the third quarter is 43% of the revenue, increasing by 14 points compared to the third quarter 2009.

Operating profit for this quarter is 0.3 million euros, compared to an operating loss of (0.6) million euros over the third quarter 2009.

Consolidated net profit for this third quarter is 0.3 million euros, representing 8% of consolidated revenue, compared to a net loss of (0.9) million euros for the third quarter 2009.

This quarterly profit allows MEMSCAP to show profit for the continuing operations over the first 9 months of the fiscal year.

MEMSCAP group consolidated earnings for the third quarter 2010 are given by the following table:

In million euros	Q1 10	Q2 10	Q3 10	Q3 09
Continuing Operations :				
Revenue	2.9	3.5	3.5	2.2
Cost of Revenue	(1.9)	(2.0)	(2.0)	(1.6)
Gross Margin	1.0	1.5	1.5	0.6
% of Revenue	34%	42%	43%	29%
Other Income	0.1	--	0.1	0.1
Operating Expenses	(1.4)	(1.4)	(1.3)	(1.3)
Operating Profit / (Loss)	(0.3)	0.1	0.3	(0.6)
Financial Profit / (Loss)	--	--	--	--
Income Tax Expense	--	--	--	--
Profit / (Loss) from Continuing Operations	(0.3)	0.1	0.3	(0.6)
Discontinued Operations *:				
Gain / (Loss) from Discontinued Operations	(0.2)	(0.2)	--	(0.3)
Net Profit / (Loss)	(0.5)	(0.1)	0.3	(0.9)

* Gain / (Loss) related to the INTUISKIN activities sold on May 26, 2010.

As announced in the half year financial statements at June 30, 2010, the US subsidiary has finalized during this quarter the centralization of all its operations (including R&D, production, sales & marketing), within a single site, in order to maximize efficiency and eliminate non-productive expenses. Following to this move, MEMSCAP has finalized the sale of the left-unused building. This sale has directly generated a 1.2 million euros debt reduction, without any significant impact on the Group earnings.

Positive trend continuing

« Q3 2010 earnings confirm the positive trend previously observed. We have generated 0.3 million euros of net profit and 0.6 million euros of EBITDA » stated Jean Michel Karam, Chairman & CEO of MEMSCAP. « In the fourth quarter, we expect to continue to benefit from a significant growth in our addressed markets, specifically the optical communications and the aerospace businesses ».

Q4 2010 Earnings: January 28, 2011.

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: FRO010298620-MEMS). More information on the company's products and services can be obtained at www.memscap.com.

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