



INTUISKIN SPUN-OFF, MEMSCAP BECOMES PROFITABLE

Growth of Q2 revenue by 17% compared to Q1 and 77% compared to Q2 2009

Grenoble, France and Durham, North Carolina, July 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 second quarter ending June 30, 2010.

Revenue for this second 2010 quarter is 3.5 million euros (4.4 million US dollars), compared to 2.9 million euros (4.1 million US dollars) for the first quarter 2010 and to 1.9 million euros (2.7 million US dollars) for the second quarter 2009, thus an increase of the quarterly revenue by 17% and 77% respectively. These revenue figures exclude, according to IFRS 5, the revenue from discontinued operations (INTUISKIN), which amounts to 0.2 million euros over the 2 first months of the quarter.

The Group gross margin is 42% of the revenue, increasing by 8 points compared to the first quarter 2010 and almost tripling compared to the second quarter 2009.

Operating profit from continuing operations is 0.1 million euros, compared to an operating loss of (0.3) million euros over the previous quarter and (1.8) million euros for the second quarter 2009. Net profit from continuing operations is 0.1 million euros, compared to a net loss of (0.3) million euros for the first quarter 2010 and (1.7) million euros for the second quarter 2009.

Finally, the loss of the discontinued operations (INTUISKIN) amounts to (0.2) million euros, leading a total loss for the quarter to (0.1) million euros.

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

<i>In million euros</i>	Q2 09	Q1 10	Q2 10
<u>Continuing Operations:</u>			
Revenue			
Standard Products	1.3	1.6	2.0
Custom Products	0.6	1.3	1.5
Total Revenue	1.9	2.9	3.5
Cost of Revenue	(1.6)	(1.9)	(2.0)
Gross Margin	0.3	1.0	1.5
<i>% of Revenue</i>	15%	34%	42%
Other Income	0.1	0.1	-
Operating Expenses	(1.7)	(1.4)	(1.4)
Other Expenses	(0.5)	-	-
Operating Profit / (Loss)	(1.8)	(0.3)	0.1
Financial Profit / (Loss)	0.1	-	-
Taxes	-	-	-
Profit / (Loss) from Continuing Operations	(1.7)	(0.3)	0.1
<u>Discontinued Operations:</u>			
Gain / (Loss) from Discontinued Operations	(0.4)	(0.2)	(0.2)
Profit / (Loss)	(2.1)	(0.5)	(0.1)

Back to Profit

The first motivation for the sale of INTUISKIN, approved by the shareholders during the May 18, 2010 General Meeting, was to put MEMSCAP on the profitability path by eliminating the operational expenses of INTUISKIN as well as related headquarters G&A expenses. The earnings of this quarter confirm the viability of this strategy, which in addition enables MEMSCAP to benefit from the development of INTUISKIN, now adequately funded to allow the execution of its business plan. In fact, MEMSCAP, from one side, owns 15.8% of iCosmeceuticals, the company which acquired INTUISKIN, and from the other side, has granted this company a royalty-bearing license to its IOMA brand.

Positive Trend Confirmed

The trend initiated in the third quarter 2009 has been confirmed and covers this quarter all of the Group activities. In fact,

- the Standard Products business whose revenue increased by 22% compared to the first quarter 2010, comforts its profitability thanks to a revival in the aerospace and medical market segments;
- the Custom Products business unit (the US subsidiary) continues to benefit from a strong increase of its activity in the field of optical communications and registers its fourth consecutive quarterly growth leading to an average quarterly growth of 30% over the last 4 quarters. This consecutive quarterly growth allows this subsidiary to sign this quarter its highest profit ever achieved with 29% of revenue.

Finally, the Group expects this positive trend observed during the last four quarters to continue in 2010.

First Half 2010 Financial Statements: August 31, 2010.

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

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