



**MEMSCAP**  
*The Power of a Small World™*

**MEMSCAP 2007: ANNUAL IMPROVEMENT  
OF OPERATIONAL RESULT BY 85% AND NET RESULT BY 88%**

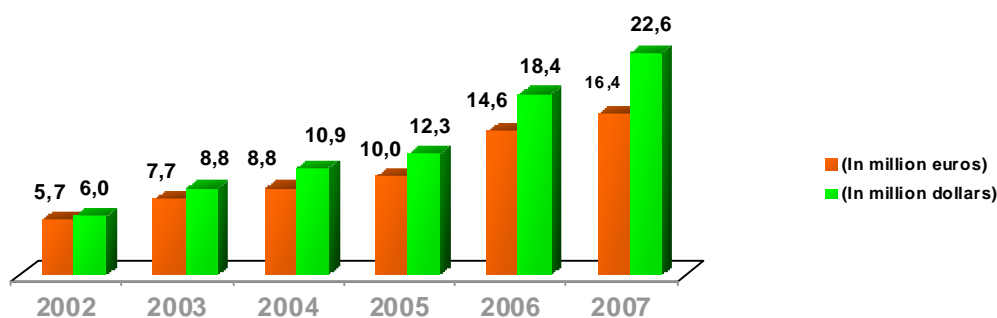
*The Group profitable over 9 consecutive months*

**Grenoble, France and Durham, North Carolina, February, 28 2008** – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (Micro Electro Mechanical Systems) technology, today announces its financial statements for the fiscal year ending December 31, 2007.

Consolidated Group results reflect a healthy financial situation which should accelerate and intensify Company growth. Main fiscal year achievements include:

- 6<sup>th</sup> consecutive year of growth for the consolidated revenue,
- Multiplication by 4 of INTUISKIN annual revenue,
- Gross margin representing 46% of the Group revenue for the second year in a row,
- Net profitability over 9 cumulated months of the fiscal year,
- INTUISKIN net profitability for the whole fiscal year,
- The acquisition of Laboratoires La Licorne that strengthens the MEMSCAP Group skin technology cluster,
- The increase of the customer portfolio, especially in the Standard Products, thus preparing a significant growth for the coming years,
- The award of the ISO 9001:2000 certification for the whole MEMSCAP Group.

Year 2007 consolidated revenue amounted to 16.4 million euros (22.6 million US dollars) compared to 14.6 million euros for fiscal year 2006 (18.4 million US dollars), representing an annual growth of 23% in US dollars. Company thus shows its 6<sup>th</sup> consecutive year of growth.



Gross margin is at 7.5 million euros and represents 46% of yearly consolidated revenue.

Consolidated operational result is (0.9) million euros compared to (6.0) million euros for fiscal year 2006, showing a substantial improvement by 85%.

The net consolidated result is (0.7) million euros compared to (5.8) million euros for fiscal year 2006, thus showing an improvement by over 88%. In parallel, the Group shows a net profit over the last 9 cumulated months of the fiscal year.

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

In million euros	2006	2007
<b>Revenue</b>		
Standard Products *	6.7	9.5
Custom Products	7.9	6.9
<b>Total Revenue</b>	<b>14.6</b>	<b>16.4</b>
COGS	(7.9)	(8.9)
<b>Gross Margin</b>	<b>6.7</b>	<b>7.5</b>
% of Revenue	46%	46%
Operating Expenses	(12.7)	(8.4)
<b>Profit / (Loss) from Operations</b>	<b>(6.0)</b>	<b>(0.9)</b>
Financial Profit / (Loss)	(0.2)	(0.2)
Tax	0.4	0.4
<b>Net Profit / (Loss)</b>	<b>(5.8)</b>	<b>(0.7)</b>

*\*including 2.0 million euros for IntuiSkin in 2007*

During the year, the Group customers have contributed homogeneously to the progression of the revenue:

- The Group first customer represented 11.2% of the consolidated revenue compared to 10.9 % in 2006;
- The first 5 customers represented 33.4% of the consolidated revenue compared to 34.3 % in 2006;
- The first 10 customers represented 49.4% of the consolidated revenue compared to 50.1 % in 2006;

Finally, the Group 24 first customers represented 71.5% of the consolidated revenue; the 24th customer representing 1% of the revenue.

On December 31, 2007, MEMSCAP Group available cash amounts to 6.7 million euros including cash investments (mutual funds and bonds) recorded under IFRS accounting standards under financial assets available for sale. The Group also has available non-used credit lines for a total amount of 2.3 million euros.

Furthermore, customers and other debtors amount to 6.9 million euros while suppliers and other creditors total 4.1 million euros. Also, inventory is at 3.3 million euros, to be compared to 2.3 million euros on 2006 closing. This increase of inventory is intended to enable catering for the growing commercial needs over fiscal year 2008.

The Group Shareholder's equity totals 31.4 million euros compared to 30.2 million euros on December 31, 2006.

At the closing, MEMSCAP does not record differed tax assets in its balance sheet other than the cumulated losses over the future tax profit of its Norwegian subsidiary, i.e. 0.4 million euros. Thus, MEMSCAP holds on December 31, 2007, a total differed tax of 46.2 million euros (including 0.8 million euros showing in the balance sheet) compared to 42.4 million euros (including 0.4 million euros showing in the balance sheet) on 2006 closing, as shown in the table below:

<i>In million euros</i>	<b>Differed tax</b>	<b>Expiration date</b>
France	40.5	Unlimited
USA	4.6	Between 2014 & 2021
Norway	1.1	Between 2012 & 2017
<b>Total</b>	<b>46.2</b>	

***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](http://www.memscap.com).

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# CONSOLIDATED BALANCE SHEET

## at 31 December 2007

	<i>31 December 2007</i>	<i>31 December 2006</i>
	<u>€000</u>	<u>€000</u>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	9 262	9 394
Intangible assets .....	12 373	8 380
Available-for-sale financial assets.....	860	538
Other financial assets .....	17	139
Deferred tax asset.....	835	419
	<u><b>23 347</b></u>	<u><b>18 870</b></u>
<b>Current assets</b>		
Inventories.....	3 332	2 284
Trade and other receivables.....	6 877	6 250
Prepayments .....	260	211
Current financial assets .....	--	412
Cash and short-term deposits .....	5 845	9 409
	<u><b>16 314</b></u>	<u><b>18 566</b></u>
	<u><b>39 661</b></u>	<u><b>37 436</b></u>
<b>TOTAL ASSETS</b>		
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Issued capital.....	9 422	9 108
Share premium .....	35 823	39 912
Treasury shares.....	(61)	(112)
Retained earnings .....	(12 279)	(17 474)
Foreign currency translation.....	(1 460)	(1 227)
	<u><b>31 445</b></u>	<u><b>30 207</b></u>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings .....	1 575	1 061
Provisions .....	78	188
Other non-current liabilities .....	196	192
	<u><b>1 849</b></u>	<u><b>1 441</b></u>
<b>Current liabilities</b>		
Trade and other payables.....	4 084	4 271
Interest-bearing loans and borrowings .....	1 715	1 382
Provisions .....	476	52
Other current liabilities.....	92	83
	<u><b>6 367</b></u>	<u><b>5 788</b></u>
	<u><b>8 216</b></u>	<u><b>7 229</b></u>
<b>TOTAL LIABILITIES</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>39 661</b></u>	<u><b>37 436</b></u>

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	<i>2007</i>	<i>2006</i>
	<u>€000</u>	<u>€000</u>
Sales of goods and services.....	16 411	14 606
<b>Revenue from continuing operations .....</b>	<b>16 411</b>	<b>14 606</b>
Cost of sales.....	(8 933)	(7 876)
<b>Gross profit .....</b>	<b>7 478</b>	<b>6 730</b>
Research and development expenses .....	(3 705)	(2 776)
Selling and distribution costs .....	(1 270)	(1 370)
Administrative expenses .....	(3 422)	(4 074)
Other expenses.....	--	(4 545)
<b>Profit / (Loss) from continuing operations before tax and finance costs....</b>	<b>(919)</b>	<b>(6 035)</b>
Finance costs.....	(393)	(533)
Finance income.....	241	320
<b>Profit / (Loss) before tax .....</b>	<b>(1 071)</b>	<b>(6 248)</b>
Income tax profit.....	399	427
<b>Profit / (Loss) for the year .....</b>	<b>(672)</b>	<b>(5 821)</b>

Earnings per share:

- Basic, for profit for the year attributable to ordinary equity holders of the parent (in euros) .....	(0,15)	(1,28)
- Diluted, for profit for the year attributable to ordinary equity holders of the parent (in euros) .....	(0,14)	(1,24)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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
<b>At 1 January 2006</b> .....	<b>182 053 857</b>	<b>9 103</b>	<b>40 778</b>	<b>(22)</b>	<b>(12 675)</b>	<b>(432)</b>	<b>36 752</b>
Foreign currency translation.....	--	--	--	--	--	(795)	(795)
<i>Total income and expense for the year recognised directly in equity..</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(795)</i>	<i>(795)</i>
Loss for the year.....	--	--	--	--	(5 821)	--	(5 821)
<i>Total income and expense for the year</i> .....	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(5 821)</i>	<i>(795)</i>	<i>(6 616)</i>
Reverse stock split initiated at 20 march 2006.....	(177 502 511)	--	--	--	--	--	--
Exercise of warrants (BSA).....	2 890	5	1	--	4	--	10
Retained earnings offset with share premium.....	--	--	(867)	--	867	--	--
Treasury shares.....	--	--	--	(90)	--	--	(90)
Share-based payment.....	--	--	--	--	151	--	151
<b>At 31 December 2006</b> .....	<b>4 554 236</b>	<b>9 108</b>	<b>39 912</b>	<b>(112)</b>	<b>(17 474)</b>	<b>(1 227)</b>	<b>30 207</b>
<b>At 1 January 2007</b> .....	<b>4 554 236</b>	<b>9 108</b>	<b>39 912</b>	<b>(112)</b>	<b>(17 474)</b>	<b>(1 227)</b>	<b>30 207</b>
Foreign currency translation.....	--	--	--	--	--	(233)	(233)
<i>Total income and expense for the year recognised directly in equity..</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(233)</i>	<i>(233)</i>
Loss for the year.....	--	--	--	--	(672)	--	(672)
<i>Total income and expense for the year</i> .....	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(672)</i>	<i>(233)</i>	<i>(905)</i>
Exercise of warrants (BSA and options).....	35 859	72	140	--	(3)	--	209
Issue of shares due to the acquisition of Laboratoires La Licorne, S.A. ....	121 053	242	1 418	--	--	--	1 660
Retained earnings offset with share premium.....	--	--	(5 647)	--	5 647	--	--
Treasury shares.....	--	--	--	51	--	--	51
Share-based payment.....	--	--	--	--	223	--	223
<b>At 31 December 2007</b> .....	<b>4 711 148</b>	<b>9 422</b>	<b>35 823</b>	<b>(61)</b>	<b>(12 279)</b>	<b>(1 460)</b>	<b>31 445</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	<u>2007</u>	<u>2006</u>
	€000	€000
<b>Cash flows from operating activities:</b>		
Net income/(loss) .....	(672)	(5 821)
Non cash items written back:		
Amortization and depreciation .....	1 162	875
Capital gain or loss on disposal of fixed assets .....	49	4 376
Other non financial activities .....	(329)	(442)
Accounts receivable .....	(2 031)	(939)
Inventories.....	(1 036)	(774)
Other debtors.....	402	835
Accounts payable .....	(774)	253
Other liabilities.....	(11)	(57)
<b>Total net cash flows from operating activities.....</b>	<b>(3 240)</b>	<b>(1 694)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of property, plant, equipment and intangible assets.....	111	4 893
Purchase of fixed assets.....	(1 288)	(1 866)
Proceeds from sale/(purchase) of financial assets .....	90	(950)
Impact of variation of frozen cash.....	95	434
Impact of variation of cash deposits.....	--	3 577
Variation in perimeter .....	(53)	--
<b>Total net cash flows from investing activities.....</b>	<b>(1 045)</b>	<b>6 088</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings.....	656	1 027
Repayment of borrowings .....	(291)	(631)
Payment of finance lease liabilities .....	(469)	(1 627)
Proceeds from sale/(purchase) of treasury shares.....	51	(90)
Proceeds from issue of share .....	208	10
<b>Total net cash flows from financing activities.....</b>	<b>155</b>	<b>(1 311)</b>
Net foreign exchange difference .....	(91)	54
<b>Increase/(decrease) in net cash and cash equivalents .....</b>	<b>(4 221)</b>	<b>3 137</b>
<b>Opening cash and cash equivalents balance.....</b>	<b>8 623</b>	<b>5 486</b>
<b>Closing cash and cash equivalents balance .....</b>	<b>4 402</b>	<b>8 623</b>