



SECOND QUARTER 2004 : MEMSCAP ANNOUNCES STRONG ORGANIC GROWTH

Group revenue, operating results and backlog, in line with the strategy for a return to operational profitability during second half of the year

Grenoble, France and Durham, North Carolina, July 22, 2004– MEMSCAP (Euronext: MEN), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces its revenue and operational results for the second quarter and first half of 2004.

Second quarter consolidated revenue amounted to 2.8 million euros (3.4 million US dollars), representing a 58.4% growth in euros compared to second quarter 2003, and a 42.3% growth compared to first quarter 2004, thus leading to revenue of 4.8 million euros (5.8 million US dollars) for the first half of 2004, compared to 3.8 million euros first half 2003 (4.2 million US dollars).

Consolidated operational result ended at (1.2) million euros for second quarter compared to (1.9) million euros for the first quarter 2004, totaling (3.1) million euros for the first half 2004 against (12.1) million euros for the first half 2003.

In addition, the gross margin for the second quarter represented 43% of the revenue, against 23% for the first quarter 2004.

Those first achievements are in line with the Group strategy of a return to operational profitability within the second half of the year. This strategy is supported by a to-date backlog of 4.6 million euros of orders to be delivered within the second half as well as by maintaining the cost reduction policy as evidenced by the shut-down of the German office and the Egyptian operations.

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

| In million Euros | 1 st quarter 2004 | 2 nd quarter 2004 |
|------------------------------------|------------------------------|------------------------------|
| Consolidated Revenue : | | |
| Standard Products | 0.9 | 1.1 |
| Custom Products | 1.1 | 1.7 |
| Total Revenue | 2.0 | 2.8 |
| | | |
| COGS | (1.5) | (1.6) |
| Gross Margin | 0.5 | 1.2 |
| <i>% of revenue</i> | 23% | 43% |
| | | |
| Operational Expenses | (2.4) | (2.4) |
| Operational Profit / (Loss) | (1.9) | (1.2) |

« The impulse that we gave to MEMSCAP has been materialized since the beginning of the year by the constant growth of our business », states Jean Michel Karam, Chairman and Chief Executive Officer of MEMSCAP. « This performance, that we intend to maintain, validates our business strategy focused on reaching operational profitability within the second half of 2004 and preparing for 2005».

About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP solutions include components, component designs (IP), design software, manufacturing and related services. MEMSCAP customers include Fortune 500 businesses, major research institutes and universities. The company's shares are traded on Euronext (FR0004155455-MEN), where MEMSCAP belongs to the Next Economy segment, to the SBF250 and ITCAC50 indexes. More information on the company's products and services can be obtained at <http://www.memscap.com>

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