



MEMSCAP
The Power of a Small World™

**MEMSCAP 3rd QUARTER 2006: NET PROFITABILITY
COMBINED TO GROSS MARGIN OVER 50%**

First three quarters cumulated revenue higher than full year 2005 revenue

Grenoble, France and Durham, North Carolina, October 23, 2006 – MEMSCAP (Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces its earnings for the third quarter ending September 30, 2006.

6th quarter of consecutive growth

The consolidated revenue for the third quarter amounts to 3.8 million euros (4.8 million US dollars), making it the Company 6th quarter of consecutive growth.

The first three 2006 quarters total a 10.7 million euros (13.3 million US dollars) revenue, higher than 2005 full year revenue that amounted to 10 million euros (12.3 million US dollars).

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

	Q3, 05	Q3, 06
Revenue:		
Standard Products (including IntuiSkin)	1.5	1.7
Custom Products	1.5	2.1
Total Revenue	3.0	3.8
Cost of Revenue	(1.8)	(1.8)
Gross Margin	1.2	2.0
<i>% of Revenue</i>	<i>41%</i>	<i>52%</i>
Operating Expenses	(1.6)	(2.1)
Operating Profit / (Loss)	(0.4)	(0.1)
Financial Profit / (Loss)	(0.3)	0
Corporate Income taxes	-	0,1
Net Profit / (Loss)	(0.7)	0

Net Profitability for the quarter

In parallel to this growth, consolidated operating result for the 3rd quarter is (0.1) million euros, representing a 75% improvement compared to the same period 2005.

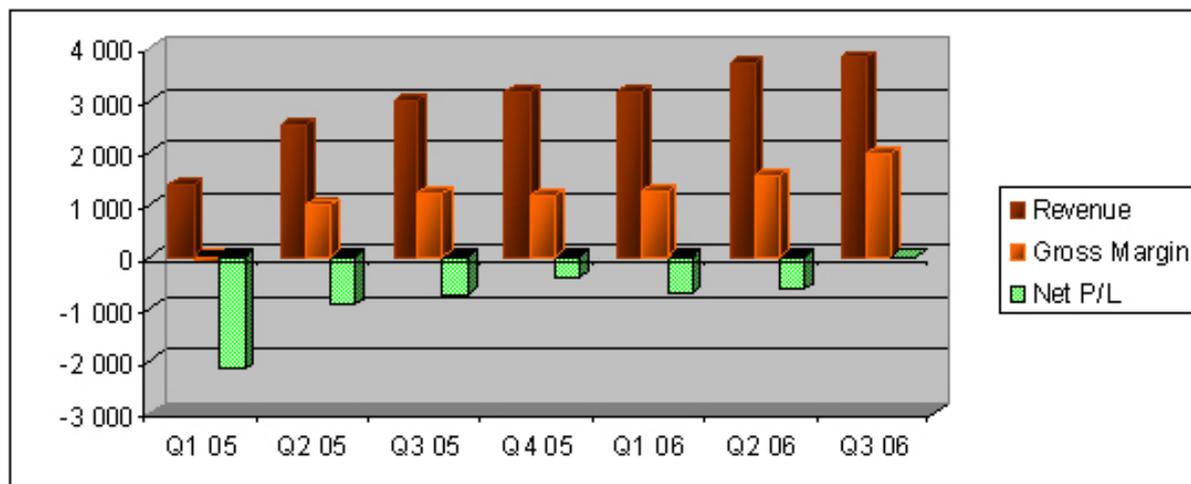
Net consolidated result is positive compared to a net loss of (0.7) million euros, in the third quarter 2005.

Gross Margin over 50%

In addition, the Gross margin for this third quarter represents 52% of the consolidated quarterly revenue, a 10 points improvement compared to 2nd quarter 2006 and 11 points against third quarter 2005.

A sustained activity

All the Group financial and operational indicators are showing a continued progression since the first quarter 2005, as shown in the graph below:



Q2 06: Net P/L is given without other expenses

Other achievements of this third quarter

- The 6th edition of the 2006 « Midcap Events » held at Palais Brongniart in Paris, a financial gathering for over 350 institutional investors as well as 10 major brokers (*cf. Press release, September 28, 2006*);
- The adoption of MEMSCAP pressure sensors for the cockpit instruments of HARCO, an American leading supplier of high quality sensors, Interconnects, and systems for the aviation industry in commercial, business and military applications (*cf. Press release, September 27, 2006*);
- A new coverage for MEMSCAP share by Oddo Midcaps, which released on September 5 its first note, along with an “accumulate” recommendation;
- The renewal by OSEO Anvar, within the frame of Venture Capital Funds FCPI investments, of MEMSCAP certification as « innovative company » (*cf. Press release, August 2, 2006*);
- The finalisation of the Group Bernin industrial site sale to SOITEC (*cf. Press release, July 28, 2006*);
- The unveiling of the Group new visual identity and new web site (*cf. Press release, July 20, 2006*);

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.

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