



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

## 5<sup>th</sup> QUARTER OF CONSECUTIVE GROWTH FOR MEMSCAP

### *Over 48% of Compared Revenue Quarterly Growth*

**Grenoble, France and Durham, North Carolina, July 20, 2006-** MEMSCAP (Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology), today announces its earnings for the second quarter ending June 30, 2006.

#### 48% Quarterly Revenue Growth

Consolidated revenue for this second quarter amounts to 3.7 million euros (4.4 million US dollars), showing a 48% growth compared to second quarter 2005, and more than 17 % growth compared to first quarter 2006, thus confirming the growth trend of the Company.

With this quarter, MEMSCAP shows its 5th quarter of consecutive growth.

Growth margin for this 2nd quarter represents more than 42% of the consolidated revenue, and corresponds to 2 points improvements compared to first quarter 2006.

Apart from the exceptional elements mainly linked to the sale of the Bernin industrial site, the consolidated operating result for the second quarter is (0.6) million euros compared to (0.7) million euros for the same period in 2005. These exceptional elements, showed as “Other Expenses”, correspond nearly entirely to the provision for depreciation of the Bernin industrial site book value. An agreement of sale of this site had been signed on July 6, 2006 with SOITEC for a net amount of 13 million euros.

Net consolidated result is (5.1) million euros. Excluding exceptional items, the net result is (0.6) million euros compared to (0.7) million in the first quarter 2006 and to (0.9) million euros in the second quarter 2005.

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

	Q2, 05	Q1, 06	Q2 06
<b>Revenue</b>			
Standard Products	1,4	1,4	1,7
Custom Products	1,1	1,8	2,0
<b>Total Revenue</b>	<b>2,5</b>	<b>3,2</b>	<b>3,7</b>
Cost of Revenue	(1,5)	(1,9)	(2,1)
<b>Gross Margin</b>	<b>1,0</b>	<b>1,3</b>	<b>1,6</b>
<i>% of Revenue</i>	<i>39%</i>	<i>40%</i>	<i>42%</i>
Operating Expenses	(1,7)	(1,9)	(2,1)
<b>Operating Profit / (Loss)</b>	<b>(0,7)</b>	<b>(0,6)</b>	<b>(0,6)</b>
Other Expenses *			(4,5)
<b>Profit / (Loss) from operations before tax and finance costs</b>	<b>(0,7)</b>	<b>(0,6)</b>	<b>(5,1)</b>
Financial Profit / (Loss)	(0,3)	(0,1)	(0,1)
Tax	0,1		0,1
<b>Net Profit / (Loss)</b>	<b>(0,9)</b>	<b>(0,7)</b>	<b>(5,1)</b>
<b>Net Profit / (Loss) excluding “Other Expenses”</b>	<b>(0,9)</b>	<b>(0,7)</b>	<b>(0,6)</b>

*\*Other Expenses are mostly the expenses linked to Bernin site sale*

## **A sustained activity**

All Group divisions have been actively contributing to the revenue growth:

- Standard Products sales, except IntuiSkin, have been realised through 64% of aerospace sales, and 36% of medical sales ;
- Custom Product revenue growth has been driven through a strong increase of the sales in communications and consumer applications. Also, the future growth engines activity developed with strategic customers, is unfolding according to the forecasted schedule ;
- IntuiSkin contribution to the Group revenue is 0.2 million euros compared to 0.1 million euros in the first quarter 2006.

Furthermore, the signature of the agreement of sale of the Bernin industrial site should totally annul MEMSCAP financial liabilities (with over 10 million euros net cash) and should enable the Company to increase its cash by more than 7 million euros (*cf. July 6, 2006 press release*).

## **Other achievements of this second quarter**

- The successful manufacture by MEMSCAP through its MUMPs® program, of a fleet of the tiniest robots ever (*cf. June 5, 2006 press release*);
- The start of production for CardioMEMS of *Endosure* Wireless AAA Pressure Sensor after FDA clearance (*cf. May 2, 2006 press release*)
- The deployment of MEMSCAP pressure sensors in all New Piper aircrafts (*cf. May 23, 2006 press release*)
- The successful first flight of our sensor solutions onboard Adam Aircraft A700 ultralight jet (*cf. April 4, 2006, press release*).

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

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