



MEMSCAP ANNOUNCES THE SALE OF ITS BERNIN SITE OFFICE BUILDING AND RELEASES ITS FIRST SEMESTER 2005 RESULTS

Best semester net result and operating result* for the Group since 2002*

Grenoble, France and Durham, North Carolina, September 5, 2005 – MEMSCAP (Euronext: MEN), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces its earnings for the first semester 2005, as well as the sale of its Bernin Site office building.

Those results for the first semester 2005 are given under IFRS accounting principles, and compared with 2004 results and first semester 2004 results restated under IFRS.

1. Agreement of sale of the Bernin Site Office building

The company has concluded, after authorization from the pool of banks for the building lease, an agreement of partial sale of its Bernin site. This sale will be on the office building of the site, for a global amount of 8.16 million euros from which will be deducted the registry expenses, and other applicable fees or taxes.

The net amount of this sale will be entirely used to reimburse the building lease, thus reducing the associated debt by over 40%. By reducing the quarterly reimbursements of the lease, this sale should enable the company to significantly reduce its debts and to better its cash flow.

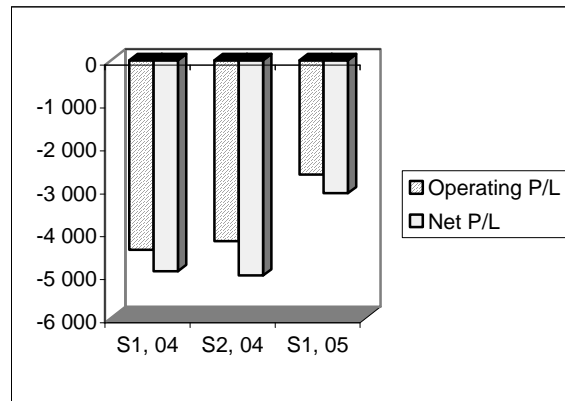
The completion of the sale with signature of the official sale of property act, should take place shortly, and the Company will then release the financial details of this operation.

Within the scope of this sale, MEMSCAP will rent the offices with an option to substitute renters or sublet. The manufacturing buildings (including the clean rooms), are not part of the agreement, and will partly be proposed for rental.

2. Best semester net result* and operating result* for the Group since 2002

Consolidated Group revenue for this first semester 2005 amounts to 3.9 million euros (4.9 million US dollars) compared to 4.7 million euros for the first semester 2004 (4.2 million dollars).

In parallel, the Company has sustained its cost reduction efforts, and got the best semester net result and operating result the Group ever got since 2002. The operating result is (2.7) million euros compared to (4.4) million euros in the first semester 2004. Net result amounts to (3.1) million euros compared to (4.9) million euros for the same period in 2004, thus leading to a net earning per share of (0.02) euros compared to (0.05) during the same 2004 period.



Consolidated Shareholder's equity reaches 32.4 million euros, showing a progression of 3.4 million euros.

The net debt has been reduced by 1 million euros during the first semester 2005 and represents now 53% of the Consolidated Shareholder's equity, against 64% on December 31, 2004.

Furthermore, on June 30, 2005, MEMSCAP had 2.7 million euros cash as well as 4.9 millions of frozen mutual funds (SICAV monétaires nanties).

Key figures <i>(in million euros)</i>	First half 2005	First half 2004*
Revenue	3 874	4 746
Gross Margin	870	1 680
Operating Profit/Loss	(2 657)	(4 418)
Net Profit/Loss	(3 093)	(4 911)
Shareholder Equity	32 416	29 000
Headcount	116	143

(*) 2004 figures restated under IFRS

Finally, the « Non-current assets classified as held for sale » represent 10.2 million euros, comprising the estimated net result of the Bernin Site office building and the value of some unused equipment the Company is about to sell.

«The sale of our Bernin Site office building shall significantly reduce the MEMSCAP debt and enable us to fully dedicate our efforts to the Group growth », states Jean Michel Karam, MEMSCAP Chairman and Chief Executive officer.

3rd Quarter revenue will be released on October 25, 2005.

About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP 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 Euronext Eurolist (FR0004155455-MEN), where MEMSCAP belongs to the Next Economy segment. More information on the company's products and services can be obtained at <http://www.memscap.com>
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MEMSCAP S.A.
CONSOLIDATED BALANCE SHEET
(in thousand euros)

	Note	30 June 2005	31 December 2004 (*)
		€000	€000
Assets			
Non-current assets			
Intangible assets	5	8 456	8 648
Property, plant and equipment	6	24 102	34 604
Financial non-current assets	7	4 960	5 094
		37 518	48 346
Current assets			
Inventories	8	1 661	1 791
Accounts receivable and related accounts	9	3 581	2 525
Other receivables	10	2 472	2 066
Cash and cash equivalents	11	2 717	2 806
		10 431	9 188
Non-current assets classified as held for sale.....	6	10 201	--
TOTAL ASSETS		58 150	57 534
Equity and Liabilities			
Shareholders' Equity			
Issued Capital		7 677	6 396
Share premium		36 773	39 325
Foreign currency translation		(394)	(773)
Retained earnings		(11 640)	(15 948)
TOTAL Shareholders' Equity	12	32 416	29 000
Non-current liabilities			
Non-current financial liabilities	13	10 465	18 056
Other non-current liabilities	14	113	135
		10 578	18 191
Current Liabilities			
Current financial liabilities	13	1 488	3 218
Trade payables		3 365	3 959
Other current liabilities	15	2 178	3 166
		7 031	10 343
Liabilities directly associated with non-current assets classified as held for sale	13	8 125	--
TOTAL LIABILITIES		25 735	28 534
TOTAL EQUITY AND LIABILITIES		58 150	57 534

(*) 2004 figures restated under IFRS

MEMSCAP S.A.

CONSOLIDATED INCOME STATEMENT
(in thousand euros)

	Note	1 st Semester 2005 €000	1 st Semester 2004 (*) €000	Year 2004 (*) €000
Continuing operations				
Sale of goods and services.....	2.6	3 874	4 746	8 843
Cost of sales.....		(3 004)	(3 506)	(6 280)
Gross Profit	2.7	870	1 240	2 563
Research and development expenses.....	2.8	(1 674)	(2 053)	(2 935)
Selling and distribution costs.....	2.8	(589)	(863)	(1 439)
Administrative expenses.....	2.8	(1 264)	(2 410)	(3 433)
Other revenue and expenses.....		--	(332)	(3 391)
Profit from continuing operations before tax and finance costs...	2.8	(2 657)	(4 418)	(8 635)
Finance costs.....		(665)	(1 056)	(1 405)
Finance income.....		176	563	26
Profit before tax	17	(3 146)	(4 911)	(10 014)
Income tax expense.....	2.9	53	--	89
Profit from continuing operations		(3 093)	(4 911)	(9 925)
Profit for the period		(3 093)	(4 911)	(9 925)
Attributable to:				
Equity Holders of the parent		(3 093)	(4 911)	(9 925)
Minority interests		--	--	--
Earnings per share:				
- Basic for profit for the period in euros.....	2.10	(0,02)	(0,05)	(0,09)
- Diluted for profit for the period in euros.....	2.10	(0,02)	(0,05)	(0,09)
Number of shares used for earnings per share:.....				
- Basic for profit for the period in euros.....		140 959 155	107 588 458	108 367 124
- Diluted for profit for the period in euros.....		140 959 155	107 588 458	108 367 124

(*) 2004 figures restated under IFRS

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands euros, except for number of shares)

	Number of Shares	Issued Capital	Share Premium	Retained Earnings	Foreign currency translation	Total Shareholders Equity
		€000	€000	€000	€000	€000
At 1st January 2004 (*)	106 229 061	5 311	114 129	(86 086)	(772)	32 582
Exercise of warrants (BSPCE)				7		7
Exercise of warrants (BSA)				613		613
Issue of share capital	21 699 774	1 085	5 259	(620)		5 724
Retained earnings offset with share premium			(80 063)	80 063		--
Profit or Loss				(9 925)		(9 925)
Foreign currency translation					(1)	(1)
At 31 December 2004 (*)	127 928 835	6 396	39 325	(15 948)	(773)	29 000
Exercise of options and warrants (BSPCE)				146		146
Exercise of shareholders warrants (BSA)				5 984		5 984
Issue of share capital	25 607 922	1 280	4 850	(6 130)		--
Retained earnings offset with share premium			(7 402)	7 402		--
Profit or Loss				(3 093)		(3 093)
Foreign currency translation					379	379
At 30 June 2005	153 536 757	7 676	36 773	(11 639)	(394)	32 416

(*) 2004 figures restated under IFRS

MEMSCAP S.A.

CONSOLIDATED CASH FLOW STATEMENT

(in thousand euros)

	1st Semester 2005	Year 2004 (*)
	K€	K€
Cash flows from operating activities:		
Net income/(loss).....	(3 093)	(9 925)
Non cash items written back:		
Amortization and depreciation	(11)	(516)
Capital gain or loss on disposal of fixed assets	(8)	4 764
Other non financial activities.....	(160)	(1 095)
Cash sources/(uses) from changes in:		
Accounts receivable	(918)	514
Inventories	211	(513)
Other debtors, prepayments and accrued income	(607)	2 573
Accounts payable	(861)	(663)
Accrued expenses and other liabilities	(88)	386
Total net cash flows from operating activities.....	(5 535)	(4 475)
Cash flows from investing activities:		
Sale of property, plant and equipment and intangible assets	(217)	(1 171)
Sale of non-current assets	531	2 139
Impact of variation in frozen cash	265	722
Variation in consolidation perimeter	--	2 883
Total net cash flows from investing activities	579	4 573
Cash flows from financing activities:		
Proceeds from borrowings.....	--	979
Repayment of borrowings	(128)	(170)
Finance lease obligation reimbursement.....	(1 248)	(4 679)
Increase in capital net of fees and exercise of warrants and options.....	6 130	620
Total net cash flows from financing activities.....	4 754	(3 250)
Net foreign exchange difference.....	(83)	(173)
Increase/(decrease) in net cash and cash equivalents	(285)	(3 325)
Opening cash and cash equivalents balance	2 592	5 917
Closing cash and cash equivalents balance (1) (2).....	2 307	2 592
(1) This balance excludes 4.743 K€ and 5.008 K€ frozen cash respectively at June 30, 2005 and December 31, 2004 that are presented as non-current financial assets		
(2) This balance includes:		
Cash and cash equivalents	2 717	2 806
Overdraft	(410)	(214)
Net closing cash and cash equivalents balance.....	2 307	2 592