



Q4 2004: MEMSCAP shows operational profitability

MEMSCAP meets with the planned return to operational profitability before end of FY04

Grenoble, France and Durham, North Carolina, January 24, 2005 – MEMSCAP (Euronext: MEN), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces its revenue and operational result for the fourth quarter and fiscal year ending December 31, 2004.

Q4 operational profit is 0.1 million euros. The consolidated operational result for fiscal year 2004 is (3.9) million euros compared to (20.9) million euros in 2003, which represents a 5.4 times year to year improvement.

Consolidated revenue for year 2004 amounted to 8.8 million euros (10.9 US million dollars) while productivity increased drastically (€92K revenue/person/year in 2004 versus €37.4K revenue/person/year in 2003).

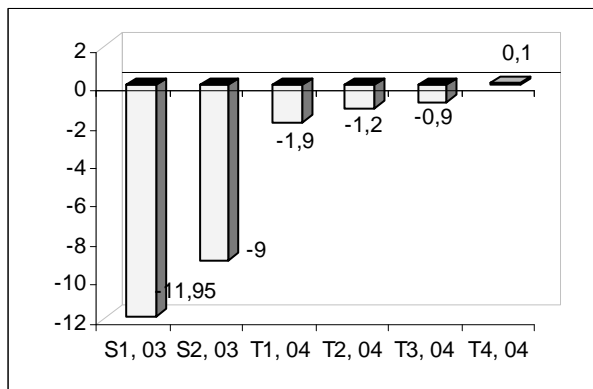


Fig.1. Operational result progress

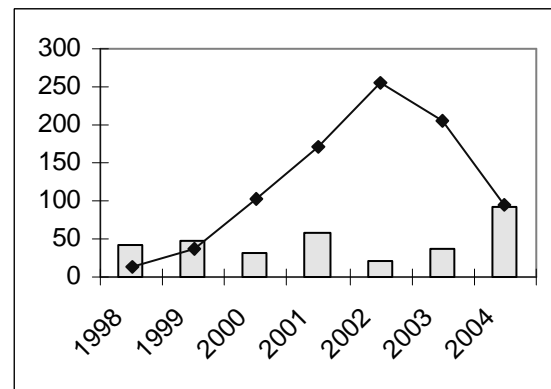


Fig.2. End-of-year headcount evolution (curve) versus productivity (thousands of euros revenue per person per year)

The revenue for Q4 2004 amounts to 1.8 million euros (2.3 million US dollars). This quarter brings the consolidated full year revenue of the Company to 8.8 million euros (10.9 million US dollars), despite the rationalisation that has been conducted throughout the year. The yearly and fourth quarter figures split per activity is given by the following table:

	Q4 2004		FY2004	
	M€	MUSD	M€	MUSD
Revenue	1.8	2.3	8.8	10.9
Standard Products	0.8	1.0	3.5	4.4
Custom Products	1,0	1.3	5.3	6.6
COGS	-0.8	-1.1	-5.4	-6.7
Gross Margin	1.0	1.2	3.4	4.2
<i>% of revenue</i>	56%		39%	
Operational Expenses	-0,9	-1.1	-7.3	-9.1
Operational Profit/(Loss)	0.1	0.1	-3.9	-4.9

The Company managed to meet operational profitability in the fourth quarter by leveraging specific non-recurring activities, despite unpredictable external elements that have affected the Group revenue, specifically:

- a delay in the delivery of a key equipment for the transition from 4 to 6-inch that postponed some client production and therefore the associated revenue;
- a delay in a client avionics program that resulted in the postponement of the revenue linked to that client;
- the unfavourable dollar/euro exchange rate (82% of Q4 Group revenue is made in US dollars).

« MEMSCAP goal in 2004 was the return to operational profitability. This has been achieved in Q4 despite unexpected external difficulties. We have been able to keep our engagements through hard work and team commitment», states Jean Michel Karam, Chairman and Chief Executive Officer of MEMSCAP. « In 2005, we intend to focus all our resources on amplifying the company growth ».

Full earnings 2004, including status of the GalayOr agreement earn-out will be released on March 30, 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. More information on the company's products and services can be obtained at <http://www.memscap.com>

For more information contact:

Aurore Foulon
Vice-President
Corporate Communications,
MEMSCAP
Tel. : +33 (0)4 76 92 85 00
aurore.foulon@memscap.com

Philippe Bringuier
Chief Financial Officer

MEMSCAP
Tel. : +33 (0) 4 76 92 85 00
philippe.bringuier@memscap.com