



MEMSCAP GIVES GROWING FOURTH QUARTER AND FISCAL YEAR REVENUE

The MEMS specialist gives insights on a new strategy set towards profitability

Grenoble, France and Durham, North Carolina, January 22, 2004 – MEMSCAP (Euronext: MEN), the leading provider of innovative solutions based on micro-electro-mechanical (MEMS) technology, today gives its revenue for the fourth quarter and fiscal year ending December 31, 2003. In parallel, the Group gives several insights on its strategy for 2004, conceived to set the path towards profitability.

Fourth Quarter and Fiscal Year Revenue

The revenue for Q4 2003 amounts to 2.1 million euros (2.5 million US dollars), representing the third quarter of sequential growth. This quarter brings the consolidated full year revenue of the Company to 7.7 million euros (8.8 million US dollars), showing a year to year growth of 35% in euros and 47% in US dollars, despite the drastic cost-cuttings and reorganisation measures that have been conducted throughout the year. The fourth quarter revenue split per activity is given by the following table.

Q4 Revenue	In million US dollars	In million Euros
Optical Communications	0,2	0,2
Wireless Communications	0,1	0,1
Design Automation (Software)	0,3	0,2
Sensor Solutions	1,2	1,1
Foundry Services	0,6	0,5
Skin Station	0,1	0,0
TOTAL	2,5	2,1

The revenue for fiscal year 2003, compared to fiscal year 2002 is as follows:

	FY2002		FY2003	
	In millions dollars	In millions Euros	In millions dollars	In millions Euros
Optical Communications	0,2	0,2	0,7	0,6
Wireless Communications	0,1	0,1	0,6	0,5
Design Automation (Software)	1,7	1,6	0,9	0,8
Sensor Solutions	3,8	3,6	4,4	3,9
Foundry Services	0,2	0,2	2,1	1,9
Skin Station	NA	NA	0,1	0,0
TOTAL	6,0	5,7	8,8	7,7

Insights on the strategy for 2004

Following a previous necessary diversification, 2003 was dedicated to reorganization and focus around the Company most high growth businesses. MEMSCAP has during that time significantly reduced its operating costs, while increasing its revenue and preparing a solid backlog for 2004, thus setting the foundations for a 2004 strategy that seeks to meet profitability within the year. The Company's main operations remain established in four countries, namely France, United States, Norway and Egypt with a headcount around 150 people. In parallel, and as a necessary element to finalize this reorganization, the Company is reviewing with its financial partners the status of the French manufacturing site, whose operations had been suspended mid- 2003.

On December 31st, 2003 the backlog (signed purchase orders to be invoiced in 2004) of MEMSCAP exceeds €5.3M (\$6.7M), where the initial backlog of 2003 was less than €0.8M (\$0.8M). This 2004 backlog does not include rolling forecast of recurring businesses.

As a consequence to its new strategy, the Company is from now on organised around three main activities and thus will publish its 2004 revenue detail accordingly:

- **Standard products**, regrouping the Sensors and Skin Station products;
- **Custom products**, including Foundry services and Design Automation tools (software);
- **Emerging solutions**, fundamentally supported by the R&D group projects and Intellectual Property licensing (e.g. wireless IP) revenue.

Under this new organization, the optical communications business of the Company is now focused on the supply of chips and design solutions for optical components and sub-systems vendors, instead of the sale of fully packaged components and modules. The Company expects to attract most of the MEMS chips manufacturing business for optical communications from its North Carolina (RTP) fabrication facility.

« MEMSCAP strategy has been consistently and steadily executed during the last period, and is starting to show positive results. This trend should be enhanced during 2004 », declares Jean Michel Karam, President and Chief Executive Officer of MEMSCAP. « At the same time, our Company is continuously working on assuring its financial fundamentals ».

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 under the ticker symbol MENS (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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