



MEMSCAP
The Power of a Small World™

FISCAL YEAR 2010 MARKED BY STRONG GROWTH OF ALL MEMSCAP BUSINESS DIVISIONS

41% revenue growth and continuing operations at break-even level for full-year 2010

Grenoble, France and Durham, North Carolina, March 24, 2011 – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, announced today its earnings for fiscal year 2010.

Solid revenue growth and break-even level for continuing operations

Matching previous quarterly press releases, revenue for fiscal year 2010 amounted to 13.0 million euros (17.3 million US dollar) compared with 9.3 million euros (12.9 million US dollar) for fiscal year 2009, thus a growth of 41% in euro and 34% in US dollar. Consolidated revenue distribution by market segment, over fiscal year 2010 is as follows:

Market Segments	Revenue (M€)	%
Aerospace	5.4	41%
Optical Communications / Adaptive Optics	4.1	32%
Medical / Biomedical	2.6	20%
Other Applications	0.9	7%
Total	13.0	100%

(Any apparent discrepancies in totals are due to rounding)

Sales for fiscal year 2010 benefited from the significant recovery of the avionic market, particularly in the segment of business jets which was strongly affected over the previous year by the global crisis. Revenue increase also relied on the continued growth of optical communications market as well as the deployment of Group's business activities in the Chinese market.

The strong business growth directly resulted in a favorable volume effect on the Group's fixed cost structure and led to a 10-points increase in gross margin rate. For 2010, gross margin rate was 40% of Group's revenue compared to a rate of 29% in 2009. This increase of gross margin associated to cost control over operating expenses, led to a slight operating and net profit from continuing activities in 2010 compared to a (3.6) million euros of operating and net losses in 2009.

Over fiscal year 2010, MEMSCAP Group reported a net consolidated loss of (0.4) million euros due to INTUISKIN discontinued operations compared with a (5.1) million euros net loss for full-year 2009.

Highlights of the year

On May 26, 2010, MEMSCAP Group finalized the sale of its INTUISKIN subsidiary in equity within iCosmeceuticals. This transaction allowed MEMSCAP being entirely focused on the aerospace, medical and biomedical, optical communications and adaptive optics market segments, on which its business divisions are strongly active with headquarters expenses significantly reduced.

Following to a consecutive subscription of a new investor within iCosmeceuticals, on December 21, 2010, MEMSCAP stake in this company ended at 14.6%.

Concluded in the beginning of the second half 2010, the North Carolina manufacturing facility lease renewal resulted of a significant extension of the clean-room areas. This extension enabled the Group to centralize all its US operations into a single plant for increased efficiency and to finalize the sale of an unused building located in the same area.

Financial structure

MEMSCAP shareholders' equity slightly increased up to 18.9 million euros on December 31, 2010, whereas Company financial debt decreased by 1.9 million euros.

The strong recovery of the Group business activities in 2010 as well as the INTUISKIN spin-off enabled MEMSCAP to show a positive cash flow from operating activities of 0.7 million euros compared to a negative cash flow of (2.3) million euros in 2009. Excluding INTUISKIN discontinued activities, total net cash variation resulting from 2010 period ended at (0.2) million euros.

As December 31, 2010, MEMSCAP available cash amounted to 2.2 million euros, including cash investments (mutual funds and bonds) for 1.0 million euros, recorded under IFRS accounting standards under financial assets available for sale.

Shareholders Meeting: June 20, 2011, at 16:00.

Q1 Earnings: April 29, 2011

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 NYSE Euronext Paris S.A (ISIN: FR0010298620-MEMS) and belong to the CAC small, CAC Mid & Small, CAC All-Tradable and CAC All-Share indexes. More information on the company's products and services can be obtained at www.memscap.com.

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CONSOLIDATED BALANCE SHEET

at 31 December 2010

	<i>31 December 2010</i>	<i>31 December 2009</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	4 067	5 654
Goodwill and intangible assets.....	9 306	9 821
Available-for-sale financial assets	2 725	979
Other non-current financial assets.....	3	21
Deferred tax asset	1 170	1 100
	17 271	17 575
Current assets		
Inventories	3 723	4 642
Trade and other receivables.....	3 514	2 717
Income tax receivable	56	136
Prepayments	222	389
Other current financial assets	67	2
Cash and short-term deposits	1 213	2 085
	8 795	9 971
Total assets	26 066	27 546
Equity and Liabilities		
Equity		
Issued capital.....	9 428	9 428
Share premium.....	12 701	26 108
Treasury shares	(99)	(114)
Retained earnings.....	(2 085)	(15 250)
Foreign currency translation	(1 057)	(1 884)
	18 888	18 288
Non-current liabilities		
Interest-bearing loans and borrowings	2 361	3 980
Other non-current liabilities.....	172	192
Employee benefit liability.....	462	270
	2 995	4 442
Current liabilities		
Trade and other payables.....	2 757	3 094
Interest-bearing loans and borrowings	1 260	1 583
Other current liabilities	116	96
Provisions	50	43
	4 183	4 816
Total liabilities	7 178	9 258
Total equity and liabilities	26 066	27 546

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	2010	2009
	€000	€000
Continuing operations		
Sales of goods and services.....	13 042	9 255
Revenue	13 042	9 255
Cost of sales.....	(7 888)	(6 527)
Gross profit	5 154	2 728
Other income.....	288	360
Research and development expenses.....	(2 130)	(2 418)
Selling and distribution costs.....	(761)	(686)
Administrative expenses.....	(2 520)	(3 086)
Other expenses.....	--	(474)
Operating profit / (loss)	31	(3 576)
Finance costs.....	(215)	(249)
Finance income.....	200	190
Profit / (loss) from continuing operations before tax	16	(3 635)
Income tax expense.....	--	--
Profit / (loss) from continuing operations	16	(3 635)
Discontinued operations		
Gain / (loss) after tax from discontinued operations.....	(404)	(1 470)
Profit / (loss) for the year	(388)	(5 105)
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros).....	€ (0,08)	€ (1,08)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros).....	€ (0,08)	€ (1,08)
Earnings per share for continuing operations:		
- Basic, for profit / (loss) from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ (0,00)	€ (0,77)
- Diluted, for profit / (loss) from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ (0,00)	€ (0,77)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	€000	€000
Profit / (loss) for the year	(388)	(5 105)
Net (loss) / gain on available-for-sale financial assets.....	(12)	--
Exchange differences on translation of foreign operations.....	827	1 346
Income tax effect.....	--	--
Other comprehensive income for the year, net of tax	815	1 346
Total comprehensive income for the year, net of tax	427	(3 759)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

<i>(In thousands euros, except for number of shares)</i>	<i>Number of shares</i>	<i>Issued capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Foreign currency translation</i>	<i>Total shareholders' equity</i>
		<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2009	4 713 970	9 428	35 123	(135)	(19 389)	(3 230)	21 797
Foreign currency translation	--	--	--	--	--	1 346	1 346
Total income and expense for the year recognised directly in equity	--	--	--	--	--	1 346	1 346
Loss for the year	--	--	--	--	(5 105)	--	(5 105)
Total income and expense for the year	--	--	--	--	(5 105)	1 346	(3 759)
Retained earnings offset with share premium	--	--	(9 015)	--	9 015	--	--
Treasury shares	--	--	--	21	--	--	21
Share-based payment	--	--	--	--	229	--	229
At 31 December 2009	4 713 970	9 428	26 108	(114)	(15 250)	(1 884)	18 288
At 1 January 2010	4 713 970	9 428	26 108	(114)	(15 250)	(1 884)	18 288
Net (loss) / gain on available-for-sale financial assets.....	--	--	--	--	(12)	--	(12)
Foreign currency translation	--	--	--	--	--	827	827
Total income and expense for the year recognised directly in equity	--	--	--	--	(12)	827	815
Loss for the year	--	--	--	--	(388)	--	(388)
Total income and expense for the year	--	--	--	--	(400)	827	427
Discontinued operations	--	--	(4 408)	--	4 408	--	--
Retained earnings offset with share premium	--	--	(8 999)	--	8 999	--	--
Treasury shares	--	--	--	15	--	--	15
Share-based payment	--	--	--	--	158	--	158
At 31 December 2010	4 713 970	9 428	12 701	(99)	(2 085)	(1 057)	18 888

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010

	2010	2009
	€000	€000
Cash flows from operating activities:		
Profit / (loss) after tax from continuing operations	16	(3 635)
Profit / (loss) after tax from discontinued operations.....	(404)	(1 470)
Net profit / (loss) for the year	(388)	(5 105)
Non cash items written back:		
Amortization and depreciation	1 283	1 541
Capital gain or loss on disposal of fixed assets.....	(13)	(13)
Other non financial activities	102	132
Accounts receivable	(1 027)	1 853
Inventories	465	(935)
Other debtors.....	59	787
Accounts payable	372	(405)
Other liabilities	(154)	(126)
Total net cash flows from operating activities.....	699	(2 271)
Cash flows from investing activities:		
Proceeds from sale of property, plant, equipment and intangible assets.....	11	13
Purchase of fixed assets	(534)	(866)
Proceeds from sale/ (purchase) of financial assets	(45)	(179)
Net outflow from sale of a subsidiary, net of cash disposed.....	(138)	--
Total net cash flows from investing activities.....	(706)	(1 032)
Cash flows from financing activities:		
Proceeds from borrowings	--	429
Repayment of borrowings.....	(470)	(463)
Payment of finance lease liabilities	(112)	(85)
Sale / (purchase) of treasury shares.....	15	21
Decrease / (increase) in restricted cash	(23)	--
Total net cash flows from financing activities.....	(590)	(98)
Net foreign exchange difference.....	(74)	(124)
Increase / (decrease) in net cash and cash equivalents	(671)	(3 525)
Opening cash and cash equivalents balance.....	1 104	4 629
Closing cash and cash equivalents balance.....	433	1 104