



## MEMSCAP ANNOUNCES ITS SECOND QUARTER 2007 EARNINGS

### *A significant quarter for IntuiSkin*

**Grenoble, France and Durham, North Carolina, July 18, 2007** – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, announced today its earnings for the second quarter ending June 30, 2007.

#### **Significant Progress for IntuiSkin**

Consolidated revenue for this second 2007 quarter is 4.0 million euros (5.4 million US dollars), compared to 3.4 million euros (4.4 million US dollars) in the first quarter 2007 and to 3.7 million euros (4.4 million US dollars) for the second quarter 2006. This amount represents nearly 23% growth in dollars year to year and also from one quarter to another.

The Group gross margin is 45% and thus improves by over 7 points compared to first quarter 2007.

In parallel to this growth, operational expenses remain identical to those of the first quarter 2007, at 2.1 million euros.

Consolidated operating result shows a strong improvement at (0.3) million euros compared to (0.8) million euros for the first quarter 2007 and to (5.1) million euros for the 2<sup>nd</sup> quarter 2006 (including the 4.5 million euros of Other Expenses).

Over this second quarter, the net result also improves significantly at (0.2) million euros compared to (0.7) million euros over the first quarter 2007 and to (5.2) millions euros over the 2<sup>nd</sup> quarter 2006.

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

<i>In millions of euros</i>	<b>Q2 06</b>	<b>Q1 07</b>	<b>Q2 07</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
<b>Revenue</b>			
Standard Products	1.7	2.1	2.1
Custom Products	2.0	1.3	1.9
<b>Total Revenue</b>	<b>3.7</b>	<b>3.4</b>	<b>4.0</b>
Cost of Revenue	(2.1)	(2.1)	(2.2)
<b>Gross Margin</b>	<b>1.6</b>	<b>1.3</b>	<b>1.8</b>
<i>% of Revenue</i>	42%	38%	45%
Operating Expenses	(2.1)	(2.1)	(2.1)
Other Expenses	(4.5)	0	0
<b>Profit / (Loss) from operations</b>	<b>(5.1)</b>	<b>(0.8)</b>	<b>(0.3)</b>
Financial Profit / (Loss)	(0.1)	0	0
Tax	0.1	0.1	0.1
<b>Net Profit / (Loss)</b>	<b>(5.2)</b>	<b>(0.7)</b>	<b>(0.2)</b>

IntuiSkin contribution to this quarter revenue amounts to over 0.4 million euros, thus increasing by over 156% compared to the previous quarter. This increase results from the perfect execution by this subsidiary of its action plan, which was also embodied by the appointment of Mrs Vera Strübi as MEMSCAP board member, the setting-up of the new production tools on the new Bernin offices, and the recent recruitment of its Manufacturing Director, Mickaël Odier.

### **A busy quarter**

The Custom Products business unit realized a 46% growth of its quarterly revenue compared to the first quarter 2007, thanks to significant activity in telecommunications that represented 31% of that revenue. Optical communications and biomedical respectively made 29% and 8 % of the business unit revenue. The future growth engines, located in France, contributed to this number up to 24 %.

The Standard Products business was affected by a shift of 0.4 million euros due to a 90 days delay of the delivery schedule of one its main aerospace customer. Nevertheless, the aerospace activity accounted for 65% of the business unit revenue, compared to 35% for the medical. It should be emphasized that medical business made during this quarter was equal to all the medical revenue made in fiscal year 2005.

In parallel, MEMSCAP continues to organize its financial and human structure, enabling the Group to face the strong growth it should see to answer the future and growing existing customers' needs.

### **Other achievements of the quarter**

- The choice of MEMSCAP by Given Imaging for its revolutionary PillCam™ COLON (*cf. Press Release, May 9, 2007*)

- The annual ordinary and extraordinary shareholder meeting that was held on June 21, 2007, in the Company new offices located in the heart of the Grenoble micro-electronic area. The two new buildings take in the Corporate management and the Custom Products business units future growth engines, as well as the production tools of IntuiSkin, MEMSCAP subsidiary dedicated to cosmetic and dermatology activities. (*cf. Press Release, June 21, 2007*)

- The announcement by MEMSCAP that it is a breeding ground for the next MEMS generation, including through the use of MEMSCAP MUMPs services by the Simon Fraser University Research Institute in Micromachine and Microfabrication, to manufacture the very latest complex micro-assembled Microsystems generation. (*cf. Press Release, June 25, 2007*)

- MUMPs sold out in Barcelona: the short course on MUMPs, MEMSCAP popular proof of concept and prototyping platform, held in Barcelona for Stimesi was fully booked. (*cf. Press Release, June 28, 2007*).

### **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), 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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