



MEMSCAP

The Power of a Small World™

MEMSCAP ANNOUNCES ITS FOURTH QUARTER 2008 EARNINGS

A quarter of performance affected by the economic crisis

Grenoble, France and Durham, North Carolina, January 20, 2009 – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, announced today its earnings for the fourth quarter ending December 31, 2008.

Consolidated revenue for this fourth 2008 quarter is 3.4 million euros (4.5 million US dollars), compared to 4.5 million euros (6.5 million US dollars) in the fourth quarter 2007. The quarter sales have indeed been severely affected by a significant postponement of orders induced by inventory reduction of the Standard Product division avionic customers.

The Group gross margin, affected by the decrease of the sales volume over the quarter, is at 0.9 million euros and represent 28% of the consolidated revenue.

In parallel, operational expenses are (2.6) million euros, compared to (2.1) million euros over the third quarter 2008, and encompass IntuiSkin commercial efforts specific to 4th quarter. The consolidated operating result for this quarter, excluding other expenses linked to the impairment test, is therefore at (1.7) million euros compared to 0.2 million euros for the fourth quarter 2007.

Financial result of the Group for this quarter is at 0.3 million euros compared to (0.2) million euros over the same period 2007.

The net consolidated loss, excluding other expenses linked to the impairment test, is at (1.3) million euros compared to a profit of 0.1 million euros over the fourth quarter 2007.

Taking into account the harsh economic environment and willing to take a conservative approach, the Group has, according to IFRS rules, made an impairment test up to (6.2) million euros, which brings the consolidated net result to (7.6) million euros.

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

<i>In million euros</i>	Q4 07 IFRS	Q4 08 IFRS
Revenue		
Standard Products	3.0	1.9*
Custom Products	1.5	1.5
Total Revenue	4.5	3.4
Cost of Revenue	(2.2)	(2.5)
Gross Margin	2.3	0.9
<i>% of Revenue</i>	<i>50%</i>	<i>28%</i>
Operating Expenses	(2.1)	(2.6)
Other Expenses (charge for impairment)	-	(6.2)
Profit / (Loss) from operations before tax and finance costs	0.2	(7.9)
Financial Profit / (Loss)	(0.2)	0.3
Tax	0.1	0.0
Net Profit / (Loss)	0.1	(7.6)

** including 0.2 million euros for IntuiSkin*

It should be noted that the Group available cash is 5.3 million euros, including 0.7 million euros of mutual funds, incorporated according to IFRS, as current and non-current financial assets.

The Group activity has been enhanced by the following achievements:

- Profitability over the year for the Standard Products business unit despite the postponement of orders due to difficulties encountered by 4 customers of the business unit over the third quarter, as well as by the inventory reduction of most of the avionics customers over this fourth quarter;
- Performance of the medical activity of the Standard Products business unit that has progressed according to the forecast;
- Profitability over the year for the Custom Products business unit;
- Development and commercialization of the IOMA Esthetics and IOMA Derm Concepts in France and abroad (Australia, Greece, Benelux), having contributed to the evolution of IntuiSkin business model towards a recurring revenue. This activity remains the Group major investment field.

Other information of the quarter:

- The announcement by MEMSCAP that it has stepped into the Nano-world by offering a breakthrough Nano-platform with its MUMPs® manufacturing and prototyping services (*cf. December 8, 2008, Press release*);
- The announcement by MEMSCAP that the AFEP-MEDEF recommendations as published on October 6, 2008, are in line with the corporate governance practice of the company and that the thus amended AFEP-MEDEF code will be the one referred to by the Company in the elaboration of the report foreseen in article L. 225-37 of the French commercial code (*cf. December 23, 2008, Press release*).

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). More information on the company's products and services can be obtained at www.memscap.com.

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