



MEMSCAP ANNOUNCES ITS FIRST HALF 2009 EARNINGS

A semester impacted by the economic crisis

Grenoble, France and Durham, North Carolina, July 29, 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 first semester, ending June 30, 2009.

Consolidated revenue for this first half amounts to 5.3 million euros in addition to 0.2 million euros of other income (representing a total of 7.3 million US dollars) compared to 7.9 million euros (12.1 million US dollars) for the first half 2008, thus showing a 30% operating income decrease over a year.

Gross margin represents 32.3% of the semester consolidated revenue, specifically affected by the weakness of the activity over the second quarter.

Consolidated operating result is (3.2) million euros compared to (0.4) million euros for the same period 2008. Consolidated net result ends at (3.3) million euros compared to (0.3) million euros for the first half 2008.

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

<i>In million euros</i>	Q1 09	Q2 09	H1 09	H1 08
Revenue :				
Standard Products	2.0	1.6	3.6*	5.6
Custom Products	1.1	0.6	1.7	2.3
Total Revenue	3.1	2.2	5.3	7.9
Cost of Revenue	(1.9)	(1.7)	(3.6)	(4.0)
Gross Margin	1.2	0.5	1.7	3.9
<i>% of Revenue</i>	40%	22%	32.3%	49.1%
Other Income**	0.1	0.1	0.2	-
Operating Expenses	(2.4)	(2.3)	(4.6)	(4.3)
Other Expenses	-	(0.5)	(0.5)	-
Profit / (Loss) from operations before tax and finance costs	(1.0)	(2.2)	(3.2)	(0.4)
Financial Profit / (Loss)	(0.2)	0.1	(0.1)	(0.2)
Taxes	-	-	-	0.3
Net Profit / (Loss)	(1.2)	(2.1)	(3.3)	(0.3)

* including 0.7 million euros (\$0.9 million) for IntuiSkin

** representing the income associated to the Norwegian program MEDICARE (cf. Press release April 29, 2009).

These 2 core activities have been heavily affected during the second quarter as follows:

- The Custom Products Business Unit had to face the bankruptcy of 3 of its customers, including a significant one liquidated as a consequence of the global economic environment. The impact of this liquidation on the company' accounts represents by itself a loss of (0.5) million euros.
- The Standard Products Business Unit has known the lowest level of sales since the first quarter 2006. This reduction of sales is the consequence of purchase orders postponement of multiple customers in the avionics and medical sectors.

Despite the weakness of the activity, total net cash flow burned by the operating activities is (0.9) million euros, thus an equivalent level to the one of the first half 2008 where net cash flow from operating activities was at (0.8) million euros. As a consequence, MEMSCAP Group available cash on June 30, 2009, amounts to 4.7 million euros including cash investments (mutual funds and bonds) recorded under IFRS accounting standards under financial assets available for sale.

Furthermore, inventory is at 4.1 million euros, to be compared to 3.3 million euros on December 31, 2008. This level of inventory enables the Company to answer the demand of the second half while keeping its plans of cost reductions initiated at the end of the first half.

The Group Shareholder's equity totals 19.2 million euros, including a foreign currency translation of (2.7) million euros.

On June 30, 2009, the Group holds differed tax assets not recorded in its balance sheet for over 50 million euros.

Taking into account the indicators held by MEMSCAP as of today, the Group expects a beginning of business improvement starting from the third quarter. However, it will maintain its plans of cost reductions, as the global economical environment remains uncertain.

The 3rd Quarter revenue and earnings press release will be issued on October 20, 2009.

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 C 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.

For more information, please contact:

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

Yann Cousinet
Chief Financial Officer
Tel.: +33 (0) 4 76 92 85 00
yann.cousinet@memscap.com

INTERIM CONSOLIDATED BALANCE SHEET

at 30 June 2009

	<i>30 June 2009</i>	<i>31 December 2008</i>
	<u>€000</u>	<u>€000</u>
Assets		
Non-current assets		
Property, plant and equipment.....	5 980	6 073
Intangible assets.....	9 437	9 191
Available-for-sale financial assets.....	704	722
Other financial assets.....	21	12
Deferred tax asset.....	1 012	936
	<u>17 154</u>	<u>16 934</u>
Current assets		
Inventories.....	4 071	3 304
Trade and other receivables.....	3 089	5 183
Prepayments.....	526	389
Cash and short-term deposits.....	3 994	5 236
	<u>11 680</u>	<u>14 112</u>
TOTAL ASSETS	<u>28 834</u>	<u>31 046</u>
Equity and Liabilities		
Equity		
Issued capital.....	9 428	9 428
Share premium.....	26 108	35 123
Treasury shares.....	(126)	(135)
Retained earnings.....	(13 547)	(19 389)
Foreign currency translation.....	(2 658)	(3 230)
	<u>19 205</u>	<u>21 797</u>
Non-current liabilities		
Interest-bearing loans and borrowings.....	4 114	4 142
Provisions.....	231	236
Other non-current liabilities.....	196	196
	<u>4 541</u>	<u>4 574</u>
Current liabilities		
Trade and other payables.....	3 626	3 482
Interest-bearing loans and borrowings.....	1 324	1 055
Provisions.....	46	46
Other current liabilities.....	92	92
	<u>5 088</u>	<u>4 675</u>
TOTAL LIABILITIES	<u>9 629</u>	<u>9 249</u>
TOTAL EQUITY AND LIABILITIES	<u>28 834</u>	<u>31 046</u>

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	<i>For the six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<u>€000</u>	<u>€000</u>
Sales of goods and services.....	5 298	7 889
Revenue from continuing operations	5 298	7 889
Cost of sales.....	(3 585)	(4 015)
Gross profit	1 713	3 874
Other income	187	--
Research and development expenses	(2 033)	(1 799)
Selling and distribution costs.....	(859)	(839)
Administrative expenses	(1 733)	(1 631)
Other expenses.....	(474)	--
Profit / (Loss) from continuing operations before tax and finance costs.....	(3 199)	(395)
Finance costs.....	(177)	(281)
Finance income.....	99	79
Profit / (Loss) before tax	(3 277)	(597)
Income tax profit.....	--	312
Profit / (Loss) for the period.....	(3 277)	(285)

Earnings per share:

- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros).....	€ (0,70)	€ (0,06)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros).....	€ (0,70)	€ (0,06)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

<i>(In thousands euros, except for number of shares)</i>	<i>Number of shares</i>	<i>Issued capital</i> €000	<i>Share premium</i> €000	<i>Treasury shares</i> €000	<i>Retained earnings</i> €000	<i>Foreign currency translation</i> €000	<i>Total shareholders equity</i> €000
At 1 January 2008	4 711 148	9 422	35 823	(61)	(12 279)	(1 460)	31 445
Foreign currency translation.....	--	--	--	--	--	(340)	(340)
<i>Total income and expense for the period recognised directly in equity.....</i>	--	--	--	--	--	(340)	(340)
Loss for the period	--	--	--	--	(285)	--	(285)
<i>Total income and expense for the period.....</i>	--	--	--	--	(285)	(340)	(625)
Retained earnings offset with share premium.....	--	--	(700)	--	700	--	--
Treasury shares.....	--	--	--	(81)	--	--	(81)
Share-based payment.....	--	--	--	--	175	--	175
At 30 June 2008	4 711 148	9 422	35 123	(142)	(11 689)	(1 800)	30 914
At 1 January 2009	4 713 970	9 428	35 123	(135)	(19 389)	(3 230)	21 797
Foreign currency translation.....	--	--	--	--	--	572	572
<i>Total income and expense for the period recognised directly in equity.....</i>	--	--	--	--	--	572	572
Loss for the period	--	--	--	--	(3 277)	--	(3 277)
<i>Total income and expense for the period.....</i>	--	--	--	--	(3 277)	572	(2 705)
Retained earnings offset with share premium.....	--	--	(9 015)	--	9 015	--	--
Treasury shares.....	--	--	--	9	--	--	9
Share-based payment.....	--	--	--	--	104	--	104
At 30 June 2009	4 713 970	9 428	26 108	(126)	(13 547)	(2 658)	19 205

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	<i>For the six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<u>€000</u>	<u>€000</u>
Cash flows from operating activities:		
Net income/(loss)	(3 277)	(285)
Non cash items written back:		
Amortization and depreciation	694	354
Capital gain or loss on disposal of fixed assets	(13)	1
Other non financial activities	69	(258)
Accounts receivable	1 681	69
Inventories.....	(615)	(306)
Other debtors.....	433	(92)
Accounts payable	(176)	(142)
Other liabilities.....	266	(151)
Total net cash flows from operating activities.....	(938)	(810)
Cash flows from investing activities:		
Proceeds from sale of property, plant, equipment and intangible assets.....	13	12
Purchase of fixed assets.....	(464)	(1 317)
Proceeds from sale/(purchase) of financial assets	55	25
Total net cash flows from investing activities.....	(396)	(1 280)
Cash flows from financing activities:		
Proceeds from borrowings.....	250	1 024
Repayment of borrowings	(199)	(114)
Payment of finance lease liabilities	(40)	(41)
Proceeds from sale/(purchase) of treasury shares	9	(81)
Total net cash flows from financing activities	20	788
Net foreign exchange difference	(155)	(11)
Increase/(decrease) in net cash and cash equivalents	(1 469)	(1 313)
Opening cash and cash equivalents balance.....	4 629	4 402
Closing cash and cash equivalents balance	3 160	3 089