



MEMSCAP
The Power of a Small World™

2008: MEMSCAP DIVIDES BY 7 ITS NEEDS IN CASH FLOW FOR OPERATING ACTIVITIES

A net available cash stable from year to year at 5.3 million euros

Grenoble, France and Durham, North Carolina, February 23, 2009 – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, announced today its financial statements for the fiscal year ending December 31, 2008.

Year 2008 consolidated revenue amounted to 15.4 million euros (22.7 million US dollars) compared to 16.4 million euros for fiscal year 2007 (22.6 million US dollars), while gross margin is at 6.7 million euros and represents 43% of the yearly consolidated revenue.

The Company reminds its shareholders that taking into account the harsh economic environment and willing to take a conservative approach, it had, according to IFRS rules, made an impairment test up to (6.2) million euros, appearing under “other expenses” (*cf. press release January 20, 2009*).

Consolidated operational result after taking into account the “other expenses” linked to the impairment test is therefore (8.6) million euros.

The net consolidated result, also after taking into account those “other expenses” is at (8.1) million euros.

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

In million euros	2007	2008
Revenue		
Standard Products*	9.5	10.1
Custom Products	6.9	5.3
Total Revenue	16.4	15.4
Cost of Revenue	(8.9)	(8.7)
Gross Margin	7.5	6.7
% of Revenue	46%	43%
Operating Expenses	(8.4)	(9.1)
Other Expenses – Impairment losses	--	(6.2)
Profit / (Loss) from operations	(0.9)	(8.6)
Financial Profit / (Loss)	(0.2)	0.2
Tax	0.4	0.3
Net Profit / (Loss)	(0.7)	(8.1)

**including 1.7 million euros for IntuiSkin in 2008*

The performance of the operating activities, which cash requirement has been divided by 7 over one year, is summed-up below:

In million euros	2007	2008
Net profit / (loss) including adjustments for non cash items	0.2	(0.5)
Change in operating working capital items	(3.4)	--
Net cash used in operating activities	(3.2)	(0.5)
Net cash used in investing activities	(1.0)	(1.9)
Net cash generated by financing activities	0.1	2.6
Net effect of foreign currency translation on cash and cash equivalents	(0.1)	--
Increase / (decrease) in net cash and cash equivalents	(4.2)	0.2

As a consequence, on December 31, 2008, MEMSCAP net available cash including cash investments (bonds) recorded under IFRS accounting standards under financial assets available for sale, was at 5.3 million euros.

In million euros – December 31	2007	2008
Cash and cash equivalents	5.8	5.2
Available-for-sale financial assets	0.9	0.7
Available cash and cash equivalents	6.7	5.9
Overdraft	(1.4)	(0.6)
Available net cash and cash equivalents	5.3	5.3

Financial liabilities (excluding overdraft given in the table above) on December 31, 2008 is 4.9 million euros, out of which 0.6 million is reimbursable in less than a year.

Finally, on December 31, 2008, MEMSCAP total differed tax assets were 51.1 million euros (out of which 0.9 million euros recorded in its balance sheet) and the Group shareholder's equity amounted to 21.8 million euros.

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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CONSOLIDATED BALANCE SHEET

at 31 December 2008

	<i>31 December 2008</i>	<i>31 December 2007</i>
	<u>€000</u>	<u>€000</u>
Assets		
Non-current assets		
Property, plant and equipment.....	6 073	9 262
Intangible assets	9 191	12 373
Available-for-sale financial assets	722	860
Other financial assets.....	12	17
Deferred tax asset	936	835
	<u>16 934</u>	<u>23 347</u>
Current assets		
Inventories.....	3 304	3 332
Trade and other receivables.....	5 183	6 877
Prepayments	389	260
Cash and short-term deposits.....	5 236	5 845
	<u>14 112</u>	<u>16 314</u>
	<u><u>31 046</u></u>	<u><u>39 661</u></u>
TOTAL ASSETS		
	<u><u>31 046</u></u>	<u><u>39 661</u></u>
Equity and Liabilities		
Equity		
Issued capital	9 428	9 422
Share premium	35 123	35 823
Treasury shares.....	(135)	(61)
Retained earnings	(19 389)	(12 279)
Foreign currency translation.....	(3 230)	(1 460)
	<u>21 797</u>	<u>31 445</u>
Non-current liabilities		
Interest-bearing loans and borrowings.....	4 142	1 575
Provisions	236	78
Other non-current liabilities.....	196	196
	<u>4 574</u>	<u>1 849</u>
Current liabilities		
Trade and other payables.....	3 482	4 084
Interest-bearing loans and borrowings.....	1 055	1 715
Provisions	46	476
Other current liabilities.....	92	92
	<u>4 675</u>	<u>6 367</u>
	<u><u>9 249</u></u>	<u><u>8 216</u></u>
TOTAL LIABILITIES		
	<u><u>9 249</u></u>	<u><u>8 216</u></u>
TOTAL EQUITY AND LIABILITIES		
	<u><u>31 046</u></u>	<u><u>39 661</u></u>

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	<i>2008</i>	<i>2007</i>
	<u>€000</u>	<u>€000</u>
Sales of goods and services.....	15 397	16 411
Revenue from continuing operations	15 397	16 411
Cost of sales	(8 735)	(8 933)
Gross profit	6 662	7 478
Research and development expenses	(3 684)	(3 705)
Selling and distribution costs	(1 847)	(1 270)
Administrative expenses	(3 504)	(3 422)
Other expenses	(6 232)	--
Profit / (Loss) from continuing operations before tax and finance costs	(8 605)	(919)
Finance costs.....	(337)	(393)
Finance income	540	241
Profit / (Loss) before tax	(8 402)	(1 071)
Income tax profit.....	312	399
Profit / (Loss) for the year	(8 090)	(672)
 Earnings per share:		
- Basic, for profit for the year attributable to ordinary equity holders of the parent (in euros).....	(1,72)	(0,15)
- Diluted, for profit for the year attributable to ordinary equity holders of the parent (in euros).....	(1,72)	(0,14)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

<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>
	€000	€000	€000	€000	€000	€000	€000
At 1 January 2007	4 554 236	9 108	39 912	(112)	(17 474)	(1 227)	30 207
Foreign currency translation.....	--	--	--	--	--	(233)	(233)
<i>Total income and expense for the year recognised directly in equity..</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(233)</i>	<i>(233)</i>
Loss for the year	--	--	--	--	(672)	--	(672)
<i>Total income and expense for the year</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(672)</i>	<i>(233)</i>	<i>(905)</i>
Exercise of warrants (BSA and options).....	35 859	72	140	--	(3)	--	209
Issue of shares	121 053	242	1 418	--	--	--	1 660
Retained earnings offset with share premium	--	--	(5 647)	--	5 647	--	--
Treasury shares	--	--	--	51	--	--	51
Share-based payment.....	--	--	--	--	223	--	223
At 31 December 2007	4 711 148	9 422	35 823	(61)	(12 279)	(1 460)	31 445
At 1 January 2008	4 711 148	9 422	35 823	(61)	(12 279)	(1 460)	31 445
Foreign currency translation.....	--	--	--	--	--	(1 770)	(1 770)
<i>Total income and expense for the year recognised directly in equity..</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(1 770)</i>	<i>(1 770)</i>
Loss for the year	--	--	--	--	(8 090)	--	(8 090)
<i>Total income and expense for the year</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(8 090)</i>	<i>(1 770)</i>	<i>(9 860)</i>
Exercise of warrants (BSA).....	2 822	6	--	--	--	--	6
Retained earnings offset with share premium	--	--	(700)	--	700	--	--
Treasury shares	--	--	--	(74)	--	--	(74)
Share-based payment.....	--	--	--	--	280	--	280
At 31 December 2008	4 713 970	9 428	35 123	(135)	(19 389)	(3 230)	21 797

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	<u>2008</u>	<u>2007</u>
	<u>€000</u>	<u>€000</u>
Cash flows from operating activities:		
Net income/(loss)	(8 090)	(672)
Non cash items written back:		
Amortization and depreciation	1 662	1 162
Capital gain or loss on disposal of fixed assets	16	49
Impairment losses	6 232	--
Other non financial activities	(300)	(329)
Accounts receivable	518	(2 031)
Inventories.....	(412)	(1 036)
Other debtors.....	171	402
Accounts payable	91	(774)
Other liabilities.....	(359)	(11)
Total net cash flows from operating activities.....	(471)	(3 240)
Cash flows from investing activities:		
Proceeds from sale of property, plant, equipment and intangible assets.....	21	111
Purchase of fixed assets.....	(1 894)	(1 288)
Proceeds from sale/(purchase) of financial assets	(35)	90
Impact of variation of frozen cash.....	--	95
Variation in perimeter	--	(53)
Total net cash flows from investing activities.....	(1 908)	(1 045)
Cash flows from financing activities:		
Proceeds from borrowings.....	2 947	656
Repayment of borrowings	(239)	(291)
Payment of finance lease liabilities	(78)	(469)
Purchase of treasury shares	(74)	51
Proceeds from issue of share	6	208
Total net cash flows from financing activities	2 562	155
Net foreign exchange difference	44	(91)
Increase/(decrease) in net cash and cash equivalents	227	(4 221)
Opening cash and cash equivalents balance.....	4 402	8 623
Closing cash and cash equivalents balance	4 629	4 402