



2009: A FISCAL YEAR HEAVILY AFFECTED BY THE ECONOMIC CRISIS

Business recovery initiated in the second half of 2009

Grenoble, France and Durham, North Carolina, March 26, 2010 – 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, 2009.

As reported earlier in the quarterly press releases:

Year 2009 consolidated revenue amounted to 10.3 million euros (14.3 million US dollars) compared to 15.4 million euros for fiscal year 2008 (22.7 million US dollars), while gross margin is at 3.3 million euros and represents 33% of the yearly consolidated revenue.

Consolidated operational result ended at (5.0) million euros compared to (8.6) million euros for 2008.

The net consolidated result is at (5.1) million euros, compared to (8.1) million euros for 2008.

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

In million euros	2008	2009
Revenue		
Standard Products	10.1	6.5
Custom Products	5.3	3.8
Total Revenue	15.4	10.3
Cost of Revenue	(8.7)	(6.9)
Gross Margin	6.7	3.3
% of Revenue	43%	33%
Other Income	--	0.4
Operating Expenses	(9.1)	(8.2)
Other Expenses	(6.2)	(0.5)
Profit / (Loss) from operations	(8.6)	(5.0)
Financial Profit / (Loss)	0.2	(0.1)
Tax	0.3	--
Net Profit / (Loss)	(8.1)	(5.1)

**including 1.0 million euros for IntuiSkin in 2009*

During 2009, Standard Products Business Unit was severely affected by the lack of orders in the aerospace industry, specifically the segment of business jets. Similarly, the medical segment served by the MEMSCAP Group has recognized low level of activities, particularly impacted by the inventory

reduction policies adopted by all the actors of the industry. It is to be noted that an important number of new medical infrastructure programs was postponed due to the global liquidity crisis.

During the first half of 2009, the Custom Products Business Unit suffered from the bankruptcy of some significant customers. In reaction to these events, the Custom Products Business Unit operated a rapid refocus on its core activities, specifically, optical communications, biomedical and defense. This strategy has allowed to this business unit to recover and sign strong consecutive quarterly growth, starting from the third quarter.

Finally, IntuiSkin revenue was down by 0.7 million euros compared to 2008. This decrease can be explained by the transition of the business model of this division, initially focused on the non-recurring sale of diagnostic devices, now anchored around the sale of consumables (cosmetics); this recurring business model requires more time to get implemented.

The impact of revenue decrease on the Group cash has been limited by the constant cost reduction operated overall the year, leading to the reduction of operational expenses by 9% compared to 2008 and the reduction of 11% of the working capital requirements. On December 31, 2009, MEMSCAP available cash including cash investments (bonds) recorded under IFRS accounting standards under financial assets available for sale, was at 3.1 million euros.

In million euros – December 31	2008	2009
Cash and cash equivalents	5.2	2.1
Available-for-sale financial assets	0.7	1.0
Available cash and cash equivalents	5.9	3.1
Overdraft	(0.6)	(1.0)
Available net cash and cash equivalents	5.3	2.1

On December 31, 2009, MEMSCAP shareholder's equity amounted to 18.3 million euros.

Since the lowest level of activities reached during the second quarter, the trend initiated in mid 2009, has allowed the Group to significantly reduce the cash burn by its operations. This business improvement trend is expected to continue overall the fiscal year 2010, specifically doped by the optical communications segment as well as the recovery of the aerospace and medical segments driven by the re-establishment of inventory level by MEMSCAP customers.

Annual Shareholders Meeting: May 10, 2010.

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 2009

	<i>31 December 2009</i>	<i>31 December 2008</i>
	<i>€000</i>	<i>€000</i>
Assets		
Non-current assets		
Property, plant and equipment	5 654	6 073
Goodwill and intangible assets	9 821	9 191
Available-for-sale financial assets	979	722
Other financial assets.....	21	12
Deferred tax asset	1 100	936
	17 575	16 934
Current assets		
Inventories	4 642	3 304
Trade and other receivables	2 719	4 450
Income tax receivable	136	733
Prepayments	389	389
Cash and short-term deposits.....	2 085	5 236
	9 971	14 112
TOTAL ASSETS	27 546	31 046
Equity and Liabilities		
Equity		
Issued capital	9 428	9 428
Share premium	26 108	35 123
Treasury shares	(114)	(135)
Retained earnings	(15 250)	(19 389)
Foreign currency translation	(1 884)	(3 230)
	18 288	21 797
Non-current liabilities		
Interest-bearing loans and borrowings.....	3 980	4 142
Provisions	270	236
Other non-current liabilities.....	192	196
	4 442	4 574
Current liabilities		
Trade and other payables	3 094	3 482
Interest-bearing loans and borrowings.....	1 583	1 055
Provisions	43	46
Other current liabilities.....	96	92
	4 816	4 675
TOTAL LIABILITIES	9 258	9 249
TOTAL EQUITY AND LIABILITIES	27 546	31 046

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	2009	2008
	<u>€000</u>	<u>€000</u>
Sales of goods and services	10 295	15 397
Revenue from continuing operations	10 295	15 397
Cost of sales	(6 949)	(8 735)
Gross profit	3 346	6 662
Other income.....	360	--
Research and development expenses	(3 483)	(3 684)
Selling and distribution costs	(1 597)	(1 847)
Administrative expenses	(3 141)	(3 504)
Other expenses	(474)	(6 232)
Profit / (Loss) from continuing operations before tax and finance costs	(4 989)	(8 605)
Finance costs.....	(307)	(337)
Finance income	191	540
Profit / (Loss) before tax	(5 105)	(8 402)
Income tax profit.....	--	312
Profit / (Loss) for the year	(5 105)	(8 090)
Earnings per share:		
- Basic, for profit for the year attributable to ordinary equity holders of the parent (in euros).....	€ (1,08)	€ (1,72)
- Diluted, for profit for the year attributable to ordinary equity holders of the parent (in euros).....	€ (1,08)	€ (1,72)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

<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
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)
Total income and expense for the year recognised directly in equity..	--	--	--	--	--	(1 770)	(1 770)
Loss for the year.....	--	--	--	--	(8 090)	--	(8 090)
Total income and expense for the year.....	--	--	--	--	(8 090)	(1 770)	(9 860)
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
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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	<u>2009</u>	<u>2008</u>
	<u>€000</u>	<u>€000</u>
Cash flows from operating activities:		
Net income/(loss)	(5 105)	(8 090)
Non cash items written back:		
Amortization and depreciation	1 541	1 662
Capital gain or loss on disposal of fixed assets	(13)	16
Impairment losses	--	6 232
Other non financial activities	132	(300)
Accounts receivable	1 853	518
Inventories.....	(935)	(412)
Other debtors.....	787	171
Accounts payable	(405)	91
Other liabilities.....	(126)	(359)
Total net cash flows from operating activities.....	(2 271)	(471)
Cash flows from investing activities:		
Proceeds from sale of property, plant, equipment and intangible assets.....	13	21
Purchase of fixed assets.....	(866)	(1 894)
Proceeds from sale/(purchase) of financial assets	(179)	(35)
Total net cash flows from investing activities.....	(1 032)	(1 908)
Cash flows from financing activities:		
Proceeds from borrowings.....	429	2 947
Repayment of borrowings	(463)	(239)
Payment of finance lease liabilities	(85)	(78)
Purchase of treasury shares	21	(74)
Proceeds from issue of share	--	6
Total net cash flows from financing activities	(98)	2 562
Net foreign exchange difference	(124)	44
Increase/(decrease) in net cash and cash equivalents	(3 525)	227
Opening cash and cash equivalents balance.....	4 629	4 402
Closing cash and cash equivalents balance	1 104	4 629