



## **FIRST HALF 2010: 38% REVENUE GROWTH**

***Back to profit in Q2 2010 and positive cash flow from operating activities overall H1 as a consequence of INTUISKIN spin-off***

**Grenoble, France and Durham, North Carolina, August 31, 2010** – 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 half 2010, ending June 30, 2010.

### **Sustained improvement of the Group operations**

In accordance with the figures given in the first and second quarter press releases, consolidated revenue for the first half 2010 amounted to 6.4 million euros (8.5 million US dollars), compared to 4.6 million euros (6.2 million US dollars) for the first half 2009, thus showing a 38% revenue growth in euro and in US dollars. These revenue figures exclude, according to IFRS 5, the revenue from discontinued operations (INTUISKIN), which amounts to 0.6 million euros for the first half 2010 (5 months of operations) and 0.7 million euros for the first half 2009.

First half gross margin benefits from the increase in business volume and reaches 2.5 million euros, thus an increase of 1.2 million euros compared to the same period in 2009. Gross margin thus represents 39% of the first half 2010 consolidated revenue compared to 28% for the first half 2009.

As a consequence of business growth as well as cost reduction plans implemented overall the organization, the net loss was reduced from (2.5) million euros in the first half 2009 to (0.2) million euros for the first half 2010.

The net loss from discontinued operations (INTUISKIN) for 5 months of operations during the first half 2010 amounts to (0.4) million euros compared to (0.8) million euros for the first half 2009 (6 months of operations). As it has been reported earlier, INTUISKIN spin-off has enabled the Group to show a net profit from continuing operations of 0.1 million euros in Q2 2010.

Taking into account the loss from discontinued operations INTUISKIN, the net consolidated loss amounts to (0.6) million euros for the first half 2010 compared to (3.3) million euros for the first half 2009.

### **Positive cash flow from operating activities as a consequence of INTUISKIN spun-off**

Excluding discontinued operations (INTUISKIN) contribution, MEMSCAP generated from operating activities a positive cash flow of 0.2 million euros over the first half 2010, compared to a negative cash flow of (0.6) million euros for the first half 2009. Even when taking into account INTUISKIN contribution, cash flow from operating activities is at break-even during the first half 2010 compared to a negative cash flow of (0.9) million euros for the same period in 2009.

The variation of net cash, excluding discontinued operations, ended at (0.2) million euros for the first half 2010, compared to (1.0) million euros for the first half 2009. Taking into account INTUISKIN contribution, the net cash decrease is (0.7) million euros for the first half 2010 compared to (1.5) million euros for the first half 2009.

Furthermore, the financial debt was reduced by 0.3 million euros during the first half 2010. Concluded in the beginning of the second half 2010, the sale of an unused building located in the USA, will enable the Group to reduce its financial debt by an additional 1.2 million euros.

As of June 30, 2010, MEMSCAP Group available cash amounts to 2.3 million euros including cash investments (mutual funds and bonds) for 1.0 million euros, recorded under IFRS accounting standards under financial assets available for sale.

Finally, the Group Shareholder's equity totals 18.5 million euros on June 30, 2010, compared to 18.3 million euros on December 31, 2009, benefiting from a positive foreign currency change impact.

### **Positive trend confirmed**

MEMSCAP Group expects this positive trend observed during the last four quarters to continue during the second half 2010.

### **Q3 2010 Earnings: October 29, 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](http://www.memscap.com).

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# INTERIM CONSOLIDATED BALANCE SHEET

## at June 30, 2010

	<i>30 June 2010</i>	<i>31 December 2009</i>
	<u>€000</u>	<u>€000</u>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	4 498	5 654
Goodwill and intangible assets.....	8 994	9 821
Available-for-sale financial assets.....	2 613	979
Other financial assets .....	3	21
Deferred tax asset.....	1 145	1 100
	<u><b>17 253</b></u>	<u><b>17 575</b></u>
<b>Current assets</b>		
Inventories.....	3 753	4 642
Trade and other receivables.....	3 351	2 717
Income tax receivable.....	10	136
Prepayments .....	302	389
Other current financial assets .....	--	2
Cash and short-term deposits .....	1 244	2 085
	<u><b>8 660</b></u>	<u><b>9 971</b></u>
Assets of disposal group classified as held for sale .....	1 126	--
<b>Total assets</b>	<u><b>27 039</b></u>	<u><b>27 546</b></u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital.....	9 428	9 428
Share premium .....	12 701	26 108
Treasury shares.....	(122)	(114)
Retained earnings.....	(2 516)	(15 250)
Foreign currency translation.....	(951)	(1 884)
	<u><b>18 540</b></u>	<u><b>18 288</b></u>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings .....	2 503	3 980
Other non-current financial liabilities.....	192	192
Employee benefit liability .....	280	270
	<u><b>2 975</b></u>	<u><b>4 442</b></u>
<b>Current liabilities</b>		
Trade and other payables.....	2 748	3 094
Interest-bearing loans and borrowings .....	1 345	1 583
Other current financial liabilities.....	137	96
Provisions.....	50	43
	<u><b>4 280</b></u>	<u><b>4 816</b></u>
Liabilities directly associated with the assets classified as held for sale ...	1 244	--
<b>Total liabilities</b>	<u><b>8 499</b></u>	<u><b>9 258</b></u>
<b>Total equity and liabilities</b>	<u><b>27 039</b></u>	<u><b>27 546</b></u>

# INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2010

	<i>For the six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
<b>Continuing operations</b>		
Sales of goods and services.....	6 403	4 633
<b>Revenue.....</b>	<b>6 403</b>	<b>4 633</b>
Cost of sales.....	(3 926)	(3 335)
<b>Gross profit .....</b>	<b>2 477</b>	<b>1 298</b>
Other income .....	107	187
Research and development expenses .....	(1 183)	(1 446)
Selling and distribution costs .....	(377)	(334)
Administrative expenses .....	(1 269)	(1 699)
Other expenses.....	--	(474)
<b>Operating profit / (loss) .....</b>	<b>(245)</b>	<b>(2 468)</b>
Finance costs.....	(141)	(150)
Finance income.....	164	96
<b>Profit / (loss) for the period from continuing operations before tax .....</b>	<b>(222)</b>	<b>(2 522)</b>
Income tax expense.....	--	--
<b>Profit / (loss) for the period from continuing operations .....</b>	<b>(222)</b>	<b>(2 522)</b>
<b>Discontinued operations</b>		
Gain / (loss) after tax for the period from discontinued operations.....	(404)	(755)
<b>Profit / (loss) for the period .....</b>	<b>(626)</b>	<b>(3 277)</b>
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros).....	€ (0,13)	€ (0,70)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros).....	€ (0,13)	€ (0,70)
Earnings per share for continuing operations:		
- Basic, for profit / (loss) from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ (0,05)	€ (0,54)
- Diluted, for profit / (loss) from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ (0,05)	€ (0,54)

# INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2010

	<i>For the six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>
	<u>€000</u>	<u>€000</u>
<b>Profit / (loss) for the period</b> .....	<b>(626)</b>	<b>(3 277)</b>
Net (loss) / gain on available-for-sale financial assets .....	(132)	--
Exchange differences on translation of foreign operations .....	933	572
Income tax effect .....	--	--
<b>Other comprehensive income for the period, net of tax</b> .....	<b>801</b>	<b>572</b>
<b>Total comprehensive income for the period, net of tax</b> .....	<b>175</b>	<b>(2 705)</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2010

<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
<b>At 1 January 2009</b> .....	<b>4 713 970</b>	<b>9 428</b>	<b>35 123</b>	<b>(135)</b>	<b>(19 389)</b>	<b>(3 230)</b>	<b>21 797</b>
Foreign currency translation.....	--	--	--	--	--	572	572
<b>Total income and expense for the period recognized directly in equity</b> .....	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>572</b>	<b>572</b>
Loss for the period.....	--	--	--	--	(3 277)	--	(3 277)
<b>Total income and expense for the period</b> .....	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(3 277)</b>	<b>572</b>	<b>(2 705)</b>
Retained earnings offset with share premium.....	--	--	(9 015)	--	9 015	--	--
Treasury shares.....	--	--	--	9	--	--	9
Share-based payment.....	--	--	--	--	104	--	104
<b>At 30 June 2009</b> .....	<b>4 713 970</b>	<b>9 428</b>	<b>26 108</b>	<b>(126)</b>	<b>(13 547)</b>	<b>(2 658)</b>	<b>19 205</b>
<b>At 1 January 2010</b> .....	<b>4 713 970</b>	<b>9 428</b>	<b>26 108</b>	<b>(114)</b>	<b>(15 250)</b>	<b>(1 884)</b>	<b>18 288</b>
Net (loss) / gain on available-for-sale financial assets.....	--	--	--	--	(132)	--	(132)
Foreign currency translation.....	--	--	--	--	--	933	933
<b>Total income and expense for the period recognized directly in equity</b> .....	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(132)</b>	<b>933</b>	<b>801</b>
Loss for the period.....	--	--	--	--	(626)	--	(626)
<b>Total income and expense for the period</b> .....	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(758)</b>	<b>933</b>	<b>175</b>
Discontinued operations .....	--	--	(4 408)	--	4 408	--	--
Retained earnings offset with share premium.....	--	--	(8 999)	--	8 999	--	--
Treasury shares.....	--	--	--	(8)	--	--	(8)
Share-based payment.....	--	--	--	--	85	--	85
<b>At 30 June 2010</b> .....	<b>4 713 970</b>	<b>9 428</b>	<b>12 701</b>	<b>(122)</b>	<b>(2 516)</b>	<b>(951)</b>	<b>18 540</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2010

	<i>For the six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
<b>Cash flows from operating activities:</b>		
Profit / (loss) after tax from continuing operations .....	(222)	(2 522)
Profit / (loss) after tax from discontinued operations .....	(404)	(755)
<b>Net profit / (loss) for the period .....</b>	<b>(626)</b>	<b>(3 277)</b>
Non cash items written back:		
Amortization and depreciation .....	555	694
Capital gain or loss on disposal of fixed assets .....	3	(13)
Other non financial activities .....	75	69
Accounts receivable .....	(796)	1 681
Inventories .....	408	(615)
Other debtors .....	73	433
Accounts payable .....	303	(176)
Other liabilities .....	(26)	266
<b>Total net cash flows from operating activities .....</b>	<b>(31)</b>	<b>(938)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of property, plant, equipment and intangible assets .....	5	13
Purchase of fixed assets .....	(132)	(464)
Proceeds from sale/(purchase) of financial assets .....	(52)	55
Net outflow from sale of a subsidiary, net of cash disposed .....	(138)	--
<b>Total net cash flows from investing activities .....</b>	<b>(317)</b>	<b>(396)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings .....	--	250
Repayment of borrowings .....	(250)	(199)
Payment of finance lease liabilities .....	(55)	(40)
Sale / (purchase) of treasury shares .....	(8)	9
<b>Total net cash flows from financing activities .....</b>	<b>(313)</b>	<b>20</b>
Net foreign exchange difference .....	(17)	(155)
<b>Increase / (decrease) in net cash and cash equivalents .....</b>	<b>(678)</b>	<b>(1 469)</b>
<b>Opening cash and cash equivalents balance .....</b>	<b>1 104</b>	<b>4 629</b>
<b>Closing cash and cash equivalents balance .....</b>	<b>426</b>	<b>3 160</b>