



MEMSCAP
The Power of a Small World™

MEMSCAP REPORTS Q2 EARNINGS

Solid demand in aerospace and temporary weakness in optical communications

Grenoble, France et Durham, Caroline du Nord, July 26, 2011 - MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for the second quarter ending June 30, 2011.

Revenue for the second quarter 2011 was 2.6 million euros (3.7 million US dollars) compared with 3.5 million euros (4.4 million US dollars) for the second quarter 2010 and 2.5 million euros (3.4 million dollars) for the first quarter 2010.

Consolidated revenue distribution by market segment, over the second quarter 2011 is as follows:

Market Segments	Revenue (M€)	%
Aerospace	1.3	49%
Medical / Biomedical	0.5	20%
Optical Communications / Adaptive Optics	0.5	19%
Other Applications	0.3	12%
Total	2.6	100%

MEMSCAP gross margin rate for this quarter ended at 30% of the revenue compared to 42% for the second quarter 2010 and 30% for the first quarter of 2011.

Similarly to Q1, operating loss and net loss for the quarter amounted to (0.4) million euros compared to 0.1 million euros and (0.1) million euros operating profit and net loss for the second quarter 2010.

MEMSCAP consolidated earnings for the second quarter of 2011 are given by the following table:

In million euros	Q1 11	Q2 11	Q2 10
Continuing Operations:			
Revenue	2.5	2.6	3.5
Cost of Revenue	(1.7)	(1.8)	(2.0)
Gross Margin	0.7	0.8	1.5
% of Revenue	30%	30%	42%
Other Income	0.1	--	--
Operating Expenses	(1.3)	(1.2)	(1.4)
Operating Profit / (Loss)	(0.4)	(0.4)	0.1
Financial Profit / (Loss)	--	--	--
Income Tax Expense	--	--	--
Profit / (Loss) from Continuing Operations	(0.4)	(0.4)	0.1
Discontinued Operations *:			
Loss from Discontinued Operations	--	--	(0.2)
Net Profit / (Loss)	(0.4)	(0.4)	(0.1)

* Loss related to INTUISKIN operations sold on May 26, 2010
(Any apparent discrepancies in totals are due to rounding.)

Analysis and perspectives

Despite solid demand in aerospace, the second quarter 2011 was weakened by the optical communications market segment which represented 0.5 million euros and 19% of the revenue of this quarter, compared to 1.1 million euros and 32% of quarterly revenue at the same period in 2010. This temporary weakness is the result of relatively soft inventory reduction by the major system vendors during this quarter.

After the optimization of Company cost structure operated during the previous quarters, MEMSCAP expects significant improvement of its earnings upon first signs of re-acceleration in the optical communications sector.

H1 2011 Earnings: August 31, 2011

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) and belong to the CAC small, CAC Mid & Small, CAC All-Tradable and CAC All-Share indexes. More information on the company's products and services can be obtained at www.memscap.com.

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