



MEMSCAP
The Power of a Small World™

**MEMSCAP ANNOUNCES ITS EARNINGS FOR FISCAL YEAR 2011
AND CONFIRMS THE POSITIVE TREND INITIATED IN Q4 2011**

**Positive operating cash flow despite the temporary weakness of sales
during the first 9 months of fiscal year 2011**

Grenoble, France and Durham, North Carolina, March 23, 2012 - MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for fiscal year 2011 ending December 31, 2011.

Analysis of the consolidated income statement

Matching previous quarterly press releases, revenue for fiscal year 2011 amounted to EUR 10.0 million (US\$ 13.9 million) compared to EUR 13.0 million (US\$ 17.3 million) for fiscal year 2010. Consolidated revenue distribution by market segment, over fiscal year 2011, is as follows:

Market segments	Revenue (M€)	%
Aerospace	4.4	44%
Optical Communications / Adaptive Optics	2.4	24%
Medical / Biomedical	2.3	23%
Other Applications	0.9	9%
Total	10.0	100%

(Any apparent discrepancies in totals are due to rounding.)

After a strong growth of sales volumes in 2010, the Group experienced in fiscal year 2011 a decrease of its revenue by 23% compared to last year. This evolution was mainly due to a temporary slowdown of the demand in the market segment of optical communications which resulted from inventory reduction by the major system vendors over the first 9 months of fiscal year 2011. The fourth quarter of 2011 was thus marked by a sharp upturn in Group sales in this sector, resulting in a quarterly consolidated revenue of EUR 3.0 million (US\$ 4.1 million). This sales volume is substantially identical to the consolidated revenue observed during the fourth quarter of 2010.

The decline in sales volumes during fiscal year 2011 led to an unfavorable volume effect on the production structure of the Group. The gross margin rate for fiscal year 2011 stood at 26.8% versus 39.5% in 2010. At the end of December 2011, consolidated gross margin amounted to EUR 2.7 million versus EUR 5.2 million for fiscal year 2010.

This unfavorable effect was however limited by the control of the operating expenses. Operating expenses in 2011 amounted to EUR 4.7 million versus EUR 5.4 million for fiscal 2010. The evolution of the operating expenses, -13.5% compared to 2010, is mainly due to the continuation of cost reduction programs aiming at the increase of the Group industrial productivity. The operating loss for fiscal year 2011 amounted to EUR (1.9) million versus operations at break-even level for fiscal year 2010.

The financial loss for fiscal year 2011 amounted to EUR (0.2) million versus a financial income at break-even level for fiscal year 2010. No deferred income tax profit was accounted in 2011 and 2010.

Net loss from continuing operations amounted to EUR (2.0) million against net income from continuing operations at breakeven during fiscal year 2010. It is reminded that in 2010, the loss related to the INTUISKIN division amounted to EUR (0.4) million for the 5-month period from January 1st, 2010 to May 26th, 2010 (the effective date of the sale of the INTUISKIN division).

Net loss for fiscal year 2011 integrating discontinued operations amounted to EUR (2.0) million versus a net loss of EUR (0.4) million in 2010. Basic earnings per share of the consolidated entity is (0.43) euro for 2011 versus (0.08) euro for 2010 euro. Basic earnings per share from continuing operations is (0.43) euro for 2011 versus 0.00 euro for 2010.

Consolidated cash flow evolution

<i>In million euros</i>	2011	2010
Consolidated cash flow:		
Operating cash flow	0.6	0.7
Investing cash flow	(1.1)	(0.7)
Financing cash flow	0.1	(0.6)
Net foreign exchange difference	--	(0.1)
Net consolidated cash flow	(0.4)	(0.7)

(Any apparent discrepancies in totals are due to rounding.)

Despite the decline of the Group's sales over the first 9 months of fiscal year 2011, cash flow generated from operating activities, EUR 0.6 million, remains in line with the level observed in 2010, EUR 0.7 million. This evolution is mainly due to the control of the consolidated working capital requirement.

Cash flow consumed by investing activities amounted to EUR 1.1 million (2010: EUR 0.7 million) and included up to 0.5 million of capitalized development costs in accordance with the continuation of the research & development programs of the Group (2010: EUR 0.4 million) and acquisitions of industrial equipments for EUR 0.4 million.

Moreover, the management of the Group's financing structure resulted in a positive cash flow of EUR 0.1 million for fiscal year 2011.

Available liquidities, including cash and non-current financial assets, amounted to EUR 1.7 million at December 31, 2011 versus EUR 2.2 million at December 31, 2010. At December 31, 2011, the available unused credit lines amounted to EUR 0.3 million (2010: EUR 0.2 million).

Perspectives

At December 31, 2011, the consolidated shareholders' equity amounted to EUR 17.3 million. This position has been strengthened with an additional EUR 1.2 million following the success of the capital increase with preferential subscription rights finalized on February 7, 2012.

This transaction enables MEMSCAP to increase the intensity and the scope of its commercial and technical developments in 2012. Consequently, the Group expects the trend initiated during the fourth quarter of 2011 to continue over 2012.

Shareholders meeting: June 28, 2012

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.

For more information, please contact:

Yann Cousinet
CFO
Ph: +33 (0) 4 76 92 85 00
Email: yann.cousinet@memscap.com

CONSOLIDATED BALANCE SHEET

at 31 December 2011

	<i>31 December 2011</i>	<i>31 December 2010</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	3 813	4 067
Goodwill and intangible assets	9 516	9 306
Available-for-sale financial assets	2 983	2 725
Other non-current financial assets	--	3
Deferred tax asset.....	1 201	1 170
	17 513	17 271
Current assets		
Inventories.....	3 476	3 723
Trade and other receivables	2 703	3 514
Income tax receivable.....	30	56
Prepayments.....	283	222
Other current financial assets.....	--	67
Cash and short-term deposits.....	640	1 213
	7 132	8 795
Total assets	24 645	26 066
Equity and Liabilities		
Equity		
Issued capital	9 431	9 428
Share premium	12 703	12 701
Treasury shares.....	(140)	(99)
Retained earnings	(3 780)	(2 085)
Foreign currency translation.....	(937)	(1 057)
	17 277	18 888
Non-current liabilities		
Interest-bearing loans and borrowings.....	2 455	2 361
Other non-current liabilities	75	172
Employee benefit liability	275	462
	2 805	2 995
Current liabilities		
Trade and other payables	3 104	2 757
Interest-bearing loans and borrowings.....	1 159	1 260
Other current liabilities.....	207	116
Provisions.....	93	50
	4 563	4 183
Total liabilities	7 368	7 178
Total equity and liabilities	24 645	26 066

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	2011	2010
	€000	€000
Continuing operations		
Sales of goods and services	10 023	13 042
Revenue	10 023	13 042
Cost of sales	(7 335)	(7 888)
Gross profit	2 688	5 154
Other income.....	137	288
Research and development expenses	(1 681)	(2 130)
Selling and distribution costs	(801)	(761)
Administrative expenses.....	(2 196)	(2 520)
Operating profit / (loss)	(1 853)	31
Finance costs	(335)	(215)
Finance income.....	144	200
Profit / (loss) from continuing operations before tax	(2 044)	16
Income tax expense	--	--
Profit / (loss) from continuing operations	(2 044)	16
Discontinued operations		
Gain / (loss) after tax from discontinued operations.....	--	(404)
Profit / (loss) for the year	(2 044)	(388)
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ (0,43)	€ (0,08)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ (0,43)	€ (0,08)
Earnings per share for continuing operations:		
- Basic, for profit / (loss) from continuing operations attributable to ordinary equity holders of the parent (in euros)	€ (0,43)	€ (0,00)
- Diluted, for profit / (loss) from continuing operations attributable to ordinary equity holders of the parent (in euros)	€ (0,43)	€ (0,00)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	<i>2011</i>	<i>2010</i>
	<i>€000</i>	<i>€000</i>
Profit / (loss) for the year	(2 044)	(388)
Net (loss) / gain on available-for-sale financial assets	245	(12)
Exchange differences on translation of foreign operations	120	827
Income tax effect	--	--
Other comprehensive income for the year, net of tax.....	365	815
Total comprehensive income for the year, net of tax.....	(1 679)	427

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

<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 2010	4 713 970	9 428	26 108	(114)	(15 250)	(1 884)	18 288
Net (loss) / gain on available-for-sale financial assets.....	--	--	--	--	(12)	--	(12)
Foreign currency translation	--	--	--	--	--	827	827
Total income and expense for the year recognised directly in equity	--	--	--	--	(12)	827	815
Loss for the year	--	--	--	--	(388)	--	(388)
Total income and expense for the year	--	--	--	--	(400)	827	427
Discontinued operations	--	--	(4 408)	--	4 408	--	--
Retained earnings offset with share premium	--	--	(8 999)	--	8 999	--	--
Treasury shares	--	--	--	15	--	--	15
Share-based payment	--	--	--	--	158	--	158
At 31 December 2010	4 713 970	9 428	12 701	(99)	(2 085)	(1 057)	18 888
At 1 January 2011	4 713 970	9 428	12 701	(99)	(2 085)	(1 057)	18 888
Net (loss) / gain on available-for-sale financial assets.....	--	--	--	--	245	--	245
Foreign currency translation	--	--	--	--	--	120	120
Total income and expense for the year recognised directly in equity	--	--	--	--	245	120	365
Loss for the year	--	--	--	--	(2 044)	--	(2 044)
Total income and expense for the year	--	--	--	--	(1 799)	120	(1 679)
Exercise of stock options and warrants.....	1 379	3	2	--	--	--	5
Treasury shares	--	--	--	(41)	--	--	(41)
Share-based payment	--	--	--	--	104	--	104
At 31 December 2011	4 715 349	9 431	12 703	(140)	(3 780)	(937)	17 277

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	2011	2010
	€000	€000
Cash flows from operating activities:		
Profit / (loss) after tax from continuing operations	(2 044)	16
Profit / (loss) after tax from discontinued operations	--	(404)
Net profit / (loss) for the year	(2 044)	(388)
Non cash items written back:		
Amortization and depreciation	1 097	1 283
Capital gain or loss on disposal of fixed assets	24	(13)
Other non financial activities	74	102
Accounts receivable	818	(1 027)
Inventories	296	465
Other debtors	132	59
Accounts payable	394	372
Other liabilities	(164)	(154)
Total net cash flows from operating activities	627	699
Cash flows from investing activities:		
Proceeds from sale of property, plant, equipment and intangible assets	2	11
Purchase of fixed assets	(981)	(534)
Proceeds from sale/ (purchase) of financial assets	(138)	(45)
Net outflow from sale of a subsidiary, net of cash disposed	--	(138)
Total net cash flows from investing activities	(1 117)	(706)
Cash flows from financing activities:		
Proceeds from borrowings	632	--
Repayment of borrowings	(403)	(470)
Payment of finance lease liabilities	(113)	(112)
Sale / (purchase) of treasury shares	(41)	15
Decrease / (increase) in restricted cash	23	(23)
Net proceeds from exercise of stock options and warrants	5	--
Total net cash flows from financing activities	103	(590)
Net foreign exchange difference	(18)	(74)
Increase / (decrease) in net cash and cash equivalents	(405)	(671)
Opening cash and cash equivalents balance	433	1 104
Closing cash and cash equivalents balance	28	433