



## Q4 2011 EARNINGS: STRONG INCREASE IN SALES WITH SEQUENTIAL REVENUE GROWTH OF 58%

### Operating earnings at break-even level and Positive net cash flow over the quarter

**Grenoble, France and Durham, North Carolina, February 7, 2012** - MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for the fourth quarter ending December 31, 2011.

Revenue for the fourth quarter 2011 was 3.0 million euros (4.1 million US dollar) compared to 1.9 million euros (2.7 million US dollars) for the third quarter 2011 and 3.2 million euros (4.3 million dollars) for the fourth quarter 2010. Due to sales recovery on avionics and optical communications market segments, the sequential quarterly growth of 58% led to an increase in revenue of 1.1 million euros compare to Q3 2011.

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

Market Segments	Revenue (M€)	%
Aerospace	1.3	42%
Optical Communications / Adaptive Optics	0.9	29%
Medical / Biomedical	0.6	21%
Other Applications	0.2	8%
<b>Total</b>	<b>3.0</b>	<b>100%</b>

Due to the strong increase in sales, MEMSCAP's gross margin rate for this quarter ended at 35% of the revenue compared to 5% for the third quarter 2011 and 37% for the fourth quarter 2010.

For the fourth quarter 2011, MEMSCAP reported operating earnings at break-even point, at the same level than the fourth quarter 2010, and showing a strong increase compared to the 1.0 million euro operating loss reported during the third quarter 2011.

Net loss for the quarter amounted to 0.1 million euros compared to the 1 million euro net loss for the third quarter 2011. The Q4 2011 net loss was impacted by the depreciation expense related to financial assets available for sale at the end of December 2011. For the fourth quarter 2010, net earnings were at break-even level.

\* \* \*

MEMSCAP's consolidated earnings for the fourth quarter of 2011 are given by the following table:

<i>In million euros – Non audited</i>	<b>Q1 11</b>	<b>Q2 11</b>	<b>Q3 11</b>	<b>Q4 11</b>	<b>Q4 10</b>
Revenue	2.5	2.6	1.9	3.0	3.2
- Standard Products	1.6	1.7	1.0	1.8	1.8
- Custom Products	0.9	0.9	0.9	1.2	1.4
Cost of revenue	(1.7)	(1.8)	(1.8)	(2.0)	(2.0)
Gross margin	0.7	0.8	0.1	1.1	1.2
% of revenue	30%	30%	5%	35%	37%
Other income	0.1	--	--	--	0.1
Operating expenses	(1.3)	(1.2)	(1.1)	(1.1)	(1.3)
Operating profit / (loss)	(0.4)	(0.4)	(1.0)	0.0	0.0
Financial profit / (loss)	--	--	--	(0.1)	--
Income tax expense	--	--	--	--	--
Net profit / (loss)	(0.4)	(0.4)	(1.0)	(0.1)	0.0

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

The increase in sales volume, associated with the control of the working capital requirement of the Group, generated positive net and operating cash flow for the fourth quarter 2011.

<i>In million euros – Non audited</i>	<b>Q1 11</b>	<b>Q2 11</b>	<b>Q3 11</b>	<b>Q4 11</b>
Consolidated cash flow:				
Operating cash flow	(0.1)	0.1	0.3	0.3
Investing cash flow	(0.1)	(0.2)	(0.1)	(0.7)
Financing cash flow	(0.2)	(0.1)	(0.1)	0.5
Net consolidated cash flow	(0.4)	(0.2)	0.1	0.1

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

According to this favorable variation, MEMSCAP's available liquidities amounted to 1.7 million euros at December 31, 2011, including cash and cash equivalents and liquid financial assets available for sale. These liquidities will be increased by 1.2 million euros following the successful capital increase finalized beginning of February 2012.

### **Analysis and perspectives**

MEMSCAP's earnings for the fourth quarter of 2011 validate management expectations of sales recovery on both avionics and optical communications market segments. In addition, the success of the rights issue transaction, announced on February 2, 2012, allows the Group to accelerate its current development programs.

### **FY 2011 earnings: March 23, 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](http://www.memscap.com).

*For more information, please contact:*

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