



PRESS RELEASE

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CML MICROSYSTEMS PLC YEAR END MARCH 2004 PRELIMINARY RESULTS

Return to Profitability; Results in-line with market expectations; Confident Outlook

CML Microsystems Plc ("CML"), which designs, manufactures and markets a broad range of semiconductor products, primarily for the global communications market, announces its Final Results for the full year ending 31 March 2004.

CML's semiconductor solutions serve customers in the wire-line telecom, wireless data, two-way radio and most recently the memory card controller and programmable platform markets. CML is listed on the London Stock Exchange and is traded OTC as an ADR in the US. The Group has operating subsidiaries in the UK, Germany, USA and Singapore, with branches in China and Taiwan.

Commenting on the results, George Gurry, Chairman said:

"The results for the latest full year show that the improved trading performance indicated by the group figures at the half-year was maintained through the second half." Most of the improvement in sales was attributable to the contribution from Hyperstone, acquired July 2003, for €7.5m (£5.25m).

Financial Highlights

- Turnover of £16.322m (2003: £12.387m), up 32%
- Hyperstone acquisition contributed £3.768m, other showed marginal improvements.
- Operating profit for continuing businesses of £79k (2003: Loss £578k)
- Hyperstone operating profit (pre-goodwill write off) of £108k.
- Pre-tax profit (before goodwill write off) of £192k (2003: Loss £322k)
- Dividend maintained at 10.5p per share (2003:10.5p)
- R&D expenditure up 23% to £2.8m (2003 £2.3m)
- Net interest earnings fell to £4,481 (2003: £256,035)
- Net cash fell to £3.867m (2003: £9.599m); Group cash flow neutral

Business Review

- Healthy sales into Far East markets during the year.
- Good penetration into domestic telecoms applications in China through the group's telecoms products.
- Reverse of downward two year sales trend in most other markets.
- New products targeted at medium to high tier radio markets well received.
- Entry into new markets via Hyperstone through range of standard semiconductor products complying with memory card formats, including MultiMedia (MMC) and Secure Digital (SD).
- Far East sales, Europe and US opportunities, expected to add meaningful revenues during current year.
- Programmable Platform devices from Hyperstone open up a range of market areas.

Regarding prospects, George Gurry, Chairman said:

"The integration of the Hyperstone operation is proceeding according to plan. Exploitation of Hyperstone's core technology along with existing analogue semiconductor design skills will enable the development of products with higher levels of performance and integration for new market areas.

The last two years have presented difficult trading conditions in key market areas but it does appear that, subject to unforeseen circumstances, we are turning the corner. During these difficult times, the Board's commitment to the execution of an agreed strategy and the opportunities that this presents leads me to feel confident in your Company's materially stronger future performance."

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