



# PRESS RELEASE

13 June 2006

## CML MICROSYSTEMS Plc

### PRELIMINARY RESULTS

#### Results well ahead of expectations; risks associated with current year growth

CML Microsystems Plc ("CML"), which designs, manufactures and markets a broad range of semiconductor products, primarily for the global communications market, announces its Preliminary Results for the year ending 31<sup>st</sup> March 2006.

CML's semiconductor solutions serve customers in the wire-line telecom, wireless data, two-way radio, memory card controller and programmable platform markets. Operations are in the UK, Germany, the US, Singapore, China and Taiwan.

#### Commenting on the results, George Gurry, Chairman said:

"I believe the results for the full year ending 31 March 2006 match quite well with market expectations that your Company would maintain the progress recorded during the opening half."

#### Financial Highlights

- Turnover up 12% to £26.33m (2005: £23.46m)
- Pre-tax profit up 51% to £3.49m (2005: £2.31m) – including £695,000 revaluation of investment properties
- Earnings per share up 5.4% to 17.68p (2005: 16.77p)
- Cash reserves remain at a satisfactory level
- Annual dividend of 10.5p per share (2005: 10.5p), payable 4 August 2006
- Research & development expenditure increased to £5m

#### Business Review

- Increased sales of memory card controllers to existing and new customers
- Successful adoption of group products within professional and leisure wireless communications markets
- Increased expenditure on product and market expansion and investment in operational resources
- Firm sales growth due to improved sales for memory-card controllers and wireless communications products – despite weakness in Wireline Telecom products (esp. in China)
- 7 June statement highlighted the possible impact of a slowdown in order intake from a significant customer

#### Regarding prospects, George Gurry, Chairman said:

"I am pleased with the further progress made this year and have confidence in the future successful growth of your company. However, continuing short-term order book visibility and customer dependency in one product area are notable risks to achieving growth during this current year, as advised in my announcement to the Stock Exchange on 7 June 2006."

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