



# PRESS RELEASE

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## CML MICROSYSTEMS Plc PRELIMINARY RESULTS

### Results in Line with 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 Preliminary Results for the year ending 31<sup>st</sup> March 2005.

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:

"Achieved the further improvement in performance that had been anticipated. Turnover and operating profit both moved firmly ahead, despite pressures from currency and marketplace issues mentioned at the interim stage and second half R & D expenditure materially higher than originally planned."

#### Financial Highlights

- Turnover up 43% to £23.46m (2004: £16.32m)
- First full year contribution by Hyperstone, acquired July 2003
- Operating profit before amortisation of goodwill up to £2.1m (£0.2m)
- Pre-tax profit of £3k (2004: Loss £0.97m)
- Earnings per share of 2.66p (2004: Loss 5.28p)
- Net cash reserves increased to £4.07m (2004: £3.86m)
- Annual dividend of 10.5p per share unchanged (2004: 10.5p per share), payable 5 August 2005
- Research & development expenditure grew 27% to £3.57m (2004: £2.81m).

#### Business Review

- Increased sales volume and market presence for controller devices for memory card application produced best revenues; major European memory card producer secured; competitive margins.
- Expected sales gains of radio and wireless communications market products, second best performing revenue producer up 10%; improved gross margins.
- Sales into traditional wireline telecom markets, up 4%, after weak second half following strong first half.
- Sales in Far East up around 48% on 2004 - gains in Taiwan and PRC sales.
- Sales in Europe doubled on previous year - progress in Germany, Spain, Near-East territories.
- Underlying device sales in the Americas up 18%.
- New products / solutions for new sectors introduced second half, set for imminent release current fiscal year.

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

"I am encouraged by the further progress during the year, and with the positioning advantages in its marketplaces that the group is progressively beginning to achieve. I feel quite confident that the forward-looking strategies employed will produce the expected success.

"Although the present trading year is at an early stage, my expectations are that subject to unforeseen circumstances, your Company will continue to achieve firm progress in its markets this year and to secure the consequent benefits. I remain confident in the successful future of your Company."

ENDS

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