

Final

18 November 2003

**CML MICROSYSTEMS PLC
YEAR END MARCH 2004 INTERIM RESULTS
Results broadly in-line with market expectations**

CML Microsystems Plc ("CML"), which designs, manufactures and markets a broad range of semiconductor products, primarily for the global communications market, announces its Interim Results for the six months ending 30 September 2003.

CML's semiconductor solutions serve customers in the wire-line telecom, wireless data, two-way radio, non-volatile storage and general-purpose RISC/DSP markets. CML is listed on the London Stock Exchange and is traded OTC as an ADR in the US. The Group has seven operating subsidiaries in the UK, Germany, the US and Singapore.

Commenting on the results, George Gurry, Chairman said:

"The results for the six months trading period ending 30 September 2003 reflect the modestly improving performance that I reported for the opening quarter, and the outcome figures are in close line with internal budgets and reported current market expectations."

Financial Highlights (comparisons are with the immediately preceding six months period)

- Turnover (excluding acquisitions) of £6.71m (H2 '03: £5.50m), up 22%
- Acquisitions contributed £1.56m
- Operating loss of £247k (H2 '03: Loss £649k)
- Pre-tax loss of £207k (H2 '03: £337k)

Business Review

- Acquisition of Hyperstone AG, a fabless semiconductor company, for €7.5 million (£5.25m) in July 2003
- Modestly improving performance continues
- Sales growth largely attributable to Far East markets, gains also made in the US
- Traditional major European markets remain difficult
- Signs of firmer customer confidence appearing in some areas

Regarding prospects, George Gurry, Chairman said:

"Given the present market conditions, I am not expecting a significantly improved performance in the short term, but I believe your Company should continue its progress back to profitability for the current year.

"The strategies being followed in these challenging times are now beginning to secure the potential for future growth and I remain confident that the group will make significant strides as these measures take increasing effect."

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Chairman's Statement

The results for the six months trading period ending 30th September 2003 reflect the modestly improving performance that I reported for the opening quarter, and the outcome figures are in close line with internal budgets and reported current market expectations.

During the reporting period, and effective from 2nd July 2003, your Company completed the acquisition of Hyperstone AG and the reported consolidated figures include the performance of Hyperstone AG from that date.

Against the immediately preceding six month period turnover, excluding Hyperstone, rose 22% from £5.502m to £6.714m. This improvement was fuelled largely by growth from the Far East. The operational loss (excluding Hyperstone) was reduced by 62% from £649k to £247k and the pre-tax loss was reduced by £337k to £207k.

I should comment that your Board has a preference towards writing down intangible assets, which includes goodwill, in the shortest practical and permitted time. This results in the exceptional "goodwill" charge of £348k against costs; the "goodwill" aspect of the acquisition is being fully written off within three years.

When compared with the corresponding period last year, Group turnover increased by 20% to £8.275m (2002: £6.885m) but the pre tax position (before exceptional) deteriorated to a loss of £177k (2002: Profit £222k).

Although clear sales growth was achieved in Far Eastern markets, and gains were made in the US, semiconductor sales into the Group's traditional major European markets remained difficult during the period. Forward market visibility was generally limited, but signs of firmer customer confidence were appearing in some areas.

Given the present market conditions, I am not expecting a significantly improved performance in the short term, but I believe your Company should continue its progress back to profitability for the current year.

The strategies being followed in these challenging times are now beginning to secure the potential for future growth and I remain confident that the group will make significant strides as these measures take increasing effect.

G.W.Gurry
Chairman

18th November 2003

CML Microsystems Plc Group Profit and Loss Account

	Notes	Unaudited 6 Months Ended 30/09/2003 £'000 £'000	Unaudited 6 Months Ended 30/09/2002 £'000	Audited 12 Months Ended 31/03/2003 £'000
Turnover				
Turnover from operations excluding acquisition		6,714	6,885	12,387
Turnover from acquisition		1,561	-	-
		<u>8,275</u>	<u>6,885</u>	<u>12,387</u>
Cost of sales		<u>(3,291)</u>	<u>(2,362)</u>	<u>(4,064)</u>
Gross Profit		4,984	4,523	8,323
Distribution costs and administration expenses		(5,329)	(4,816)	(9,634)
Exceptional goodwill written off	3	(348)	-	-
		<u>(693)</u>	<u>(293)</u>	<u>(1,311)</u>
Other operating income		128	364	733
Operating (Loss)/Profit	4			
From operations excluding acquisition		(247)		
From acquisition		(318)		
		<u>(565)</u>	71	(578)
Interest receivable		70	151	256
Interest payable		(30)	-	-
(Loss)/Profit on Ordinary Activities before Taxation		<u>(525)</u>	<u>222</u>	<u>(322)</u>
Taxation	5	28	60	402
(Loss)/Profit on Ordinary Activities after Taxation		<u>(497)</u>	<u>282</u>	<u>80</u>
Minority interest		3	(4)	(3)
(Loss)/Profit Attributable To Shareholders		<u>(494)</u>	<u>278</u>	<u>77</u>
Basic (Loss)/Earnings Per Share	6	<u>(3.38p)</u>	<u>1.91p</u>	<u>0.53p</u>

Statement of Total Recognised Gains and Losses

(Loss)/profit for the financial period	(494)	278	77
Unrealised surplus on revaluation of properties	-	-	986
Currency translation differences on foreign currency net investments	(345)	(717)	(747)
Total (losses) / gains recognised since last Report and Accounts	<u>(839)</u>	<u>(439)</u>	<u>316</u>

CML Microsystems Plc Group Balance Sheet

	Unaudited	Unaudited	Audited
	As at 30/09/03 £'000	As at 30/09/02 £'000	As at 31/03/2003 £'000
Fixed Assets			
Tangible assets	10,392	9,063	9,937
Intangible assets	3,828	-	-
	<u>14,220</u>	<u>9,063</u>	<u>9,937</u>
Current assets			
Stocks	1,473	1,487	1,326
Debtors	3,184	2,489	2,480
Investments	7,343	8,742	8,255
Cash at bank and in hand	2,076	1,117	1,344
	<u>14,076</u>	<u>13,835</u>	<u>13,405</u>
Creditors: Amounts falling due within one year	(8,749)	(2,133)	(3,325)
Net Current Assets	<u>5,327</u>	<u>11,702</u>	<u>10,080</u>
Total Assets less Current Liabilities	19,547	20,765	20,017
Provision for liabilities and charges	(564)	(539)	(573)
Net Assets	<u>18,983</u>	<u>20,226</u>	<u>19,444</u>
Capital and Reserves			
Called up Share Capital	736	731	731
Shares to be Issued	237	-	-
Share Premium Account	3,380	3,241	3,241
Capital Redemption Reserve	255	255	255
Revaluation Reserve	986	-	986
Profit and Loss Account	13,389	15,995	14,228
Shareholders' Funds	<u>18,983</u>	<u>20,222</u>	<u>19,441</u>
Minority Interests	-	4	3
	<u><u>18,983</u></u>	<u><u>20,226</u></u>	<u><u>19,444</u></u>

CML Microsystems Plc Group Cash Flow Statement

	Unaudited 6 Months Ended 30/09/2003 £'000	Unaudited 6 Months Ended 30/09/02 £'000	Audited 12 Months Ended 31/03/2003 £'000
Net cash inflow from operating activities	4,534	179	15
Returns on investments and servicing of finance	40	151	256
Taxation	253	(54)	123
Capital expenditure and financial investment	(88)	(104)	(339)
Acquisition of Hyperstone AG	(3,233)	-	-
Equity dividends paid	(1,535)	(1,534)	(1,535)
Net cash outflow before financing	(29)	(1,362)	(1,480)
Financing	144	4	4
Increase/(decrease) in cash	115	(1,358)	(1,476)
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating (loss)/profit	(565)	71	(578)
Depreciation	352	274	625
Amortisation of goodwill	348	-	-
Loss/(profit) on sale of fixed assets	7	(1)	(6)
Decrease/(increase) in stock	173	146	307
Decrease/(increase) in debtors	1,552	(445)	(126)
Increase/(decrease) in creditors	2,667	134	(207)
	4,534	179	15
Reconciliation of Movement of Funds			
Funds at start of period	9,599	11,773	11,773
Translation difference	(295)	(556)	(698)
(Decrease)/Increase in cash	115	(1,358)	(1,476)
Funds at close of period	9,419	9,859	9,599
Analysis of Funds			
Cash at bank and in hand	2,076	1,117	1,344
Current asset investments	7,343	8,742	8,255
Funds at close of period	9,419	9,859	9,599

CML Microsystems Plc

Notes to the Interim Statement

1. Presentation of results

This interim Statement was approved by the directors on 17th November 2003.

The results for both the current and comparative period have been prepared using accounting policies and practices consistent with those adopted in the 2003 Report and Accounts but have not been audited.

The audited results for the year ended 31st March 2003 are an abridged version of the company's Report and Accounts which have been filed with the Registrar of Companies and on which the auditors gave an unqualified audit opinion.

The financial information contained in this Interim Statement does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

All shareholders will receive a copy of this Interim Statement which can also be obtained from the company's registered office at Oval Park, Maldon, Essex. CM9 6WG.

2. Dividends

The directors do not recommend the payment of an interim dividend.

3. Exceptional goodwill written off

Goodwill arising on the acquisition of Hyperstone AG is being amortised over a period of 36 months from 2nd July 2003.

4. Operating loss

The operating loss for the period to 30th September 2003 is made up as follows:

	£'000	£'000
Operating loss from operations excluding Hyperstone AG		(247)
Operating profit of Hyperstone AG	30	
Exceptional goodwill written off	<u>(348)</u>	
		<u>(318)</u>
Operating loss for the period		<u><u>(565)</u></u>

5. Taxation

The directors consider that tax will be payable at varying rates according to the country of incorporation of a subsidiary and has provided on that basis.

6. Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to shareholders for the period and on the following weighted average number of shares in issue:

	No of ordinary 5p shares
6 months ended 30 th September 2003	14,636,785
6 months ended 30 th September 2002	14,619,304
12 months ended 31 st March 2003	14,619,941