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MICROELECTRONICA
an msystems™ company



Media Release

Microelectronica, an msystems™ company, signs up to world's leading consortium of SIM manufacturers

London 25 July, 2006 – Microelectronica, an msystems (Nasdaq: FLSH) company specializing in the development and manufacturing of smart cards, as well as smart card operating systems and applications, is the latest company to join the ranks of SIMalliance, the world's leading consortium of SIM manufacturers.

Commenting on its latest member, SIMalliance chairman Christophe Dolique said: "Microelectronica is joining an association that, over the past five years, has become one of the world's foremost commentators in the mobile business. By operating outside the singular commercial interests of any individual SIM card player, SIMalliance has been able to pinpoint the mission critical services coming downstream and help steer their development to meet the practical needs of the market."

With key customers in Europe and Latin America, Microelectronica will extend the presence and reach of an association whose membership currently accounts for some 80% of SIM sales worldwide.

Commenting on joining the alliance, Simone Cavallo, general manager of msystems' MNO division said: "With a new generation of high-potential SIM applications now set to enter the mobile ecosystem, the entire industry is crying out for innovative thinking and clear direction. By joining this unique association, which is the leading proponent for SIM-based development, we're convinced that we are better positioned to influence and to contribute to developments in the industry."

Microelectronica joins existing SIMalliance members: Gemalto, Giesecke & Devrient, Incard, Oberthur Card Systems, Prism, Sagem-Orga and Xponcard.

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About SIMalliance

SIMalliance is the world's leading consortium of SIM interest groups. Representing approximately 80% of the global SIM card market, SIMalliance steers industry innovation and champions the high value business benefits that SIM services deliver.

Gemalto, Giesecke & Devrient, Incard, Microelectronica, Oberthur Card Systems, Prism, Sagem-Orga and Xponcard are all SIMalliance members.

visit www.simalliance.org or email info@simalliance.org for more information

About Microelectronica and msystems

Microelectronica is an msystems (Nasdaq: FLSH) company specializing in the development and manufacturing of smart cards, operating systems and applications for smart cards. Its parent company, msystems, has been

transforming raw flash material into smarter storage solutions since 1989. From embedded flash drives deployed in millions of mobile handsets to U3 USB smart drives designed for leading global brands, msystems creates, develops, manufactures and markets smart personal storage solutions for a myriad of applications targeting high growth markets.

More information is available online at www.m-systems.com.

Some of the statements contained in this release constitute forward-looking statements. These statements relate to future events or future financial performance in the mobile communications industry and involve known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activities, performance, or achievements expressed or implied by such forward-looking statements. Actual events or results may differ materially. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this release include, but are not limited to: trends in wireless communication and mobile commerce markets; our ability to develop new technology, and the effects of competing technologies developed and expected intense competition generally in our main markets; profitability of our market's expansion strategy; challenges to or loss of our intellectual property rights; our ability to establish and maintain strategic relationships; our industry's ability to develop and take advantage of new software and services; and the effect of future acquisitions and investment within the mobile communications industry. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. The forward-looking statements contained in this release speak only as of this release. We are under no duty to update any of the forward-looking statements after this date to conform such statements to actual results or to reflect the occurrence of anticipated results.

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