

CSR PLC
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 27 JUNE 2008

In line with expectations. Increased momentum in execution. Development of Connectivity Centre ahead of schedule.

- Q2 in line with guidance - revenues up on Q1, gross margins stable, tight operating cost control;
- Significant progress made in product development: BlueCore7, Low Energy Bluetooth, MusiCore and Embedded Wi-Fi;
- Completed the repositioning of the business around the Connectivity Centre: 150 Engineers redeployed from baseband related activities to the Connectivity Centre;
- Ongoing difficult macro economic environment. Q3 revenues expected to be \$190 million to \$220 million.

	Q2 2008	Q1 2008	Change Q1 2008 to Q2 2008	Q2 2007	Change Q2 2007 to Q2 2008
Revenue	\$188.4m	\$160.9m	\$27.5m	\$215.9m	(\$27.5m)
Gross Margin	45.0%	45.1%	(0.1%)	45.5%	(0.5%)
Underlying* R&D expenditure	\$39.4m	\$38.8m	\$0.6m	\$33.4m	\$6.0m
Underlying* SG&A expenditure	\$22.5m	\$25.2m	(\$2.7m)	\$20.1m	\$2.4m
Underlying* operating profit	\$22.9m	\$8.5m	\$14.4m	\$44.8m	(\$21.9m)
Underlying* operating margin	12.2%	5.3%	6.9%	20.8%	(8.6%)
Underlying* diluted earnings per share	\$0.14	\$0.06	\$0.08	\$0.25	(\$0.11)
Operating profit (loss)	\$21.7m	(\$46.2m)	\$67.9m	\$43.1m	(\$21.4m)
Diluted earnings (loss) per share	\$0.13	(\$0.32)	\$0.45	\$0.24	(\$0.11)

- Underlying results exclude charges in R&D for the amortisation of acquired intangible assets in each period, and in SG&A, in Q1 2008 \$52.9 million of asset impairment charges and in Q1 2007 a \$15.0 million patent dispute settlement.

	H1 2008	H1 2007	Change H1 2007 to H1 2008
Revenue	\$349.3m	\$376.0m	(26.7m)
Gross Margin	45.1%	45.3%	(0.2%)
Underlying* R&D expenditure	\$78.2m	\$66.5m	\$11.7m
Underlying* SG&A expenditure	\$47.7m	\$38.6m	\$9.1m
Underlying* operating profit	\$31.5m	\$65.3m	(\$33.8m)
Underlying* operating margin	9.0%	17.4%	(8.4%)
Underlying* diluted earnings per share	\$0.20	\$0.36	(\$0.16)
Operating (loss) profit	(\$24.5m)	\$47.0m	(\$71.5m)
Diluted (loss) earnings per share	(\$0.19)	\$0.27	(\$0.46)

London: 29 July 2008: CSR plc [LSE: CSR], the global leader in Bluetooth technology and provider of wireless connectivity solutions, today announces its unaudited financial results for the half year and second quarter ended 27 June 2008.

Commenting, Joep van Beurden, CEO said:

“Despite the continuing tough economic environment, CSR has delivered Q2 financial results in-line with expectations, with revenues significantly up over the first quarter and a stable margin. We have also increased the momentum of our development and reinforced our product leadership position.

We have redeployed our R&D behind the very substantial growth opportunities we see in the emerging Connectivity Centre market, which we believe will alter the profile of our industry in the coming years. 150 of our existing team of developers have been redeployed from baseband related activities to accelerating the development of the Connectivity Centre.

We have improved the pace of our execution through the re-organization of the R&D function and clear focus on the Connectivity Centre. Ahead of schedule, in June, we launched BlueCore7, our next generation chip that combines Bluetooth with FM Transmit, FM Receive, Bluetooth low energy and GPS RF. In July, together with a leading cell phone manufacturer, we demonstrated the world’s first Bluetooth low energy product, in both California and Japan. Our innovative MusiCore product is exciting increasing customer interest and will now enter production in 2009 - its combination of Bluetooth technology and a highly advanced audio codec transforms the cell phone into a very power efficient, very high quality MP3 player, as well as materially improving voice quality.

In addition, our embedded Wi-Fi product will be shipping in six smart phones by the end of the current quarter. Digital picture frames incorporating CSR’s UniFi will be in the shops by this Christmas, and our next generation Wi-Fi chip, 802.11a,b,g,n at 65nm is progressing well.

We maintain a rigorous analysis of our product specification, performance and quality against all competitor developments. This confirms that CSR continues to lead the market in functionality, cost effectiveness and value-add for our customers - qualities which enable us to maintain our leading market share.

This year’s financial performance will be framed by the economic environment and our current generation of products. We expect that Q3 2008 revenues will be in the range of \$190 million to \$220 million.

Looking ahead, while we expect no alleviation in macro economic pressures, the external evidence increasingly supports our belief that what we define as the Connectivity Centre – combining Bluetooth, FM Radio, embedded Wi-Fi, GPS and a progressively growing range of other short range wireless technologies – is central to the way the market will develop and is set for enormous growth. CSR is the only ‘pure play’ connectivity company and is moving fast to create and lead this market. This, together with our product leadership and strong customer relationships give us considerable confidence CSR will deliver superior shareholder value over the medium and long term.”

Will Gardiner, Chief Financial Officer, said:

“CSR is investing for growth; but we are doing so by securing cost efficiencies and redeploying these savings as well as refocusing our existing team behind programmes that are core to the Connectivity Centre. This is enabling us to deliver our strategy without increasing our current level of spend.”

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A presentation for analysts and investors will be held at 10.00am UK time at Andaz, (formerly the Great Eastern Hotel) 40 Liverpool Street, London EC2M 7QN. A live audio webcast of the presentation will be available on the investor relations pages of the CSR website (www.csr.com) from 10.00am UK time today and will be available to view on demand from approximately 3.00pm. To listen to the live audio webcast dial: +44 (0) 1452 561 263 Passcode: CSR Q2 Results. To access the audio webcast on demand dial +44 (0) 1452 55 00 00 Passcode: 54605296#. The replay facility will be available for one week after the presentation.

A conference call for US analysts and investors will be held at 9.00am EST today. To access this call dial (USA Free Call) 1866 223 0481 Passcode: CSR Q2 Results.

Operating Review

Cellular applications

Handsets

Demand has remained resilient despite the general economic slowdown. Our products sell well with major OEMs (Original Equipment Manufacturers) and we enjoy strong market share. Our diversified customer base helped us maintain our market position during the quarter. We benefited from our position as sole supplier to several customers who enjoyed considerable growth during this period. Shipments of BlueCore6, the best Bluetooth chip in the market today, have been ramping particularly fast and design activity is strong.

Our innovative product pipeline continues to generate real traction with customers and we have made good progress on the key milestones for the future products that will underpin our handset business. In particular, BlueCore7, our next-generation combination product that combines Bluetooth with FM Transmit, FM Receive, Bluetooth low energy and GPS RF and which is in its final test version is exceeding our expectations and has received enthusiastic customer feedback.

We have also recently given the world's first public demonstration of Bluetooth low energy technology via our BlueCore7 product in a mobile phone handset, in advance of all competition. The demonstration took place on 9 July 2008 in San Francisco. This was a major step towards establishing a standard low power wireless technology and reinforces CSR's commitment to driving the development of Bluetooth low energy products, for applications such as the lifestyle medical sector.

For the rapidly growing mobile phone music market, work involving MusiCore continue at all five major OEMs. MusiCore is a very good example of a product at the heart of the Connectivity Centre. It turns a feature phone into a high quality MP3 player with 100 hours playback time. In addition, this product enables mobile phone companies to deliver materially enhanced voice quality to their customers. It also demonstrates CSR's ability to extend its audio and low power expertise beyond the headset.

We continue to be encouraged about design activity in our Wi-Fi business. Design activity is continuing with several top tier phone OEMs and with a number of customers across a range of segments.

Looking further forward, we are convinced of the need for a high speed data rate within the Bluetooth standard. We are unique in having both UWB/WiMedia and 802.11/Wi-Fi based versions working already. We have demonstrated data transfer in excess of 400MB/second.

Headsets

CSR leads the headset segment with a market share of more than 80%. We expect to maintain this leadership position due to our technological superiority, our innovation and the value of our solutions. Our position is strong across all segments of the market and we are particularly pleased with the strength of our relationships with major customers.

Our performance in Q2 was in line with our expectations and we have recently seen an increase in demand which we believe is due to the introduction of hands free driving legislation in California and Washington State.

Our customers have recently launched a range of innovative new products which use CSR technology including; a video game with a bundled Bluetooth headset, a Bluetooth headset for the hard of hearing and a headset integrated into the back of a handset. Established audio brands have recently brought to market Bluetooth stereo headsets targeted at the high end stereo music market.

We are supporting our customers' innovations with new solutions. The launch in Q1 of our next generation headset solutions, BlueVox2 and BlueVox DSP, were extremely well received by our customer base and we are encouraged by the level of design activity.

More broadly, we believe that growth in the headset market will be driven by improved ease of use, increased quality, increased demand for stereo and additional applications for both the gaming and VoIP/office markets.

Non-cellular applications

Our performance in the non-cellular segment in Q2 was in-line with our expectations. Gaming was particularly buoyant after a slow start earlier in the year. The level of design activity has increased significantly and is encouraging.

CSR is the wireless connectivity provider of choice in the non-cellular segment and the number of applications for Bluetooth is multiplying. We are working with our customers to integrate Bluetooth in a range of new consumer electronic devices. Lifestyle medical is one such example, where our low energy Bluetooth is likely to feature strongly. Wireless connectivity is also starting to penetrate in products such as Hi-Fi units, a wider range of game consoles and televisions.

Our platform partnerships with Freescale, Telechips and others are delivering new products in the automotive, music and digital photoframe markets. Products with Bluetooth and Wi-Fi will be on the shelves later in the year.

Our recent strategic relationship with Intel has enabled us to bring Advanced Power Management (APM) to the laptop market. The combination of CSR's Bluetooth and Intel's APM technology means that laptops can go into a deeper sleep mode than laptops with Bluetooth from a competitor. The result is an increase in the laptop's battery life by about 30 minutes.

CSR's leading position in the automotive segment continues, with Tier 1 sales up by 85% from last year.

People

Overall headcount decreased by 25 (Q1 2008: increased by 10) to 1,047 at the end of Q2 2008.

Outlook

We expect third quarter revenue to be in the range of \$190 million to \$220 million. This is consistent with historical seasonal trends and reflects our continued strong market share. Our increased momentum in R&D and sharp focus on the Connectivity Centre give us confidence looking forward, and in the longer term the Board believes CSR is well positioned in a growth market and will deliver significant shareholder value.

Financial Review

Income Statement

Revenue

Revenue for Q2 2008 amounted to \$188.4 million, an increase of \$27.5 million from Q1 2008 revenue of \$160.9 million (Q2 2007: \$215.9 million).

Q2 2008 shipments of CSR's products into all sectors, as in Q1 2008, reflected a combination of seasonality and macro-economic conditions, which caused lower demand for our customers' end products. Within our market segments, handsets proved more resilient to the economic climate than headsets and non-cellular products.

Revenue from CSR's top five customers in the quarter represented 48% of total revenue (Q1 2008: 52%, Q2 2007: 51%), with the largest customer representing 19% of total revenue (Q1 2008: 26%, Q2 2007: 27%). This decrease is in line with our expectations and consistent with our success in winning business across our customer base.

Gross Profit

Gross profit for Q2 2008 was \$84.8 million compared with \$72.6 million in Q1 2008 (Q2 2007: \$98.2 million). Gross margin was 45.0% of revenue, down slightly from 45.1% in Q1 2008 (Q2 2007: 45.5%).

Operating Expenses

Underlying operating expenses were \$61.9 million in Q2 2008 compared with \$64.0 million in Q1 2008 (Q2 2007: \$53.4 million). Unadjusted operating expenses were \$63.1 million compared with \$118.8 million in Q1 2008 (Q2 2007: \$55.1 million) which included amortisation of acquired intangibles of \$1.2 million in Q2 2008 (Q1 2008: \$1.8 million, Q2 2007: \$1.7 million) and a non-cash asset impairment charge of \$52.9 million in Q1 2008 relating to the cessation of UbiNetics' software development activities.

Underlying research and development (R&D) expenditure was \$39.4 million in Q2 2008, compared with \$38.8 million in Q1 2008, an increase of 2% (Q2 2007: \$33.4 million). Underlying selling, general and administrative (SG&A) expenses were \$22.5 million for Q2 2008, compared with \$25.2 million in Q1 2008 (Q2 2007: \$20.1 million). The decrease quarter on quarter is mainly due to costs associated with the operational assessment performed in Q1 2008.

Share-based payment charges, recorded under IFRS 2, were \$2.0 million for Q2 2008 representing an increase of \$1.4 million when compared with Q1 2008 (Q2 2007: \$2.9 million).

Operating Profit

Underlying operating profit for Q2 2008 was \$22.9 million, compared with \$8.5 million in Q1 2008 (Q2 2007: \$44.8 million). The operating result (including the non-underlying operating expense items noted above) was a profit of \$21.7 million for Q2 2008, compared with a loss of \$46.2 million in Q1 2008 (Q2 2007: profit of \$43.1 million).

Underlying operating margin was 12.2%, compared with 5.3% in Q1 2008 (Q2 2007: 20.8%). Operating margin was 11.5% in Q2 2008, compared with negative 28.7% in Q1 2008 (Q2 2007: 20.0%).

Earnings and Taxation

For Q2 2008, profit before taxation was \$22.7 million, compared with a loss of \$44.2 million for Q1 2008 (Q2 2007: profit of \$44.0 million).

Included within finance costs in Q2 2008 was \$0.3 million related to the unwinding of the discount applied to the contingent consideration for the acquisition of NordNav Technologies AB (Q1 2008: \$0.4 million; Q2 2007 \$0.4 million).

The underlying effective tax rate for Q2 2008 was 23.7%. This rate was below the current UK statutory rate of 28% principally due to the availability of enhanced tax relief on R&D expenditure.

To manage its exposure to foreign exchange, CSR enters into US dollar forward contracts. CSR's average US dollar contract rate for 2008 is set at \$1.98 (2007: \$1.89). CSR covers a substantial proportion of its UK sterling denominated operating expenses with US dollar forward contracts.

Underlying diluted earnings per share for Q2 2008 was \$0.14 per share, compared with \$0.06 per share for Q1 2008 (Q2 2007: \$0.25).

Diluted earnings per share (including the impact of the non-underlying operating expense items noted above) for Q2 2008 was \$0.13, compared with a loss per share of \$0.32 in Q1 2008 (Q2 2007: earnings per share of \$0.24).

Six months ended 27 June 2008

Revenue

Revenue for H1 2008 amounted to \$349.3 million, compared with \$376.0 million in H1 2007, a decrease of 7%.

Gross Profit

Gross profit for H1 2008 was \$157.4 million, down 8% from \$170.4 million in H1 2007. H1 2008 gross margin was 45.1% compared with 45.3% in H1 2007.

Operating Expenses

Underlying R&D expenses (excluding the amortisation of acquired intangible assets) was \$78.2 million in H1 2008, compared with \$66.5 million in H1 2007.

Underlying SG&A expenses (excluding the asset impairment charge and, in H1 2007, the patent dispute settlement) in H1 2008 were \$47.7 million, compared with \$38.6 million in H1 2007.

Operating profit

Underlying operating profit for H1 2008 was \$31.5 million, compared with \$65.3 million in H1 2007. The operating result (including the non-underlying operating expense items noted above) was a loss of \$24.5 million for H1 2008, compared with a profit of \$47.0 million in H1 2007.

A non-cash impairment charge of \$52.9 million was recorded in H1 2008. This resulted from the decision to discontinue investment in UbiNetics' protocol software development programme following the recommendations of the operational assessment.

Underlying operating margin was 9.0%, compared with 17.4% in H1 2007. Operating margin was negative 7.0% in H1 2008, compared with 12.5% in H1 2007.

Balance Sheet and Cash Flow

The aggregate of cash, cash equivalents and treasury deposits was \$212.3 million at 27 June 2008, compared with \$210.7 million at 28 March 2008 (29 June 2007: \$185.1 million).

Net cash inflow from operating activities was \$8.5 million in Q2 2008, compared with \$6.4 million in Q1 2008 (Q2 2007: \$81.6 million). Cash outflow on capital expenditure, including finance lease repayments, was \$9.3 million in Q2 2008.

Net cash inflow from operating activities was \$14.9 million in H1 2008, compared with \$137.0 million in H1 2007. Cash outflow on capital expenditure, including finance lease repayments, was \$21.4 million in H1 2008.

During H1 2008, the CSR Employee Benefit Trust purchased 3,222,813 ordinary shares in CSR plc for \$20.2 million, and CSR paid scheduled deferred consideration payments of \$11.7 million for the GPS acquisitions.

Closing inventory was \$92.3 million at 27 June 2008, compared with \$73.8 million at 28 March 2008 (29 June 2007: \$84.5 million), in anticipation of the busy third quarter selling season. Inventory at the quarter end was managed to 12 weeks of historic cost of sales, compared with 11 weeks at 28 March 2008.

Accounts receivable increased to \$96.2 million at 27 June 2008 from \$80.1 million at 28 March 2008 (29 June 2007: \$78.4 million). Days sales outstanding increased to 45 days, compared with 43 days at 28 March 2008 (29 June 2007: 37 days), in line with our standard terms.

Condensed consolidated income statement

	Note	Q2 2008 (unaudited) \$'000	Q1 2008 (unaudited) \$'000	H1 2008 (reviewed) \$'000	Q2 2007 (unaudited) \$'000	H1 2007 (reviewed) \$'000	2007 (audited) \$'000
Revenue		188,388	160,881	349,269	215,934	376,049	848,622
Cost of sales		(103,607)	(88,298)	(191,905)	(117,688)	(205,660)	(452,348)
Gross profit		84,781	72,583	157,364	98,246	170,389	396,274
Underlying research and development		(39,388)	(38,818)	(78,206)	(33,369)	(66,538)	(140,932)
Amortisation of acquired intangible assets		(1,199)	(1,821)	(3,020)	(1,690)	(3,228)	(6,609)
Research and development		(40,587)	(40,639)	(81,226)	(35,059)	(69,766)	(147,541)
Underlying selling, general and administrative		(22,465)	(25,218)	(47,683)	(20,059)	(38,596)	(83,635)
Patent dispute settlement		-	-	-	-	(15,000)	(15,000)
Impairment of assets	4	-	(52,918)	(52,918)	-	-	-
Selling, general and administrative		(22,465)	(78,136)	(100,601)	(20,059)	(53,596)	(98,635)
Underlying operating profit		22,928	8,547	31,475	44,818	65,255	171,707
Patent dispute settlement		-	-	-	-	(15,000)	(15,000)
Impairment of assets	4	-	(52,918)	(52,918)	-	-	-
Amortisation of acquired intangible assets		(1,199)	(1,821)	(3,020)	(1,690)	(3,228)	(6,609)
Operating profit (loss)		21,729	(46,192)	(24,463)	43,128	47,027	150,098
Investment income		1,293	2,274	3,567	1,836	3,269	7,938
Finance costs		(325)	(256)	(581)	(926)	(1,612)	(2,437)
Profit (loss) before tax	8	22,697	(44,174)	(21,477)	44,038	48,684	155,599
Tax		(5,333)	2,226	(3,107)	(11,371)	(12,693)	(42,795)
Profit (loss) for the period		17,364	(41,948)	(24,584)	32,667	35,991	112,804
Earnings (loss) per share		\$	\$	\$	\$	\$	\$
Basic	2	0.14	(0.32)	(0.19)	0.25	0.28	0.86
Underlying diluted	2	0.14	0.06	0.20	0.25	0.36	0.94
Diluted	2	0.13	(0.32)	(0.19)	0.24	0.27	0.83

Condensed consolidated balance sheet

	27 June 2008 (reviewed) \$'000	28 March 2008 (unaudited) \$'000	28 December 2007 (audited) \$'000	29 June 2007 (reviewed) \$'000
Non-current assets				
Goodwill	107,300	107,300	144,207	144,486
Other intangible assets	28,176	28,937	45,144	49,099
Property, plant and equipment	55,754	56,585	52,924	49,530
Deferred tax asset	2,938	2,938	7,021	13,775
	<u>194,168</u>	<u>195,760</u>	<u>249,296</u>	<u>256,890</u>
Current assets				
Inventory	92,260	73,815	77,256	84,547
Derivative financial instruments	1,585	340	696	3,403
Trade and other receivables	117,940	100,381	97,206	91,536
Treasury deposits	90,000	120,000	52,065	97,214
Cash and cash equivalents	122,316	90,708	193,311	87,905
	<u>424,101</u>	<u>385,244</u>	<u>420,534</u>	<u>364,605</u>
Total assets	<u>618,269</u>	<u>581,004</u>	<u>669,830</u>	<u>621,495</u>
Current liabilities				
Trade and other payables	109,208	90,856	93,376	119,442
Tax liabilities	17,080	20,229	26,851	13,417
Obligations under finance leases	2,910	2,978	3,108	2,915
Derivative financial instruments	229	614	1,080	-
Short-term provisions	2,679	2,365	2,414	3,983
Contingent consideration	16,979	16,719	25,988	9,244
	<u>149,085</u>	<u>133,761</u>	<u>152,817</u>	<u>149,001</u>
Net current assets	<u>275,016</u>	<u>251,483</u>	<u>267,717</u>	<u>215,604</u>
Non-current liabilities				
Deferred tax liability	5,932	5,101	8,208	9,072
Obligations under finance leases	-	-	142	2,987
Contingent consideration	-	-	-	15,937
	<u>5,932</u>	<u>5,101</u>	<u>8,350</u>	<u>27,996</u>
Total liabilities	<u>155,017</u>	<u>138,862</u>	<u>161,167</u>	<u>176,997</u>
Net assets	<u>463,252</u>	<u>442,142</u>	<u>508,663</u>	<u>444,498</u>
Equity				
Share capital	237	237	236	235
Share premium account	91,287	90,405	89,926	87,506
Capital redemption reserve	950	950	950	950
Employee Benefit Trust Reserve	(40,224)	(40,224)	(20,025)	(9,932)
Merger reserve	61,574	61,574	61,574	61,574
Hedging reserve	995	(619)	(899)	2,090
Share based payment reserve	22,873	20,902	20,278	16,108
Tax reserve	28,819	29,540	35,298	41,455
Retained earnings	296,741	279,377	321,325	244,512
Total equity	<u>463,252</u>	<u>442,142</u>	<u>508,663</u>	<u>444,498</u>

Condensed consolidated statement of recognised income and expense

	Q2 2008 (unaudited) \$'000	Q1 2008 (unaudited) \$'000	H1 2008 (reviewed) \$'000	Q2 2007 (unaudited) \$'000	H1 2007 (reviewed) \$'000	2007 (audited) \$'000
Gain (loss) on cash flow hedges	1,630	111	1,741	(65)	(1,119)	(4,906)
Adjustments to deferred tax from reduced UK tax rates	-	-	-	42	42	(11)
Net tax on cash flow hedges in equity	(456)	(57)	(513)	28	336	1,382
Net income (expense) recognised directly in equity	1,174	54	1,228	5	(741)	(3,535)
Transfers						
Transferred to income statement in respect of cash flow hedges	(17)	170	153	(43)	37	836
Tax on items transferred from equity	5	(51)	(46)	13	(11)	(225)
Profit (loss) for the period	17,364	(41,948)	(24,584)	32,667	35,991	112,804
Total recognised income and expense for the period	18,526	(41,775)	(23,249)	32,642	35,276	109,880

Condensed consolidated cash flow statement

		Q2 2008	Q1 2008	H1 2008	Q2 2007	H1 2007	2007
		(unaudited)	(unaudited)	(reviewed)	(unaudited)	(reviewed)	(audited)
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash from operating activities	6	8,458	6,407	14,865	81,575	137,039	222,178
Investing activities							
Interest received		1,638	2,205	3,843	1,620	3,062	7,752
Sale (purchase) of treasury deposits		30,000	(67,935)	(37,935)	(75,000)	(67,214)	(22,065)
Purchases of property, plant and equipment		(6,069)	(11,092)	(17,161)	(4,623)	(11,381)	(24,382)
Purchases of intangible assets		(2,406)	(282)	(2,688)	(243)	(1,320)	(5,098)
Acquisition of subsidiaries		(253)	(11,436)	(11,689)	(9,166)	(81,222)	(81,946)
Net cash from (used in) investing activities		22,910	(88,540)	(65,630)	(87,412)	(158,075)	(125,739)
Financing activities							
Repayments of obligations under finance leases		(863)	(670)	(1,533)	(163)	(1,381)	(5,924)
Purchase of own shares		-	(20,199)	(20,199)	(9,932)	(9,932)	(20,025)
Proceeds on issue of shares		1,129	224	1,353	2,187	3,384	5,824
Net cash from (used in) financing activities		266	(20,645)	(20,379)	(7,908)	(7,929)	(20,125)
Net increase (decrease) in cash and cash equivalents		31,634	(102,778)	(71,144)	(13,745)	(28,965)	76,314
Cash and cash equivalents at beginning of period		90,708	193,311	193,311	102,026	117,494	117,494
Effect of foreign exchange rate changes		(26)	175	149	(376)	(624)	(497)
Cash and cash equivalents at end of period		122,316	90,708	122,316	87,905	87,905	193,311

Notes

1. *Basis of preparation and accounting policies*

The annual financial statements of CSR plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. The financial information in this statement has been prepared under the same accounting policies as the statutory accounts for the 52 weeks ended 28 December 2007.

The financial information contained in this statement does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the 52 weeks ended 28 December 2007 are available on CSR's website at www.csr.com and have been filed with the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 237(2) or (3) Companies Act 1985.

The financial information for the quarters Q2 2008, Q1 2008 and Q2 2007 is unaudited. The financial information for the 26 weeks ended 27 June 2008 (identified as being reviewed) is the subject of the independent auditor's review report. The financial information for the 26 weeks ended 29 June 2007 was previously the subject of an independent auditor's review report.

The dates for the financial periods referred to are as follows:

Period	Duration	Dates
Q2 2008	13 weeks	29 March 2008 to 27 June 2008
Q1 2008	13 weeks	29 December 2007 to 28 March 2008
H1 2008	26 weeks	29 December 2007 to 27 June 2008
Q2 2007	13 weeks	31 March 2007 to 29 June 2007
H1 2007	26 weeks	30 December 2006 to 29 June 2007
2007	52 weeks	30 December 2006 to 28 December 2007

2. *Earnings per ordinary share*

The calculation of earnings per share is based upon the profit (loss) for the period after taxation (see income statement) and the weighted average number of shares in issue during the period.

The diluted weighted average number of shares differs from the weighted average number of shares due to the dilutive effect of share options.

Period	Weighted Average Number of Shares	Diluted Weighted Average Number of Shares
Q2 2008	127,837,045	129,616,238
Q1 2008	130,482,424	133,433,443
H1 2008	129,159,734	131,369,946
Q2 2007	130,859,800	135,755,035
H1 2007	130,647,777	135,602,904
2007	130,690,101	135,596,821

2. Earnings per ordinary share (continued)

	Q2 2008 (unaudited) \$'000	Q1 2008 (unaudited) \$'000	H1 2008 (reviewed) \$'000	Q2 2007 (unaudited) \$'000	H1 2007 (reviewed) \$'000	2007 (audited) \$'000
Earnings						
Underlying profit for the period	18,227	7,739	25,966	33,850	48,751	127,930
Patent dispute settlement, net of tax	-	-	-	-	(10,500)	(10,500)
Impairment of assets, net of tax	-	(48,376)	(48,376)	-	-	-
Amortisation of acquired intangibles, net of tax	(863)	(1,311)	(2,174)	(1,183)	(2,260)	(4,626)
Profit (loss) for the period	<u>17,364</u>	<u>(41,948)</u>	<u>(24,584)</u>	<u>32,667</u>	<u>35,991</u>	<u>112,804</u>
Earnings (loss) per share						
	Q2 2008 (unaudited) \$	Q1 2008 (unaudited) \$	H1 2008 (reviewed) \$	Q2 2007 (unaudited) \$	H1 2007 (reviewed) \$	2007 (audited) \$
Basic	0.14	(0.32)	(0.19)	0.25	0.28	0.86
Underlying diluted	0.14	0.06	0.20	0.25	0.36	0.94
Patent dispute settlement	-	-	-	-	(0.08)	(0.08)
Impairment of assets	-	(0.37)	(0.37)	-	-	-
Amortisation of intangibles	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.03)
Diluted	0.13	(0.32)	(0.19)	0.24	0.27	0.83

3. *Changes in share capital*

631,040 Ordinary Shares were issued from employee option exercises in H1 2008. Consideration was \$1,362,000 at a premium of \$1,361,000.

4. *Impairment of assets*

During Q1 2008, a non-cash impairment charge of \$52.9 million was recorded. This resulted from the decision to discontinue investment in UbiNetics' protocol software development programme following the recommendations of the operational assessment.

The impairment is charged to selling, general and administrative expenses in the consolidated income statement and includes \$36.9 million in relation to goodwill arising on the acquisition of UbiNetics (VPT) Limited, \$9.6 million for acquisition related intangible assets and \$6.4 million for certain tangible and intangible fixed assets which are no longer required for ongoing development activities.

5. *Employee Benefit Trust*

During H1 2008, the CSR Employee Benefit Trust purchased 3,222,813 ordinary shares in CSR plc for \$20.2 million. The shares are held by the Trust to satisfy options under the Group's share option schemes and the cost of these shares is included within the Employee Benefit Trust reserve in the balance sheet.

6. Reconciliation of operating profit (loss) to net cash from operating activities

	Q2 2008 (unaudited) \$'000	Q1 2008 (unaudited) \$'000	H1 2008 (reviewed) \$'000	Q2 2007 (unaudited) \$'000	H1 2007 (reviewed) \$'000	2007 (audited) \$'000
Operating profit (loss)	21,729	(46,192)	(24,463)	43,128	47,027	150,098
Adjustments for:						
Amortisation of intangible assets	3,566	4,754	8,320	4,182	8,149	17,036
Depreciation of property, plant and equipment	4,669	4,870	9,539	4,227	8,055	17,427
Impairment of assets	-	52,918	52,918	-	-	-
Loss (gain) on disposal of property, plant and equipment	50	(41)	9	61	135	168
Deferred tax adjustment to goodwill	-	-	-	-	-	279
Share related charge	1,971	624	2,595	2,935	5,105	9,275
Increase (decrease) in provisions	314	(49)	265	280	(245)	(1,814)
Operating cash flows before movements in working capital	<u>32,299</u>	<u>16,884</u>	<u>49,183</u>	<u>54,813</u>	<u>68,226</u>	<u>192,469</u>
(Increase) decrease in inventories	(18,445)	3,441	(15,004)	(5,877)	22,028	29,319
(Increase) decrease in receivables	(17,687)	(2,562)	(20,249)	289	12,296	8,173
Increase (decrease) in payables	20,696	(2,118)	18,578	37,687	47,978	22,394
Cash generated by operations	<u>16,863</u>	<u>15,645</u>	<u>32,508</u>	<u>86,912</u>	<u>150,528</u>	<u>252,355</u>
Foreign tax paid	(467)	(254)	(721)	(372)	(572)	(1,117)
Corporation tax paid	(7,899)	(9,196)	(17,095)	(4,858)	(12,721)	(28,702)
Interest paid	(39)	(108)	(147)	(107)	(196)	(358)
R&D tax credit received	-	320	320	-	-	-
Net cash from operating activities	<u>8,458</u>	<u>6,407</u>	<u>14,865</u>	<u>81,575</u>	<u>137,039</u>	<u>222,178</u>

7. Reconciliation of movements in equity

	Called-up share capital \$'000	Share premium account \$'000	Capital redemption reserve \$'000	Merger reserve \$'000	Employee Benefit Trust Reserve \$'000	Hedging reserve \$'000	Share-based payment reserve \$'000	Tax reserve \$'000	Retained earnings \$'000	Total \$'000
At 28 December 2007	236	89,926	950	61,574	(20,025)	(899)	20,278	35,298	321,325	508,663
Share issues	1	1,361	-	-	-	-	-	-	-	1,362
Share-based payment	-	-	-	-	-	-	2,595	-	-	2,595
Deferred tax on share options	-	-	-	-	-	-	-	(7,716)	-	(7,716)
Purchase of own shares	-	-	-	-	(20,199)	-	-	-	-	(20,199)
Deferred tax on hedging reserve	-	-	-	-	-	-	-	(559)	-	(559)
Current tax benefit taken directly to equity	-	-	-	-	-	-	-	1,796	-	1,796
Gain on cash flow hedges	-	-	-	-	-	1,741	-	-	-	1,741
Transferred to income statement in respect of cash flow hedges	-	-	-	-	-	153	-	-	-	153
Retained loss for the period	-	-	-	-	-	-	-	-	(24,584)	(24,584)
At 27 June 2008	<u>237</u>	<u>91,287</u>	<u>950</u>	<u>61,574</u>	<u>(40,224)</u>	<u>995</u>	<u>22,873</u>	<u>28,819</u>	<u>296,741</u>	<u>463,252</u>

8. Segmental reporting

The Group's reportable segments under IFRS8 *Operating Segments* are as follows:

Cellular *Mobile phones, headsets and audio-related;*

Non Cellular *Beyond the mobile phone including PC, Automotive and Consumer applications*

The Group has identified business segments based on internal reporting within the Group and has chosen to aggregate segments which meet the aggregation criteria specified in IFRS 8 for disclosure as reportable segments.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment in the 26 weeks ended 27 June 2008:

	Cellular	Non Cellular	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Revenue				
Total segment revenue	<u>279,338</u>	<u>69,931</u>	<u>-</u>	<u>349,269</u>
Result				
Underlying operating profit*	<u>26,085</u>	<u>5,390</u>	<u>-</u>	<u>31,475</u>
Operating (loss) profit / segment result	<u>(29,774)</u>	<u>5,311</u>	<u>-</u>	<u>(24,463)</u>
Investment income	-	-	3,567	3,567
Finance costs	-	-	(581)	(581)
(Loss) profit before tax	<u>(29,774)</u>	<u>5,311</u>	<u>2,986</u>	<u>(21,477)</u>

*Underlying operating profit excludes amortisation of acquired intangible assets (\$2.9 million in Cellular and \$0.1 million in Non Cellular) and the non cash impairment charge of \$52.9 million.

Investment income and finance costs are not allocated to reportable segments for the purposes of reporting to the Group's Chief Executive Officer and Board of Directors.

The accounting policies for the reportable segments are the same as the Group's accounting policies. The segment result represents operating profit earned by each segment. Costs are allocated to segments based on levels of R&D and marketing activity in the period. This is the measure reported to the Group's Chief Executive Officer and Board of Directors for the purposes of resource allocation and assessment of segment performance.

8. Segmental reporting (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the 26 weeks ended 29 June 2007

	Cellular \$'000	Non Cellular \$'000	Unallocated \$'000	Consolidated \$'000
Revenue				
Total segment revenue	<u>296,128</u>	<u>79,921</u>	<u>-</u>	<u>376,049</u>
Result				
Underlying operating profit*	<u>43,946</u>	<u>21,309</u>	<u>-</u>	<u>65,255</u>
Operating profit / segment result				
result	<u>40,846</u>	<u>21,181</u>	<u>(15,000)</u>	<u>47,027</u>
Investment income	<u>-</u>	<u>-</u>	<u>3,269</u>	<u>3,269</u>
Finance costs	<u>-</u>	<u>-</u>	<u>(1,612)</u>	<u>(1,612)</u>
Profit before tax	<u>40,846</u>	<u>21,181</u>	<u>(13,343)</u>	<u>48,684</u>

*Underlying operating profit excludes amortisation of acquired intangible assets (\$3.1 million in Cellular and \$0.1 million in Non Cellular) and the patent dispute settlement.

The following is an analysis of the Group's revenue and results by reportable segment in the 52 weeks ended 28 December 2007:

	Cellular \$'000	Non Cellular \$'000	Unallocated \$'000	Consolidated \$'000
Revenue				
Total segment revenue	<u>660,594</u>	<u>188,028</u>	<u>-</u>	<u>848,622</u>
Result				
Underlying operating profit*	<u>118,395</u>	<u>53,312</u>	<u>-</u>	<u>171,707</u>
Operating profit / segment result				
result	<u>112,043</u>	<u>53,055</u>	<u>(15,000)</u>	<u>150,098</u>
Investment income	<u>-</u>	<u>-</u>	<u>7,938</u>	<u>7,938</u>
Finance costs	<u>-</u>	<u>-</u>	<u>(2,437)</u>	<u>(2,437)</u>
Profit before tax	<u>112,043</u>	<u>53,055</u>	<u>(9,499)</u>	<u>155,599</u>

*Underlying operating profit excludes amortisation of acquired intangible assets (\$6.4 million in Cellular and \$0.2 million in Non Cellular) and the patent dispute settlement.

The accounting policies for the reportable segments are the same as the Group's accounting policies. The segment result represents operating profit earned by each segment without allocation of the \$15.0 million patent dispute settlement. Costs are allocated to segments based on levels of R&D and marketing activity in the period. This is the measure reported to the Group's Chief Executive Officer and Board of Directors for the purposes of resource allocation and assessment of segment performance.

8. Segmental reporting (continued)

Segment assets

	27 June 2008	28 December 2007	29 June 2007
	\$'000	\$'000	\$'000
Cellular	334,845	362,483	366,780
Non Cellular	44,796	38,688	39,255
Total segment assets	379,641	401,171	406,035
Deferred tax asset	2,938	7,021	13,775
Cash flow hedges	1,585	696	3,403
Other receivables	21,789	15,566	13,163
Treasury deposits	90,000	52,065	97,214
Cash and cash equivalents	122,316	193,311	87,905
Total assets	618,269	669,830	621,495

Assets allocated to reportable segments are goodwill, property, plant and equipment, intangible assets, trade receivables and inventory. All other assets are unallocated.

Goodwill has been allocated to reportable segments as described below:

		27 June 2008	28 December 2007	29 June 2007
		\$'000	\$'000	\$'000
Reportable segment	Cash Generating Unit			
<i>Cellular</i>	Mobile Handsets	92,534	129,441	129,441
	Mobile Headsets	5,906	5,906	6,018
<i>Non Cellular</i>	Automotive	8,860	8,860	9,027
		107,300	144,207	144,486

No information is provided on segment liabilities as this measure is not provided to the chief operating decision maker.

9. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. There has been no material changes in the related party transactions described in the last annual report.

10. Risks and uncertainties

The Board reported on the principal risks and uncertainties faced by the Group in the Annual Report and Financial Statements for the 52 weeks ended 28 December 2007. A detailed explanation can be found on pages 34 and 35 of the Annual Report and Financial Statements which is available CSR's website at www.csr.com.

A review of the principal risks and uncertainties has been performed which included a consideration of the current macro economic environment and the impact of the operational assessment. The review concluded that, in the view of the Board, there have not been any changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining 27 weeks of the financial period as they were to the period under review.

Responsibility statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the period); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Chief Executive Officer

Chief Financial Officer

Joep van Beurden

Will Gardiner

28 July 2008

28 July 2008

Independent Review Report to CSR plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 27 June 2008 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of recognised income and expense, the condensed consolidated cash flow statement and related notes 1 to 10. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 27 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP

Chartered Accountants

28 July 2008

London, United Kingdom

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

About CSR

CSR is the leading global provider of personal wireless technology and its product portfolio covers Bluetooth, GPS, FM and Wi-Fi (IEEE802.11). CSR offers developed hardware/software solutions based around its silicon platforms, that incorporate fully integrated radio, baseband and microcontroller elements.

CSR's customers include industry leaders such as Apple, Dell, LG, Motorola, NEC, Nokia, Panasonic, RIM, Samsung, Sharp, Sony, TomTom and Toshiba.

CSR has its headquarters and offices in Cambridge, UK, and offices in Japan, Korea, Taiwan, China, India, France, Denmark, Sweden and both Dallas and Detroit in the USA.

More information can be found at www.csr.com.

Forward looking statements

With the exception of historical information, the matters set forth in this news release are forward looking statements that involve risks and uncertainties. A number of important factors could cause actual results to differ materially from those implied by the forward looking statements. These factors include consumer and market acceptance of the Company's products and the products that use the Company's products; decreases in the demand for the Company's products; excess inventory levels at the Company's customers; declines in average selling prices of the Company's products; cancellation of existing orders or the failure to secure new orders; the Company's failure to introduce new products and to implement new technologies on a timely basis; the Company's failure to anticipate changing customer product requirements; the Company's failure to deliver products to its customers on a timely basis; the timing of significant orders; increased expenses associated with new product introductions, masks, or process changes; the commencement of, or developments with respect to, any future litigation; the cyclical nature of the semiconductor industry; and overall economic conditions, the lengthy design cycle for CSR's products, CSR's ability to secure sufficient capacity from third-parties that manufacture, assemble and test its products, the potential for any disruption in the supply of wafers or assembly or testing services due to changes in business conditions, natural disasters, terrorist activities, public health concerns or other factors, the yields that CSR's subcontractors achieve with respect to CSR's products, possible errors or failures in the hardware or software components of CSR's products, CSR's ability to successfully manage its recent expansion and growth, CSR's ability to protect its intellectual property, CSR's ability to attract and retain key personnel including engineers and technical personnel, competitive developments in CSR's markets, difficulty in predicting future results, CSR's ability to successfully and efficiently integrate any recent or future acquisitions. These forward looking statements speak only at the date of this news release and CSR undertakes no obligation to up-date the forward looking statements contained in this news release or any other forward looking statements it may make.