For Immediate Release 26 July, 2006

CSR PLC
UNAUDITED RESULTS FOR THE QUARTER AND FIRST HALF ENDED 30 JUNE 2006

RECORD RESULTS, STRONG OUTLOOK

Financial Highlights

Second Quarter 2006 Highlights

- **Revenue:** up 92% to $182.4m (Q2 2005: $94.8m)
- **Gross margin:** up to 47.2% (Q2 2005: 46.9%)
- **Operating profit:** up 122% to $41.9m (Q2 2005: $18.9m)
- **Operating margin:** of 23.0% (Q2 2005: 19.9%)
- **Profit before tax:** up 123% to $43.3m (Q2 2005: $19.4m)
- **Diluted earnings per share:** of $0.23 (Q2 2005: $0.11)
- **Cash inflow from operating activities:** of $43.1m (Q2 2005: $17.3m)

First Half 2006 Highlights

- **Revenue:** up 97% to $317.3m (H1 2005: $161.1m)
- **Gross margin:** up to 47.2% (H1 2005: 46.8%)
- **Operating profit:** up 127% to $66.2m (H1 2005: $29.1m)
- **Operating margin:** of 20.9% (H1 2005: 18.1%)
- **Profit before tax:** up 128% to $69.0m (H1 2005: $30.3m)
- **Diluted earnings per share:** of $0.37 (H1 2005: $0.17)
- **Cash inflow from operating activities:** of $34.1m (H1 2005: $22.3m)

First Half Operational Highlights

- Bluetooth unit market growth in 2006 expected to be 60-70%
- CSR Bluetooth design win market share maintained at over 60%
- Achieved 39% of all handset design wins, including 46% of all GSM handsets
- Shipped over 100 million units; over 300 million units shipped lifetime to date
- Additional manufacturing facilities qualified
- BC5-FM sampling extensively with customers

CSR plc [LSE:CSR], the wireless solutions provider and the leader in Bluetooth technology, today announces its unaudited financial results for the quarter and half year ended 30 June 2006.

Commenting, John Scarisbrick, CEO said:

"We have achieved a record first half year for revenues, profits and operating cash flow. The results reflect the growth of the Bluetooth market, the strength of CSR's position and our ability to maintain margins. We were delighted to ship over 100 million units in the first half of 2006; this represents around one third of the total Bluetooth shipments CSR has made lifetime to date.

We continue to see significant opportunities in the Bluetooth market, with estimates ranging from 500 to 550 million unit shipments for the whole of 2006, compared to 317 million units in 2005.This rapid growth is being driven by increasing attach rates in the important mobile phone segment where CSR is well positioned as well as the continued adoption of Bluetooth in non-cellular applications.

These results put us well on track to meet expectations for the full year."

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A presentation for analysts and investors will be held at 08.30 UK time (BST) today. A live audio webcast of the presentation will be available on the investor relations pages of the CSR website (www.csr.com) from 08.30 UK time (BST) today and will be available to view on demand from approximately 14.00.

Alternatively, to listen to the live presentation, dial +44 (0) 1452 561 263; Password: CSR. A recording of the presentation will be available later today for replay on +44 (0) 1452 55 00 00; Passcode 2687261#. The replay facility will be available for one week after the presentation.

CSR management will host a separate conference call for US investors at 10.00 EST (15.00 BST). This call will provide the same information as the earlier presentation. To access this call dial +44 (0) 1452 541 076; Password: CSR. The call will be available later today for replay on +44 (0) 1452 55 00 00; Passcode: 2749317#. The replay facility will be available for one week after the call.

A recording of the 10.00 EST (15.00 BST) call will also be available on the investor relations pages of the CSR website (www.csr.com) for six months following the call.

About CSR

CSR is the leading global provider of Bluetooth technology and has developed expertise in other single-chip wireless communication standards such as Wi-Fi (IEEE802.11). CSR offers developed hardware/software solutions for Bluetooth based around BlueCore, a fully integrated 2.4 GHz radio, baseband and microcontroller.

CSR has already launched its fifth generation BlueCore suite and is in volume manufacture of its fourth generation BlueCore devices. BlueCore4 supports the Enhanced Data Rate (EDR) standard which was ratified at the end of 2004. Outside of Bluetooth, CSR has also developed UniFi, the first single chip 802.11a/b/g embedded solution specifically targeting the mobile phone and consumer electronics markets. BlueCore features in over 60 per cent of all qualified Bluetooth enabled products and modules listed on the Bluetooth website with industry leaders including Apple, Dell, IBM, Motorola, NEC, Nokia, Panasonic, RIM, Sharp, Sony and Toshiba using BlueCore devices in their range of Bluetooth products.

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

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

Financial Review

Second Quarter ended 30 June 2006

Revenue
Revenue for Q2 2006 amounted to $182.4 million, representing a 35% increase from the first quarter (Q1 2006: $134.9 million), and a 92% increase over Q2 2005 revenue of $94.8 million.

The record Q2 2006 revenue reflects the expected strong recovery from the established seasonally lower levels of business in Q1. The key driver of revenues was shipments into the cellular sector with both handsets and headsets contributing strongly.

Revenue in Q2 2006 was derived predominantly from shipments of ICs (integrated circuits). Royalty revenue resulting from shipments of BlueCore2 ROM (Read Only Memory) parts under manufacturing licence continued to diminish to $0.3 million in the quarter (Q1 2006: $0.5 million, Q2 2005: $1.7 million).

Revenue shipped to the top five customers in the quarter represented 64% of total revenue (Q1 2006: 62%, Q2 2005: 65%) with the largest customer representing 28% of total revenue (Q1 2006: 27%, Q2 2005: 20%).

CSR continues to expect average selling prices (ASPs) of individual products to reduce by 15% to 20% annually which is common within the semiconductor industry.

Gross Profit
Gross profit for the quarter was $86.0 million compared to $63.8 million in Q1 2006 and $44.5 million in Q2 2005. Gross margin was 47.2% of revenue, down slightly from 47.3% in Q1 2006 (Q2 2005: 46.9%). Gross margins were maintained quarter on quarter as a result of product cost reductions offsetting the impact of ASP reductions. In the short term, CSR expects gross margins to be above the long term model of 42% to 45%.

Operating Expenses
Operating expenses were $44.2 million for Q2 2006 compared to $39.5 million in Q1 2006, an increase of 12% (Q2 2005: $25.6 million). Research and development (R&D) expenditure was $26.2 million in Q2 2006 compared to $23.0 million in Q1 2006, an increase of 14% (Q2 2005: $12.6 million). The increase was largely due to costs relating to continued headcount growth and other staff related costs. R&D expenditure represented 14.4% of revenue compared to CSR's long term model of up to 17% of revenue. In order to drive future revenue growth, CSR is committed to continuing its investment in R&D.

Selling, general and administrative (SG&A) expenses were $17.9 million for Q2 2006 compared to $16.5 million in Q1 2006, an increase of 8% (Q2 2005: $13.0 million). The increase is largely a result of increased sales commissions and staff related costs.

Share based payment charges, recorded under IFRS 2, were $1.5 million for Q2 2006 representing an increase of $0.1million compared to Q1 2006. Excluding the $0.6 million charge made in Q1 2006 relating to John Hodgson's options, the increase quarter on quarter is $0.7 million and results from the additional charge for the 2006 employee options and awards which were granted in May 2006.

Operating Profit
Operating profit for Q2 2006 was $41.9 million compared to $24.3 million in Q1 2006 and $18.9 million in Q2 2005. Operating margin was 23.0% in Q2 2006 compared to 18.0% in Q1 2006 (Q2 2005: 19.9%), as the growth in revenues more than offset the increase in operating expenses.

Six months ended 30 June 2006

Revenues
Revenues for H1 2006 amounted to $317.3 million, compared to $161.1 million in H1 2005, an increase of 97%.

Gross Profit
Gross profit for H1 2006 was $149.8 million, up 99% from $75.4 million for H1 2005. H1 2006 gross margins were 47.2% of revenue, compared to 46.8% for H1 2005.

Operating Expenses
R&D expenses for H1 2006 were $49.2 million representing 15.5% of revenues, compared to $23.0 million and 14.2% of revenues in H1 2005. SG&A expenses in H1 2006 amounted to $34.4 million representing 10.9% of revenues compared to $23.3 million and 14.5% of revenues in H1 2005.

Operating Profit
Operating profit for H1 2006 was $66.2 million, compared to the $29.1 million achieved in H1 2005. Operating margin was 20.9% in H1 2006 compared to 18.1% in H1 2005.

Earnings and Taxation

For Q2 2006 profit before taxation was $43.3 million compared to $25.8 million for Q1 2006 and $19.4 million for Q2 2005.

The effective tax rate for Q2 2006 is 28.6%, and reflects an expected effective tax rate for the year in the region of 28%. This is below the statutory rate of 30% principally due to the availability of enhanced tax relief on R&D expenditure. The expected effective rate for 2006 has increased from 27% (Q1 2006) reflecting the diminishing proportional impact of the R&D tax credit.

Fully diluted earnings for Q2 2006 were $0.23 per share compared to $0.14 per share for Q1 2006 (Q2 2005: $0.11).

Balance Sheet and Cash Flow

The aggregate of cash and cash equivalents and treasury deposits was $146.5 million at 30 June 2006, compared to $111.8 million at 31 March 2006 and $111.6 million at 1 July 2005.

Net cash inflow from operating activities was $43.1 million in Q2 2006 compared to an outflow of $9.0 million in Q1 2006 and an inflow of $17.3 million in Q2 2005. Cash outflow on capital expenditure was $11.7 million in Q2 2006.

Net cash inflow from operating activities was $34.1 million in H1 2006 compared to $22.3 million in H1 2005. Cash outflow on capital expenditure was $17.5 million in H1 2006 largely as a result of the acquisition of production testers for consignment at ASE in Taiwan and the investment in IT and Computer Aided Design software to support future business growth. Investment in working capital was $4.4 million in Q2 2006 (Q2 2005: $4.9 million).

Accounts receivable increased to $94.2 million at 30 June 2006 from $77.5 million at 31 March 2006. Days sales outstanding decreased to 43 days at 30 June 2006 compared to 47 days at 31 March 2006 as a result of the early payment of invoices by certain customers to stay within agreed credit limits.

Closing inventory was $98.1 million at 30 June 2006 compared to $74.1 million at 31 March 2006 and $56.4 million at 1 July 2005. This quarter on quarter increase in inventory of $24.0 million has been built in anticipation of strong customer demand in Q3 2006.

Operating Review

Marketplace

CSR continues to expect that the whole Bluetooth market will grow at between 60% and 70% year-on-year in 2006 (2005: 317 million unit shipments – source IMS). This rapid growth in the market is being driven by growth in attach rates in the mobile phone segment and the continued development of new applications for Bluetooth. CSR expects the attach rate in mobile phones to grow to be between 35% and 40% for the year as a whole (2005: 25%). Design activity as listed by the industry continued to be strong in Q2 2006 with 261 end products and modules qualified compared to 186 in Q2 2005, an increase of 40%.

Particularly strong design activity was seen in the mobile phone segment where competition is most active. In this segment there were 100 product qualifications in Q2 2006 compared to 49 in Q2 2005 and there is now some evidence of Bluetooth being adopted in lower end phones as well as high- and mid-range phones. There was also a rise in the number of product qualifications in the lower volume CDMA handset market. Although the IC pricing environment remains competitive, the differentiation and quality of the IC vendor's product offering is of high importance to the handset manufacturer in its choice of IC supplier.

The segmentation of the headset market continues to increase from very high-end headsets with full feature functionality to low cost headsets with lower functionality. More mobile phones are now being designed to support the A2DP software profile which enables Bluetooth stereo audio streaming. Design activity to incorporate Bluetooth into stereo headsets for use with mobile phones, MP3 players and PCs is beginning to gain traction as consumer adoption of stereo headphones increases.

The adoption of Bluetooth in the automotive segment continues to increase. The Bluetooth attach rate in new cars is currently 6% and is expected to continue to increase as new hands-free legislation is adopted and as car manufacturers incorporate Bluetooth into mid-range, in addition to, high-end models.

CSR's Operational Status and Design Wins

CSR's leadership position within the Bluetooth market was reflected in the achievement of its landmark 1,500th design win during Q2 2006. In the first half, CSR's Bluetooth design win market share was maintained at over 60% and lifetime to date, CSR's design win market share is over 60%. CSR's very strong design win record results from both its technological leadership and solutions based approach. CSR's closest competitor has less than a fifth of the design wins compared to CSR and in addition CSR won a high proportion of all design wins for the latest version of Bluetooth with Enhanced Data Rate (EDR) during H1 2006. CSR's customers qualified 154 end products and modules (Q1 2006: 121) using CSR's ICs. Of the 154 new designs, 47% (Q1 2006: 49%) were in the cellular sector (handsets and headsets).

CSR maintained a strong design position in the mobile phone segment in Q2 2006 with 33 design wins. Particular success was achieved with top tier Original Equipment Manufacturers in the higher volume Global System for Mobile Communications (GSM) handsets. CSR won a further 26 GSM mobile phone qualifications during Q2 2006 (Q1 2006: 26 wins) and has now been awarded 46% of the 114 GSM mobile phones that have been qualified in the first half of 2006. In the first half of 2006, over 60% of design wins were with top tier phone manufacturers. CSR notable design wins included Samsung (20 design wins), Nokia (10 design wins), LG (5 design wins) and Motorola (2 design wins) in the first half of 2006.

CSR's design win record in the mono headset segment continued to be very strong in Q2 2006 with over 90% of available design wins. This included CSR being designed in all four qualified Nokia headsets and all seven qualified Jabra/ GN Netcom headsets. Other notable design wins in the quarter included wins with BenQ and Samsung. CSR won all the design wins for headsets incorporating Bluetooth EDR.

In the stereo headset segment, CSR continued its strong record of design wins in Q2 2006 with 75% of available wins. Notable design wins in the quarter included wins with Samsung and Nokia to use BlueCore for Bluetooth stereo headphones.

In the PC segment, CSR won 63% of all design wins in Q2 2006 which included 100% of design wins in the laptop segment. In the laptop segment new products were qualified by Panasonic and LG. A number of design wins were for PC accessories with CSR winning seven of the eight dongle designs and four of the five products qualified to EDR specification.

CSR won 77% of all automotive designs qualified in Q2 2006, including handsfree kit designs for customers including Daewoo, Sony and Southwing and GPS designs for customers including Thales and Harman International.

CSR won 86% of all design wins in the consumer segment in Q2 2006. The products for the design wins awarded included Bluetooth music adapters and printers.

CSR announced BlueCore5-FM in September 2005, the first time Bluetooth and FM had been combined in a single chip. BlueCore5-FM offers a fully featured FM radio which is integrated using a low IF receiver architecture, followed by a Digital Signal Processor (DSP) based demodulator with interference suppression to ensure there is no conflict between the FM and Bluetooth radios. By using a DSP based solution, there is no need for any external analogue components such as IF filters and the silicon implementation involved in adding the FM functionality in the die is relatively small. BlueCore5-FM is currently being extensively sampled and a number of customer projects are underway.

To further support CSR's continuing manufacturing expansion and as part of an on-going risk management programme, CSR has qualified and initiated the production ramp of a fourth wafer fabrication facility at TSMC in Washington, USA. CSR is already qualified on three TSMC sites in Taiwan. In addition, CSR has also extended its assembly and test supply chain by initiating qualification of its Wafer Level Chip Scale Packaging (WLCSP) technology in ASE's new wafer bumping facility in Chung Li. This move, coupled with the transition of WLCSP manufacturing from 8" to 12" wafers in ASE Kaohsiung will significantly enhance the capacity for CSR's advanced packaging technology. Major test capacity and productivity improvements were also made in the period with a significant investment in Teradyne's iFlex system.

UniFi

Customer feedback on UniFi, the industry's first single chip IEEE802.11a/b/g embedded solution, has been positive with customers validating UniFi's small size, low power, low cost and high performance. Design activity across multiple embedded applications has been strong and include a top tier handset manufacturer indicating its intent to incorporate UniFi in a new handset. Whilst CSR's UniFi revenues in 2006 will be modest, revenues are expected to become more significant in 2007.

People

Headcount has increased from 719 at the end of Q1 2006 to 810 at the end of Q2 2006. This reflects continued investment in engineers to support new R&D projects and further recruitment in sales, marketing, applications engineering and operations to support business growth.

Outlook

The strong performance of Bluetooth IC shipments into the handset and headset segments experienced in the second quarter is expected to continue into the second half of 2006.

Consequently, the Board expects an acceleration of revenues in the third quarter to between $225 million and $240 million. Fourth quarter revenues are expected to be at a broadly similar level to those in the third quarter, reflecting the established seasonal slowdown in shipments anticipated in the latter part of the fourth quarter.

The Board continues to be confident in delivering a strong financial performance for 2006.

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; fluctuations in manufacturing and assembly and test yields; the Company's failure to deliver products to its customers on a timely basis; disruption in the supply of wafers or assembly or testing services; 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 cyclicality of the semiconductor industry; and overall economic conditions.

Consolidated income statement

	Note	Q2 2006 Period from 1 April 2006 to 30 June 2006 (unaudited) $'000	Q1 2006 Period from 31 December 2005 to 31 March 2006 (unaudited) $'000	H1 2006 Period from 31 December 2006 to 30 June 2006 (reviewed) $'000	Q2 2005 Period from 2 April 2005 to 1 July 2005 (unaudited) $'000	H2 2005 Period from 2 July 2005 to 30 December 2005 (unaudited) $'000	H1 2005 Period from 1 January 2005 to 1 July 2005 (reviewed) $'000	2005 52 weeks from 1 January 2005 to 30 December 2005 (audited) $'000
Revenue		182,384	134,938	317,322	94,781	325,390	161,141	486,531
Cost of sales		(96,345)	(71,160)	(167,505)	(50,306)	(172,687)	(85,731)	(258,418)
Gross profit		86,039	63,778	149,817	44,475	152,703	75,410	228,113
Research and development		(26,247)	(22,963)	(49,210)	(12,562)	(37,384)	(22,956)	(60,340)
Sales and marketing		(12,249)	(11,532)	(23,781)	(9,362)	(21,962)	(16,734)	(38,696)
Administrative expenses		(5,662)	(4,992)	(10,654)	(3,682)	(10,564)	(6,577)	(17,141)
Operating profit	2	41,881	24,291	66,172	18,869	82,793	29,143	111,936
Investment income		1,418	1,196	2,614	722	1,853	1,360	3,213
Finance costs		(47)	271	224	(156)	(589)	(194)	(783)
Profit before tax		43,252	25,758	69,010	19,435	84,057	30,309	114,366
Tax		(12,383)	(6,954)	(19,337)	(4,329)	(23,880)	(7,330)	(31,210)
Profit for the period		30,869	18,804	49,673	15,106	60,177	22,979	83,156
Earnings per share		$	$	$	$	$	$	$
Basic	3	0.24	0.15	0.39	0.12	0.48	0.19	0.67
Diluted	3	0.23	0.14	0.37	0.11	0.45	0.17	0.62

Consolidated statement of changes in shareholders' equity

	Q2 2006 Period from 1 April 2006 to 30 June 2006 (unaudited) $'000	Q1 2006 Period from 31 December 2005 to 31 March 2006 (unaudited) $'000	H1 2006 Period from 31 December 2006 to 30 June 2006 (reviewed) $'000	Q2 2005 Period from 2 April 2005 to 1 July 2005 (unaudited) $'000	H2 2005 Period from 2 July 2005 to 30 December 2005 (unaudited) $'000	H1 2005 Period from 1 January 2005 to 1 July 2005 (reviewed) $'000	2005 52 weeks from 1 January 2005 to 30 December 2005 (audited) $'000
At beginning of period	310,065	277,037	277,037	165,159	178,469	155,485	155,485
Profit for the period	30,869	18,804	49,673	15,106	60,177	22,979	83,156
Issue of share capital	1,870	855	2,725	671	2,367	1,035	3,402
Exchange differences on translation of foreign operations	-	-	-	-	(47)	-	(47)
Share based payments	1,496	1,364	2,860	476	1,640	768	2,408
Deferred tax (loss) benefit on share option gains	(1,926)	9,198	7,272	-	21,282	-	21,282
Current tax benefit on share option gains	4,202	1,465	5,667	-	13,532	-	13,532
Gains (losses) on cash flow hedges	4,083	2,102	6,185	(4,578)	(1,171)	(2,657)	(3,828)
Net tax on cash flow hedges in equity	(1,013)	(574)	(1,587)	1,261	166	770	936
Transferred to (loss) profit on cash flow hedges	(705)	(186)	(891)	374	622	89	711
At end of period	348,941	310,065	348,941	178,469	277,037	178,469	277,037

Consolidated balance sheet

	Note	30 June 2006 (reviewed) $'000	31 March 2006 (unaudited) $'000	30 December 2005 (audited) $'000	1 July 2005 (reviewed) $'000
Non-current assets					
Goodwill		52,697	52,697	52,697	15,511
Other intangible assets		24,191	24,843	25,508	11,858
Property, plant and equipment		31,906	23,394	22,541	9,155
Deferred tax asset		25,119	26,316	18,137	1,631
		133,913	127,250	118,883	38,155
Current assets					
Inventory		98,127	74,105	69,672	56,350
Cash flow hedges		2,356	-	-	-
Trade and other receivables		110,619	87,129	75,287	61,066
Treasury deposits		70,000	20,000	25,000	20,000
Cash and cash equivalents		76,546	91,808	99,386	91,602
		357,648	273,042	269,345	229,018
Total assets		491,561	400,292	388,228	267,173
Current liabilities					
Trade and other payables		119,588	74,923	95,590	76,356
Tax liabilities		15,022	5,105	1,932	-
Obligations under finance leases		3,575	3,262	3,806	3,136
Cash flow hedges		-	1,726	3,828	2,657
Short-term provisions		3,627	3,635	4,056	3,158
		141,812	88,651	109,212	85,307
Net current assets		215,836	184,391	160,133	143,711
Non-current liabilities					
Obligations under finance leases		808	1,576	1,979	2,444
Long-term provisions		-	-	-	953
		808	1,576	1,979	3,397
Total liabilities		142,620	90,227	111,191	88,704
Net assets		348,941	310,065	277,037	178,469
Equity					
Share capital	4	232	230	228	221
Share premium account	4	83,882	82,014	81,161	78,801
Capital redemption reserve		950	950	950	950
Merger reserve		61,574	61,574	61,574	61,574
Hedging reserve		1,526	(839)	(2,181)	(1,798)
Share based payment reserve		6,027	4,531	3,167	1,527
Retained earnings		194,750	161,605	132,138	37,194
Total equity		348,941	310,065	277,037	178,469

Consolidated Cash Flow Statement

	Note	Q2 2006 Period from 1 April 2006 to 30 June 2006 (unaudited) $'000	Q1 2006 Period from 31 December 2005 to 31 March 2006 (unaudited) $'000	H1 2006 Period from 31 December 2005 to 30 June 2006 (reviewed) $'000	Q2 2005 Period from 2 April 2005 to 1 July 2005 (unaudited) $'000	H2 2005 Period from 2 July 2005 to 30 December 2005 (unaudited) $'000	H1 2005 Period from 1 January 2005 to 1 July 2005 (reviewed) $'000	2005 52 weeks from 1 January 2005 to 30 December 2005 (audited) $'000
Net cash from operating activities	5	43,110	(8,997)	34,113	17,316	72,712	22,257	94,969
Investing activities								
Interest received		1,333	1,164	2,497	622	1,768	1,110	2,878
(Purchase) sale of treasury deposits		(50,000)	5,000	(45,000)	-	(5,000)	15,000	10,000
Purchases of property, plant and equipment		(9,719)	(4,313)	(14,032)	(1,626)	(13,196)	(4,054)	(17,250)
Purchases of intangible assets		(946)	(964)	(1,910)	(618)	(310)	(1,113)	(1,423)
Acquisition of subsidiary		-	-	-	-	(47,852)	(16,612)	(64,464)
Net cash used in (from) investing activities		(59,332)	887	(58,445)	(1,622)	(64,590)	(5,669)	(70,259)
Financing activities								
Repayments of obligations under finance leases		(1,035)	(512)	(1,547)	(750)	(2,259)	(1,003)	(3,262)
Proceeds on issue of share capital	4	2,002	733	2,735	648	2,378	1,056	3,434
Net cash from (used in) financing activities		967	221	1,188	(102)	119	53	172
Net (decrease) increase in cash and cash equivalents		(15,255)	(7,889)	(23,144)	15,592	8,241	16,641	24,882
Cash and cash equivalents at beginning of period		91,808	99,386	99,386	76,126	91,602	75,074	75,074
Effect of foreign exchange rate changes		(7)	311	304	(116)	(457)	(113)	(570)
Cash and cash equivalents at end of period		76,546	91,808	76,546	91,602	99,386	91,602	99,386

Notes to the interim financial statements

1. Basis of preparation and accounting policies

The same accounting polices and methods of computation have been followed in these interim financial statements as in the statutory financial statements for the 52 week period ended 30 December 2005.

The interim financial statements for the 26 weeks ended 30 June 2006 were approved by the directors on 25 July 2006. The financial information contained in this statement does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The financial information for the quarters ended 30 June 2006, 31 March 2006 and 1 July, along with the half year ended 30 December 2005 are unaudited. The half year ended 30 June 2006 (identified as being reviewed) is the subject of the independent auditor's review report. The half year ended 1 July 2005 was previously the subject of an independent auditor's review report.

Statutory financial statements for the 52 weeks ended 30 December 2005, upon which the Company's auditors have given a report which was unqualified and did not contain a statement under Section 237(2) or Section 237(3) of that Act, are available on CSR's website at www.csr.com and have been filed with the Registrar of Companies.

2. Business segments

The Group has one class of business, being the design and marketing of single chip radio devices.

3. Earnings per ordinary share

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

Period	Weighted Average Number of Shares	Diluted Weighted Average Number of Shares
1 January 2005 – 30 December 2005	124,190,594	133,605,176
1 January 2005 – 1 July 2005	122,642,758	132,454,646
2 April 2005 – 1 July 2005	123,061,867	132,309,450
2 July 2005 – 30 December 2005	125,738,429	134,528,163
31 December 2005 - 30 June 2006	128,863,873	136,018,151
31 December 2005 – 31 March 2006	128,173,649	135,876,275
1 April 2006 – 30 June 2006	129,554,097	136,314,629

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

4. Changes in share capital

2,226,172 Ordinary Shares were issued from employee option exercises between 31 December 2005 and 30 June 2006. Consideration was $2,725,000, at a premium of $2,721,000.

5. Reconciliation of operating profit to net cash from operating activities

	Q2 2006	Q1 2006	H1 2006	Q2 2005	H2 2005	H1 2005	2005
	Period from 1 April 2006 to 30 June 2006	Period from 31 December 2005 to 31 March 2006	Period from 31 December 2005 to 30 June 2006	Period from 2 April 2005 to 1 July 2005	Period from 2 July 2005 to 30 December 2005	Period from 1 January 2005 to 1 July 2005	52 weeks from 1 January 2005 to 30 December 2005
	(unaudited)	(unaudited)	(reviewed)	(unaudited)	(unaudited)	(reviewed)	(audited)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating profit	41,881	24,291	66,172	18,869	82,793	29,143	111,936
Adjustments for:							
Amortisation of intangible assets	1,755	1,629	3,384	1,087	3,014	1,803	4,817
Depreciation of property, plant and equipment	2,381	2,252	4,633	967	3,207	1,784	4,991
Loss on disposal of property, plant and equipment	-	-	-	-	87	-	87
Share related charge	1,496	1,364	2,860	477	1,639	769	2,408
Increase (decrease) in provisions	(8)	(421)	(429)	927	(55)	159	104
Operating cash flows before movements in working capital	47,505	29,115	76,620	22,327	90,685	33,658	124,343
Increase in inventories	(24,022)	(4,433)	(28,455)	(23,909)	(13,322)	(26,262)	(39,584)
Increase in receivables	(24,883)	(11,216)	(36,099)	(18,277)	(9,165)	(26,388)	(35,553)
Increase (decrease) in payables	44,551	(20,783)	23,768	37,295	12,560	41,518	54,078
Cash generated by operations	43,151	(7,317)	35,834	17,436	80,758	22,526	103,284
Foreign tax paid	(5)	(46)	(51)	(80)	57	(188)	(131)
Corporation tax paid	-	(1,594)	(1,594)	-	(7,971)	-	(7,971)
Interest paid	(36)	(40)	(76)	(40)	(132)	(81)	(213)
Net cash from operating activities	43,110	(8,997)	34,113	17,316	72,712	22,257	94,969

INDEPENDENT REVIEW REPORT TO CSR PLC

Introduction

We have been instructed by the Company to review the financial information for the 26 weeks ended 30 June 2006 which comprises the income statement, the statement of changes in shareholders' equity, the balance sheet, the cash flow statement and related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 30 June 2006.

Deloitte & Touche LLP
Chartered Accountants
London, United Kingdom
26 July 2006

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