

CSR PLC REPORTS UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 26 SEPTEMBER 2008

Results in line. Strong operational performance and cost control.

FINANCIAL HIGHLIGHTS

- Third quarter performance in line with guidance - revenues were \$205.5m, up 9% on the second quarter.
- Gross margins of 44.5%, consistent with guidance and prior quarter.
- Tight cost management - SG&A and R&D costs flat year on year, costs in 2009 expected to be reduced by \$20m.
- Underlying diluted earnings per share in the third quarter were \$0.19, up 36% from \$0.14 in the second quarter.
- Good operational cash generation with net inflows from operating activities of \$17.4m to a net cash position of \$226.4m.
- Difficult economic environment significantly impacting our end customer markets - Fourth quarter revenue outlook between \$140m and \$160m.

	Q3 2008	Q2 2008	<i>Change Q2 2008 to Q3 2008</i>	Q3 2007	<i>Change Q3 2007 to Q3 2008</i>
Revenue	\$205.5m	\$188.4m	\$17.1m	\$240.1m	(\$34.6m)
Gross Margin	44.5%	45.0%	(0.5%)	48.2%	(3.7%)
Underlying* R&D expenditure	\$37.9m	\$39.4m	(\$1.5m)	\$36.5m	\$1.4m
Underlying SG&A expenditure	\$21.5m	\$22.5m	(\$1.0m)	\$21.8m	(\$0.3m)
Underlying* operating profit	\$32.1m	\$22.9m	\$9.2m	\$57.3m	(\$25.2m)
Underlying* operating margin	15.6%	12.2%	3.4%	23.9%	(8.3%)
Underlying* diluted earnings per share	\$0.19	\$0.14	\$0.05	\$0.31	(\$0.12)
Operating profit	\$30.9m	\$21.7m	\$9.2m	\$55.6m	(\$24.7m)
Diluted earnings per share	\$0.18	\$0.13	\$0.05	\$0.30	(\$0.12)
Net cash from operating activities	\$17.4m	\$8.5m	\$8.9m	\$39.8m	(\$22.4m)
Net cash, cash equivalents & treasury deposits	\$226.4m	\$212.3m	\$14.1m	\$207.0m	\$19.4m

* Underlying results exclude charges in R&D for the amortisation of acquired intangible assets in each period.

OPERATIONAL HIGHLIGHTS

- Strong operational performance with significant progress made across the business on the key milestones identified in our operational assessment, communicated in May 2008:
 - BlueCore7 our next-generation Bluetooth chip, remains well on track. It combines Bluetooth with FM Transmit, FM Receive, Bluetooth low energy and GPS RF. We continue to pass critical milestones with our leading customer. BlueCore7 is world beating on all specifications that matter and has great appeal to Tier 1 customers across the globe. We expect to enter mass production at the end of the first quarter in 2009 with significant revenue to ramp in the second half of 2009. New products, such as BlueCore6 and BlueCore5 Multimedia & FM, that started shipping in volume in 2008 also continued to perform well.
 - Development of MusiCore is on track. This innovative and unique Bluetooth plus Audio Codec chip enables up to 100 hours of playback on a handset as well as enhanced audio quality and its development has progressed according to plan. MusiCore has been well received by Tier 1 manufacturers in trials, as battery life is one of the key 'care abouts' of all mobile phone users and audio quality matters especially to music playing end-customers. The Company expects that this product will win design slots with Tier 1 manufacturers during the first half of 2009.

- UniFi, our embedded Wi-Fi chip, that has extremely low power consumption, and industry leading co-existence, is now shipping in more than six handsets. The next generation product UniFi3, successfully taped out in September.

OUTLOOK

The current macroeconomic environment and resulting uncertainty are inevitably affecting end-consumers and will negatively impact our addressable market. Whilst visibility is limited, we currently expect the downturn to extend well into 2009 and potentially beyond.

Reflecting the economic slowdown, the Company currently expects fourth quarter revenue to be in the \$140m-\$160m range.

In addressing the changed economic environment, we are benefiting from our implementation of the strategic review we undertook in the first quarter of this year. This crystallised our strategic focus on the Connectivity Centre. It also delivered an operational assessment designed to focus our activities on delivering the Connectivity Centre and to re-shape and significantly sharpen our operational focus, speed of execution and efficiency. The results of implementing the first phases of this operational assessment are already showing. We are now accelerating implementation of the remaining phases and this is also enabling us to put in place significant further cost rationalisation, without affecting our development and delivery of innovative products that provide best in class performance at market leading price points. We expect to reduce our combined R&D and SG&A expense in 2009 by around \$20m from 2008 levels.

Our focus on the Connectivity Centre and ability to execute and deliver on our strategy remain unchanged, as does the compelling growth opportunity. Products such as BlueCore7, MusiCore and UniFi are expected to drive that growth and increase our market share.

Commenting, Joep van Beurden, Chief Executive Officer, said:

“We have posted solid third quarter financial results in line with guidance. Our product development roadmap has also proceeded extremely well. We have made significant progress on our BlueCore7, MusiCore and UniFi chip programs. Our exclusive focus on the Connectivity Centre strategy is increasingly proving to be well founded as the evidence mounts of the compelling growth opportunity it provides. All this is encouraging, as is the widening demand for our products in non-cellular applications, such as gaming, automotive and audio, which demonstrates the growing diversity of future potential demand.

“In the short and potentially the medium term, however, we all recognise that the rapidly deteriorating global economic environment is clearly impacting demand for our customers’ products. We are therefore accelerating completion of the operational assessment we undertook earlier this year and we have identified significant further efficiencies we can secure alongside an expected reduction in headcount. We are aligning our business and cost base with the changed economic conditions while reinforcing our ability to develop and deliver innovative new products, grow market share and capitalise on the future growth opportunities available to us.

“We have a leading global market position, a strong balance sheet, a low fixed cost base, a world class R&D operation that is more focused and streamlined than ever before and a pipeline of new products that are very well attuned to what our customers want and which will lead the market when they start shipping next year. Coupled with our exclusive focus on the Connectivity Centre, notwithstanding the current economic environment, we fully expect to increase our market share of the global connectivity segment next year, while benefiting from our careful financial management.”

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UK Webcast

A conference call for analysts and investors will be held at 9.00am UK time. A live audio webcast of the presentation will be available on the investor relations pages of the CSR website (www.csr.com).

The webcast will be available to view on demand from approximately 1pm UK time.

To listen to the live audio dial: +44 (0) 1452 561 263 Passcode: CSR Q3 Results. To access the audio replay dial +44 (0) 1452 55 00 00 Passcode: 67210179#. The replay facility will be available for one week after the presentation.

US Webcast

A conference call for US analysts and investors will be held at 9.00am EST today. A live audio webcast of the presentation will be available on the investor relations pages of the CSR website (www.csr.com).

The webcast will be available to view on demand from approximately 1pm EST time.

To listen to the live audio dial (USA Free Call) 1866 223 9754 Passcode: CSR Q3 results. To access the audio replay dial 1866 247 4222 Passcode: 67210691#. The replay facility will be available for one week after the presentation.

A recording of the analyst and investor call will also be available on the investor relations pages of the CSR website (www.csr.com) for six months.

OPERATING REVIEW

Cellular Applications

Handsets

Demand in the third quarter was increasingly impacted by the general economic slowdown, which we expect will continue in the fourth quarter and into 2009. Notwithstanding that slowdown, the Company has made excellent progress designing in our next-generation Bluetooth chip, BlueCore7 which combines Bluetooth with FM Transmit, FM Receive, Bluetooth low energy and GPS RF. We are very confident that this world-leading product will help increase our market share in Bluetooth FM combination products. The Company continues to pass critical milestones with our leading customer. We expect to enter mass production at the end of the first quarter in 2009 with significant revenue to ramp in the second half of 2009.

MusiCore, our combination Bluetooth with Audio Codec chip is benefiting from the ever increasing interest among Tier 1 phone manufacturers in music phones. This reflects the hard-to-beat characteristics of the product: 100 hours music playback time, increased audio quality and a \$2-\$3 bill of materials cost reduction versus competitor products. The product is performing to specification and the development program is on schedule. We expect multiple revenue streams from leading manufacturers in the second half of 2009.

Our Wi-Fi business has made good progress with more design wins in the pipeline. Building on our experience, UniFi3 will have 802.11abgn functionality and be smaller than any competitor part as well as having world leading co-existence with Bluetooth and low power consumption. It taped out at the end of the third quarter, and the product is doing well in its initial tests. This brings us closer to achieving another key part of our roadmap of next generation products.

Headsets

The headset market continues to be a strong one for CSR, due to our technological superiority and innovation. We estimate our market share to be around 80%. Our products are particularly strong in the high-end where our customers demand the best audio quality and connectivity performance coupled with the greatest range of features for their devices. CSR wins almost all designs in this important segment.

Demand for headsets in the third quarter was positively impacted by the introduction in June of hands free driving legislation in California and Washington State in the US. As the market leader in hands free headsets, CSR captured the lion's share of the additional demand. We also shipped a larger number of higher end products than usual to meet the demand.

There continues to be strong competitive pressure in the ultra low-end market and CSR also continues to see competition from Bluetooth vendors attempting to break into the low cost segment. Our BlueVox2 and BlueVox DSP solutions have been specifically created to enable us to continue to compete effectively in these markets. Additionally in the quarter we launched BlueTunes ROM, a low cost stereo headset chip designed to enable manufacturers to build cheaper stereo headset units for their customers and drive product adoption.

We continue to see new headset market opportunities open up to us. For example, mono headsets began to expand beyond the traditional hands free voice call market into gaming applications. In the third quarter, we started shipping our headset product to a leading games console manufacturer for a mono headset designed for use with its gaming machines.

Non-cellular applications

Our PC, Automotive and Consumer division ("PAC"), had a strong quarter with wireless connectivity requirements growing across many consumer devices. Consumer products are evolving to have wireless connectivity as standard, and the total available market and subsequent attach rates are growing. CSR is providing new solutions to address this very diverse market segment, offering flexibility in terms of software architecture, whilst still

remaining ROM based in order to reduce integration costs. Leading design wins for these new solutions include digital photograph frames, LCD televisions from leading Korean manufacturers and a variety of health and “wellness” products including a Bluetooth enabled sports training system by Polar.

CSR still has a very strong presence in the gaming segment. Low latency is a key requirement from customers in this market and CSR’s Fast Stream™ software ensures that the audio and video are synchronised to enhance the user experience. We are seeing a trend to have multiple simultaneous uses for Bluetooth in hand held gaming and consumers will see this in the market in 2009.

The automotive segment, in which the Company is the market leader for providing Bluetooth solutions, has seen strong growth as attach rates continue to increase quickly. While global demand for cars is expected to be impacted by the general economic slowdown, we believe that a greater percentage of those cars built will include Bluetooth functionality as manufacturers offer higher specification levels in order to try to attract additional custom.

Significant wins during the period include a leading automotive manufacturer based in France, and a second major German-based car manufacturer to add to our first German customer in this segment, which has recently confirmed CSR as its continued sole supplier in 2009.

Personal Navigation Devices (“PNDs”) also remain an important market to us with a leading US PND manufacturer now installing our RoadTunes product in all their high volume devices. RoadTunes is an easy to integrate reference design with an exceptionally low electronic bill of materials (“eBOM”) that supports hands free calling, noise cancellation and digital music streaming. This attractive specification means RoadTunes continues to be evaluated by other customers where we expect to make additional design wins.

CSR’s partnership with Intel has now provided PC customers and OEMs with the ability to offer their customers a 30 minute battery life saving. To ensure ease of integration, CSR has launched a new PC ‘Slim module’ design with a new ROM device that incorporates the CSR/Intel advanced power management functionality. The module has been well received and we expect to see this functionality rolled out into the market in products in 2009.

Partnerships

Our partnership strategy is instrumental to capturing additional sales in combination with leading developers. The Company has announced a significant partnership in the quarter with SRS Labs to create PureSpeech™ to improve sound clarity in headsets. This adds to our existing relationships with Acoustic Technologies, DynamicHearing, Sonaptic, QSound Labs, Phitex and APT. In our PAC division we have entered a partnership with Freescale to be their wireless partner. A newly announced partnership with Raza Microelectronics will help us offer an eGPS solution to our customers. eGPS is an advanced form of autonomous GPS, which uses cellular networks in order to increase the speed of first locking with satellites and also to maximise location positioning within buildings and built up areas. The Company sees further interest from potential partners in new areas for us such as health and “wellness” products.

Financial Review

Income Statement

Revenue

Revenue for Q3 2008 amounted to \$205.5 million, an increase of \$17.1 million from Q2 2008 revenue of \$188.4 million (Q3 2007: \$240.1 million).

Shipments of products in Q3 were higher due to traditional seasonal trends.

Revenue from CSR's top five customers in the quarter represented 51% of total revenue (Q2 2008: 48%, Q3 2007: 50%). This increase is in line with our expectations and consistent with our success in winning business across our customer base. Our largest customer represented 17% of total revenue (Q2 2008: 19%, Q3 2007: 22%).

Gross Profit

Gross profit for Q3 2008 was \$91.5 million compared with \$84.8 million in Q2 2008 (Q3 2007: \$115.6 million). Gross margin was 44.5% of revenue, down slightly from 45.0% in Q2 2008 (Q3 2007: 48.2%) as average ASP reductions exceeded chip cost reductions.

Operating Expenses

Underlying operating expenses were \$59.4 million in Q3 2008 compared with \$61.9 million in Q2 2008 (Q3 2007: \$58.3 million). Unadjusted operating expenses were \$60.6 million compared with \$63.1 million in Q2 2008 (Q3 2007: \$60.0 million) which included amortisation of acquired intangibles of \$1.2 million in Q3 2008 (Q2 2008: \$1.2 million, Q3 2007: \$1.7 million). The reduction in operating expenses between Q2 2008 and Q3 2008 was mainly due to lower levels of engineering and staff-related costs.

Underlying research and development (R&D) expenditure was \$37.9 million in Q3 2008, compared with \$39.4 million in Q2 2008, a decrease of 4% (Q3 2007: \$36.5 million). Underlying selling, general and administrative (SG&A) expenses were \$21.5 million for Q3 2008, compared with \$22.5 million in Q2 2008 (Q3 2007: \$21.8 million).

Share-based payment charges, recorded under IFRS 2, were \$2.2 million for Q3 2008 representing an increase of \$0.2 million when compared with Q2 2008 (Q3 2007: \$1.4 million).

Operating Profit

Underlying operating profit for Q3 2008 was \$32.1 million, compared with \$22.9 million in Q2 2008 (Q3 2007: \$57.3 million). Operating profit (including the non-underlying operating expense items noted above) was \$30.9 million for Q3 2008, compared with \$21.7 million in Q2 2008 (Q3 2007: \$55.6 million).

Underlying operating margin was 15.6%, compared with 12.2% in Q2 2008 (Q3 2007: 23.9%). Operating margin was 15.0% in Q3 2008, compared with 11.5% in Q2 2008 (Q3 2007: 23.2%).

Earnings and Taxation

For Q3 2008, profit before taxation was \$30.8 million, compared with \$22.7 million for Q2 2008 (Q3 2007: \$57.6 million).

Finance costs were \$1.3 million in Q3 2008, compared with \$0.3 million in Q2 2008 (Q3 2007: \$0.3 million). The increase is due to exchange losses incurred on non-US dollar cash balances due to the significant reduction in the Sterling to Dollar exchange rate.

Included within finance costs in Q3 2008 was \$0.3 million related to the unwinding of the discount applied to the contingent consideration for the acquisition of NordNav Technologies AB (Q2 2008: \$0.3 million; Q3 2007 \$0.4 million).

The underlying effective tax rate for Q3 2008 was 23.4%. 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 Q3 2008 were \$0.19 per share, compared with \$0.14 per share for Q2 2008 (Q3 2007: \$0.31).

Diluted earnings per share (including the impact of the non-underlying operating expense items noted above) for Q3 2008 were \$0.18, compared with \$0.13 in Q2 2008 (Q3 2007: \$0.30).

Balance Sheet and Cash Flow

The aggregate of cash, cash equivalents and treasury deposits was \$226.4 million at 26 September 2008, compared with \$212.3 million at 27 June 2008 (28 September 2007: \$207.0 million).

Net cash inflow from operating activities was \$17.4 million in Q3 2008, compared with \$8.5 million in Q2 2008 (Q3 2007: \$39.8 million). Cash outflow on capital expenditure, including finance lease repayments, was \$3.6 million in Q3 2008, compared to \$9.4 million in Q2 2008.

Closing inventory was \$80.7 million at 26 September 2008, compared with \$92.3 million at 27 June 2008 (28 September 2007: \$103.0 million). Inventory at the quarter end was managed to 9 weeks of historic cost of sales, compared with 12 weeks at 27 June 2008.

Accounts receivable increased to \$110.8 million at 26 September 2008 from \$96.2 million at 27 June 2008 (28 September 2007: \$93.0 million). Days sales outstanding was 44 days, compared with 45 days at 27 June 2008 (26 September 2007: 38 days), in line with our standard terms.

People

Overall headcount decreased by 5 (Q2 2008: decreased by 25) to 1,042 at the end of Q3 2008.

Condensed consolidated income statement

	Note	Q3 2008 (unaudited) \$'000	Q2 2008 (unaudited) \$'000	9 Months 2008 (unaudited) \$'000	Q3 2007 (unaudited) \$'000	9 Months 2007 (unaudited) \$'000	2007 (audited) \$'000
Revenue		205,523	188,388	554,792	240,055	616,104	848,622
Cost of sales		(114,006)	(103,607)	(305,911)	(124,447)	(330,107)	(452,348)
Gross profit		91,517	84,781	248,881	115,608	285,997	396,274
Underlying research and development		(37,921)	(39,388)	(116,127)	(36,506)	(103,044)	(140,932)
Amortisation of acquired intangible assets		(1,199)	(1,199)	(4,219)	(1,690)	(4,918)	(6,609)
Research and development		(39,120)	(40,587)	(120,346)	(38,196)	(107,962)	(147,541)
Underlying selling, general and administrative		(21,496)	(22,465)	(69,179)	(21,787)	(60,383)	(83,635)
Patent dispute settlement		-	-	-	-	(15,000)	(15,000)
Impairment of assets		-	-	(52,918)	-	-	-
Selling, general and administrative		(21,496)	(22,465)	(122,097)	(21,787)	(75,383)	(98,635)
Underlying operating profit		32,100	22,928	63,575	57,315	122,570	171,707
Patent dispute settlement		-	-	-	-	(15,000)	(15,000)
Impairment of assets		-	-	(52,918)	-	-	-
Amortisation of acquired intangible assets		(1,199)	(1,199)	(4,219)	(1,690)	(4,918)	(6,609)
Operating profit		30,901	21,729	6,438	55,625	102,652	150,098
Investment income		1,263	1,293	4,830	2,314	5,583	7,938
Finance costs		(1,325)	(325)	(1,906)	(330)	(1,942)	(2,437)
Profit before tax		30,839	22,697	9,362	57,609	106,293	155,599
Tax		(7,160)	(5,333)	(10,267)	(16,539)	(29,232)	(42,795)
Profit (loss) for the period		23,679	17,364	(905)	41,070	77,061	112,804
Earnings (loss) per share		\$	\$	\$	\$	\$	\$
Basic	2	0.18	0.14	(0.01)	0.31	0.59	0.86
Underlying diluted	2	0.19	0.14	0.39	0.31	0.67	0.94
Diluted	2	0.18	0.13	(0.01)	0.30	0.57	0.83

Condensed consolidated balance sheet

	26 September 2008 (unaudited) \$'000	27 June 2008 (reviewed) \$'000	28 December 2007 (audited) \$'000	28 September 2007 (unaudited) \$'000
Non-current assets				
Goodwill	107,300	107,300	144,207	144,486
Other intangible assets	25,959	28,176	45,144	46,650
Property, plant and equipment	52,894	55,754	52,924	53,123
Deferred tax asset	2,938	2,938	7,021	8,261
	<u>189,091</u>	<u>194,168</u>	<u>249,296</u>	<u>252,520</u>
Current assets				
Inventory	80,727	92,260	77,256	103,037
Derivative financial instruments	107	1,585	696	4,613
Trade and other receivables	126,568	117,940	97,206	107,660
Treasury deposits	101,000	90,000	52,065	97,065
Cash and cash equivalents	125,403	122,316	193,311	109,917
	<u>433,805</u>	<u>424,101</u>	<u>420,534</u>	<u>422,292</u>
Total assets	<u>622,896</u>	<u>618,269</u>	<u>669,830</u>	<u>674,812</u>
Current liabilities				
Trade and other payables	91,124	109,208	93,376	136,407
Tax liabilities	16,108	17,080	26,851	19,901
Obligations under finance leases	2,679	2,910	3,108	2,588
Derivative financial instruments	10,152	229	1,080	-
Short-term provisions	2,583	2,679	2,414	3,287
Contingent consideration	17,240	16,979	25,988	9,387
	<u>139,886</u>	<u>149,085</u>	<u>152,817</u>	<u>171,570</u>
Net current assets	<u>293,919</u>	<u>275,016</u>	<u>267,717</u>	<u>250,722</u>
Non-current liabilities				
Deferred tax liability	1,752	5,932	8,208	8,454
Obligations under finance leases	-	-	142	1,853
Contingent consideration	-	-	-	16,198
	<u>1,752</u>	<u>5,932</u>	<u>8,350</u>	<u>26,505</u>
Total liabilities	<u>141,638</u>	<u>155,017</u>	<u>161,167</u>	<u>198,075</u>
Net assets	<u>481,258</u>	<u>463,252</u>	<u>508,663</u>	<u>476,737</u>
Equity				
Share capital	237	237	236	236
Share premium account	91,408	91,287	89,926	88,921
Capital redemption reserve	950	950	950	950
Employee Benefit Trust Reserve	(40,224)	(40,224)	(20,025)	(20,025)
Merger reserve	61,574	61,574	61,574	61,574
Hedging reserve	(9,364)	995	(899)	3,651
Share based payment reserve	25,062	22,873	20,278	17,459
Tax reserve	31,195	28,819	35,298	38,389
Retained earnings	320,420	296,741	321,325	285,582
Total equity	<u>481,258</u>	<u>463,252</u>	<u>508,663</u>	<u>476,737</u>

Condensed consolidated statement of recognised income and expense

	Q3 2008 (unaudited) \$'000	Q2 2008 (unaudited) \$'000	9 Months 2008 (unaudited) \$'000	Q3 2007 (unaudited) \$'000	9 Months 2007 (unaudited) \$'000	2007 (audited) \$'000
(Loss) gain on cash flow hedges	(11,508)	1,630	(9,767)	1,210	91	(4,906)
Adjustments to deferred tax from reduced UK tax rates	-	-	-	(42)	-	(11)
Net tax on cash flow hedges in equity	3,222	(456)	2,709	(361)	(25)	1,382
Net (expense) income recognised directly in equity	(8,286)	1,174	(7,058)	807	66	(3,535)
Transfers						
Transferred to income statement in respect of cash flow hedges	1,150	(17)	1,303	352	389	836
Tax on items transferred from equity	(322)	5	(368)	(106)	(117)	(225)
Profit (loss) for the period	23,679	17,364	(905)	41,070	77,061	112,804
Total recognised income and expense for the period	16,221	18,526	(7,028)	42,123	77,399	109,880

Condensed consolidated cash flow statement

	Note	Q3 2008 (unaudited) \$'000	Q2 2008 (unaudited) \$'000	9 Months 2008 (unaudited) \$'000	Q3 2007 (unaudited) \$'000	9 Months 2007 (unaudited) \$'000	2007 (audited) \$'000
Net cash from operating activities	4	17,445	8,458	32,310	39,808	176,847	222,178
Investing activities							
Interest received		1,049	1,638	4,892	1,982	5,044	7,752
(Purchase) sale of treasury deposits		(11,000)	30,000	(48,935)	149	(67,065)	(22,065)
Purchases of property, plant and equipment		(2,360)	(6,069)	(19,521)	(6,683)	(18,064)	(24,382)
Purchases of intangible assets		(1,241)	(2,406)	(3,929)	(782)	(2,102)	(5,098)
Acquisition of subsidiaries		-	(253)	(11,689)	(724)	(81,946)	(81,946)
Net cash (used in) from investing activities		(13,552)	22,910	(79,182)	(6,058)	(164,133)	(125,739)
Financing activities							
Repayments of obligations under finance leases		-	(863)	(1,533)	(2,912)	(4,293)	(5,924)
Purchase of own shares		-	-	(20,199)	(10,093)	(20,025)	(20,025)
Proceeds on issue of shares		123	1,129	1,476	1,118	4,502	5,824
Net cash from (used in) financing activities		123	266	(20,256)	(11,887)	(19,816)	(20,125)
Net increase (decrease) in cash and cash equivalents		4,016	31,634	(67,128)	21,863	(7,102)	76,314
Cash and cash equivalents at beginning of period		122,316	90,708	193,311	87,905	117,494	117,494
Effect of foreign exchange rate changes		(929)	(26)	(780)	149	(475)	(497)
Cash and cash equivalents at end of period		125,403	122,316	125,403	109,917	109,917	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 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. Whilst the financial information included in this statement has been prepared in accordance with International Financial Reporting Standards, this announcement does not contain itself sufficient information to comply with IAS 34 'Interim Financial Reporting'.

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 Q3 2008, Q2 2008 and Q3 2007, along with the nine months ended 26 September 2008 and nine months ended 28 September 2007 is unaudited.

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

Period	Duration	Dates
Q3 2008	13 weeks	28 June 2008 to 26 September 2008
Q2 2008	13 weeks	29 March 2008 to 27 June 2008
9 Months 2008	39 weeks	29 December 2007 to 26 September 2008
Q3 2007	13 weeks	30 June 2007 to 28 September 2007
9 Months 2007	39 weeks	30 December 2006 to 28 September 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
Q3 2008	128,062,867	130,083,613
Q2 2008	127,837,045	129,616,238
9 Months 2008	128,794,112	130,961,596
Q3 2007	130,949,467	135,187,668
9 Months 2007	130,748,340	135,657,956
2007	130,690,101	135,596,821

2. Earnings per ordinary share (continued)

	Q3 2008 (unaudited) \$'000	Q2 2008 (unaudited) \$'000	9 Months 2008 (unaudited) \$'000	Q3 2007 (unaudited) \$'000	9 Months 2007 (unaudited) \$'000	2007 (audited) \$'000
Earnings						
Underlying profit for the period	24,542	18,227	50,509	42,253	91,004	127,930
Patent dispute settlement, net of tax	-	-	-	-	(10,500)	(10,500)
Impairment of assets, net of tax	-	-	(48,376)	-	-	-
Amortisation of acquired intangibles, net of tax	(863)	(863)	(3,038)	(1,183)	(3,443)	(4,626)
Profit (loss) for the period	<u>23,679</u>	<u>17,364</u>	<u>(905)</u>	<u>41,070</u>	<u>77,061</u>	<u>112,804</u>
Earnings (loss) per share						
	Q3 2008 (unaudited) \$	Q2 2008 (unaudited) \$	9 Months 2008 (unaudited) \$	Q3 2007 (unaudited) \$	9 Months 2007 (unaudited) \$	2007 (audited) \$
Basic	0.18	0.14	(0.01)	0.31	0.59	0.86
Underlying diluted	0.19	0.14	0.39	0.31	0.67	0.94
Patent dispute settlement	-	-	-	-	(0.08)	(0.08)
Impairment of assets	-	-	(0.37)	-	-	-
Amortisation of intangibles	(0.01)	(0.01)	(0.03)	(0.01)	(0.02)	(0.03)
Diluted	0.18	0.13	(0.01)	0.30	0.57	0.83

3. *Changes in share capital*

79,536 Ordinary Shares were issued from employee option exercises in Q3 2008. Consideration was \$121,060 at a premium of \$120,905.

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

	Q3 2008	Q2 2008	9 Months 2008	Q3 2007	9 Months 2007	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit	30,901	21,729	6,438	55,625	102,652	150,098
Adjustments for:						
Amortisation of intangible assets	3,258	3,566	11,578	4,391	12,540	17,036
Depreciation of property, plant and equipment	4,871	4,669	14,410	4,391	12,446	17,427
Impairment of assets	-	-	52,918	-	-	-
Loss (gain) on disposal of property, plant and equipment	58	50	67	(69)	66	168
Deferred tax adjustment to goodwill	-	-	-	-	-	279
Share related charge	2,189	1,971	4,784	1,351	6,456	9,275
(Decrease) increase in provisions	(96)	314	169	(696)	(941)	(1,814)
Operating cash flows before movements in working capital	<u>41,181</u>	<u>32,299</u>	<u>90,364</u>	<u>64,993</u>	<u>133,219</u>	<u>192,469</u>
Decrease (increase) in inventories	11,533	(18,445)	(3,471)	(18,490)	3,538	29,319
(Increase) decrease in receivables	(6,893)	(17,687)	(27,142)	(16,160)	(3,864)	8,173
(Decrease) increase in payables	(18,091)	20,696	487	17,794	65,772	22,394
Cash generated by operations	<u>27,730</u>	<u>16,863</u>	<u>60,238</u>	<u>48,137</u>	<u>198,665</u>	<u>252,355</u>
Foreign tax paid	(329)	(467)	(1,050)	(227)	(799)	(1,117)
Corporation tax paid	(9,820)	(7,899)	(26,915)	(7,983)	(20,704)	(28,702)
Interest paid	(136)	(39)	(283)	(119)	(315)	(358)
R&D tax credit received	-	-	320	-	-	-
Net cash from operating activities	<u>17,445</u>	<u>8,458</u>	<u>32,310</u>	<u>39,808</u>	<u>176,847</u>	<u>222,178</u>

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, BMW, 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.

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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.