25 July, 2007

CSR PLC
UNAUDITED RESULTS FOR THE QUARTER AND HALF YEAR ENDED 29 JUNE 2007

RECORD REVENUE, RECORD CASH
STRONG MARKETPLACE AND STRATEGIC OUTLOOK

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 29 June 2007. It also presents an overview of its medium term growth potential.

Second quarter 2007 financial highlights

- **Revenue:** $215.9m (Q2 2006: $182.4m)
- **Gross margin:** 45.5% (Q2 2006: 47.2%)
- **Underlying R&D expenditure*:** $33.4m (Q2 2006: $25.7m)
- **SG&A expenditure:** $20.1m (Q2 2006: $17.9m)
- **Underlying operating profit*:** $44.8m (Q2 2006: $42.4m)
- **Underlying operating margin*:** 20.8% (Q2 2006: 23.2%)
- **Underlying diluted earnings per share*:** $0.25 (Q2 2006: $0.23)
- **Operating profit:** $43.1m (Q2 2006: $41.9m)
- **Profit before tax:** $44.0m (Q2 2006: $43.3m)
- **Diluted earnings per share:** $0.24 (Q2 2006: $0.23)
- **Net cash inflow from operating activities:** $81.6m (Q2 2006: $43.1m)

Note*: Excluding $1.7m amortisation of acquired intangible assets (Q2 2006: $0.5m).

First half 2007 operational highlights

- Design in and design win momentum remain strong across all applications
- Bluetooth unit market share increased with handset unit market share increasing
- Low cost headsets using CSR BlueVox QFN now available
- Non handset and headset revenues almost doubled over H1 2006. Now 21% of total revenues (H1 2006: 13%)
- GPS technology acquired
- Over 500 million Bluetooth units shipped lifetime to date; production now over 1 million units per day

2007 outlook

CSR believes strong growth will continue, both in the mobile phone markets, driven by increasing Bluetooth attach rates in handsets, and by the increasing penetration of Bluetooth into wider electronic goods and application markets.

Growth in Bluetooth shipments into mobile phones and other segments have offset slightly weaker headset pull-through and gives us confidence that we remain on track to achieve full year expectations.

CSR expects Q3 2007 revenue to increase to between $230 million and $250 million. At this stage we expect Q4 2007 markets to experience the normal seasonal slowdown and as a result expect Q4 2007 revenues to be slightly lower than Q3 2007.

Commenting on the results, John Scarisbrick, CEO said:

"We have achieved a record first half for revenues and operating cash flow. These results demonstrate that CSR continues to consolidate its position as the clear Bluetooth market leader and we have the capacity to grow the company quickly whilst maintaining profitability.

We continue to see numerous future growth opportunities for Bluetooth as well as for the broader range of short range wireless technologies that are part of our portfolio. The combination of these opportunities gives us confidence that we will achieve average revenue growth of 15% - 20% p.a. over the next five years which implies CSR will reach $2 billion revenue by 2012."

First half 2007 financial highlights

- **Revenue:** $376.0m (H1 2006: $317.3m)
- **Gross margin:** 45.3% (H1 2006: 47.2%)
- **Underlying R&D expenditure**:** $66.5m (H1 2006: $48.2m)
- **Underlying SG&A expenditure**:** $38.6m (H1 2006: $34.4m)
- **Underlying operating profit**:** $65.3m (H1 2006: $67.2m)
- **Underlying operating margin**:** 17.4% (H1 2006: 21.2%)
- **Underlying diluted earnings per share**:** $0.36 (H1 2006: $0.37)
- **Operating profit:** $47.0m (H1 2006: $66.2m)
- **Profit before tax:** $48.7m (H1 2006: $69.0m)
- **Diluted earnings per share:** $0.27 (H1 2006: $0.37)
- **Net cash inflow from operating activities:** $137.0m (H1 2006: $34.1m)

Note**: Excluding the $15.0m patent dispute settlement in SG&A and $3.2m amortisation of acquired intangible assets in R&D (H1 2006: $1.0m in R&D).

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A presentation for analysts and investors will be held at 08.30 UK time today at the offices of JPMorgan Cazenove, 20 Moorgate, London EC2R 6DA. 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 today and will be available to view on demand from approximately 14.00.

Alternatively, to listen to the live presentation, dial +44 (0) 1452 587 356, password: CSR. A recording of the presentation will be available later today for replay on +44 (0)1452 550 000; Passcode: 6917773#. The replay facility will be available for one week after the presentation.

Operating Review

Bluetooth marketplace
The growth of the Bluetooth market continues unabated and is rapidly moving beyond the cellular marketplace alone. We believe the number of Bluetooth units is likely to increase to over 750 million in 2007 and we expect the number of Bluetooth units to continue to increase rapidly over the medium term.

In the cellular marketplace, growth in handset and headset sales continues apace. Handset market sales in 2006 were around 1 billion units and sales are expected to continue to rise, driven by rapid penetration growth in China, India, Russia and Latin America. Concurrently, the Bluetooth attach rate is also increasing. In 2007, the attach rate is expected to be towards the upper end of the 40% to 50% range, up from around 35% seen in 2006. As Bluetooth continues to be specified in lower end handsets as a result of cost reductions, CSR believes the attach rate of Bluetooth in handsets will rise to over 70% over the medium term. This will in turn drive a substantial increase in the headset market as low cost and stereo headsets gain further traction and the attach rate increases from its current level of around 20%.

Beyond the cellular marketplace, the adoption of Bluetooth is expanding rapidly. In the medium term CSR expects a substantial proportion of all Bluetooth units will be for applications and products beyond the cellular market including MP3 and MP4 players, digital televisions, gaming consoles, PCs, cars and cameras.

Beyond Bluetooth
Beyond the Bluetooth market, CSR also has the vision and expertise to bring a broader range of short-range wireless technologies to market. Our portfolio and product roadmap encompasses a range of technologies for personal and local area networking. Through a combination of both internal research and development and selected acquisitions, CSR is well placed to gain a leading position in the markets for GPS, Ultra-Wide Band (UWB), WiFi and Ultra-Low Power Bluetooth (formerly Wibree). These wireless technologies complement Bluetooth in the short range connectivity market and provide a multitude of integration opportunities to satisfy the evolving demands of the market.

CSR plans to integrate combinations of GPS, UWB, WiFi Ultra-Low Power Bluetooth and FM with its Bluetooth product. In doing so, CSR will continue to deliver solutions to its customers that demonstrate clear technological leadership, low component count, low power consumption and competitive pricing.

These new technology markets are poised for substantial growth as original equipment manufacturers (OEMs) and original design manufacturers (ODMs) begin to integrate multiple connectivity options into increasingly complex and powerful devices.

Medium term expectations
Based on a combination of CSR's consolidation of its leading position in the growing Bluetooth market, growth in the addressable market for Bluetooth and CSR's expected strong market positions in a broader range of wireless technologies, CSR expects to achieve average revenue growth of 15% - 20% p.a. over the next five years, with this rate of growth accelerating from 2009. This implies achievement of $2 billion revenue within five years. CSR will continue to invest in new wireless technologies to drive the future growth of the business, whilst expecting to maintain an operating profit margin of over 20%.

Handsets
CSR expects that the attach rate for Bluetooth in handsets will increase to towards the upper end of the 40% to 50% range in 2007, up from around 35% in 2006. One of the factors contributing to this increase in the attach rate is the recent incorporation of Bluetooth into higher volume, lower end handsets which CSR believes will drive continued attach rate growth in the future.

CSR's unit market share in handsets grew in Q2 2007 compared to Q1 2007 and CSR expects that it will at least maintain its market share in handsets in 2007 compared to 2006.

At one of our top tier customers, CSR's BlueCore4 chips have been designed in and continue to be designed into multiple handset models. In 2008, CSR's BlueCore4 is expected to remain the most popular Bluetooth chip shipping into this customer and we are confident of a continued strong strategic relationship going forward.

With another top tier customer, CSR have been designed into approximately 50% of their current GSM phone range in addition to a small but growing number of CDMA phones. Our design in momentum in both GSM and CDMA phones at this customer is very strong.

CSR's Bluetooth is well represented across a range of Chinese phone manufacturers and shipments to these customers contributed to Q2 2007 revenue growth compared to Q1 2007.

CSR continues to seek closer strategic relationships with other top tier mobile handset OEMs where we are winning some designs via ODM's.

CSR's BlueCore5 FM single chip Bluetooth with integrated high performance FM stereo tuner continues to generate significant design-in activity. CSR continues to expect that BlueCore5 FM will start shipping in volume in H2 2007.

CSR's Bluetooth IC which integrates ultra low power is generating significant interest with major phone OEMs.

We continue to enjoy a strong position in the mobile handset sector and for the full year expect to at least maintain market share and see revenue growth, despite average selling price (ASP) declines in this segment around the upper end of the annual 15% to 20% range.

Headsets
Significant long term growth is forecast in the global wireless headset market, driven by the simultaneous increase of the handset market, Bluetooth attach rate and headset pull through.

The headset market is still immature and prone to periodic bundling and campaign activity that can influence pull through rates to Bluetooth mobile phones.

In 2007, CSR now estimates that the pull through rate of headsets to Bluetooth handsets will be around the 20% level compared to the 20% to 25% range we had previously forecast. This is due to the lower level of bundling "in the box with the phone" activity currently anticipated for this year.

With the anticipated increase in the size of the headset market, it is increasingly likely that some headset OEMs and ODMs will adopt a dual sourcing policy for the supply of Bluetooth ICs. However, due to CSR's superior product offering, we expect to maintain our headset market share at above 80% in 2007 and achieve a significant leadership position thereafter.

The headset market is segmenting into three distinct groupings; high-end headsets with full feature functionality, low-cost headsets with lower functionality, and stereo headsets. CSR continues to expect that both low-cost and stereo headsets will deliver significant growth opportunities.

Following our reference design for low-cost headsets with an eBOM (electronic bill of materials) of less than $6, product is now available in China. A significant proportion of tier 1 headset OEMs are already developing low cost headsets using BlueVox QFN, CSR's low-cost headset solution. CSR believes that the availability of these entry-level headsets will increase the likelihood of bundling at the point of sale with the handset; a major opportunity for CSR going forward.

Stereo headset demand is being driven by the growing number of mobile phones designed to support Bluetooth stereo audio streaming, and other products such as Bluetooth MP3 players, PCs and gaming consoles. Stereo headset volumes are currently low and present a further significant opportunity for CSR going forward.

CSR enjoys clear leadership position across all segments of the headset market. Our latest generation chip, BlueCore5 Multimedia, is not only of a smaller size than the nearest competitor but also delivers reduced power consumption at a lower cost per unit. BlueCore5 Multimedia is now in volume production at a tier 1 headset OEM and has design-ins at multiple other top tier headset OEMs.

Bluetooth beyond cellular applications

In the medium term a substantial proportion of all Bluetooth units are expected to be for applications and products beyond the cellular market. Applications currently include MP3 and MP4 players, digital televisions, gaming consoles, PCs, cars and cameras. Additional applications for Bluetooth are continuously being identified – the latest include Bluetooth in toys and lifestyle medical systems.

CSR is the wireless connectivity provider of choice in the non-cellular segment, achieving the majority of all product qualifications. Revenues from CSR's non-cellular business almost doubled in H1 2007 over H1 2006, and comprise 21% of total revenues. In the medium term, CSR expects that up to 40% of its Bluetooth revenues will be from non-cellular products.

In the automotive segment, Bluetooth is increasingly being incorporated into a growing range of new build cars. Ford has introduced Ford Sync in 12 models in its 2008 model range. Ford Sync is a hands-free in-car communications system based on Bluetooth technology. CSR expects the Bluetooth attach rate in new build cars to increase from the 6% to 8% seen today towards 30% in the medium term. Aftermarket car-kit solutions remain

an attractive segment and one where CSR again has a leadership position. Latest generation satellite navigation systems incorporating CSR's Bluetooth include the TomTom1 XL.

In the music segment, wireless connectivity is now widely demanded by customers and end-users. Recent partnerships in the PMP/MP3 player market include Actions Semiconductor, Austria Micro Systems, Freescale and Telechips all of whom are offering platforms with CSR enabled wireless connectivity. For its MP3 player design, Actions Semiconductor is using CSR's BlueCore to bring wireless streaming stereo audio and handsfree calls from a mobile phone. The Austria Micro Systems platform utilises CSR's BlueCore4-ROM to stream music to two or more Bluetooth headsets simultaneously, thus enabling users to share music wirelessly. CSR's BlueCore4-ROM provides stereo streaming to headsets in Freescale's i.MXXS development kit, whilst CSR's UniFi WiFi silicon allows wireless file downloading from the internet. Similarly, as the industry leader in co-existence capability, CSR's Bluetooth and WiFi silicon is also being referenced by another MP3 chipset vendor, Telechips.

The use of Bluetooth in gaming consoles is equally compelling. CSR is targeting new customers in this segment where our proprietary Fast Stream (low latency) technology provides a significant competitive advantage.

CSR is the market leader for the supply of Bluetooth in PCs. The Bluetooth PC market continues to exhibit good growth as new wireless applications become established.

Beyond Bluetooth

CSR has the vision and expertise to bring a broader range of short-range wireless technologies to market.

GPS

There is a considerable market opportunity for GPS in mass-market mobile handsets, PNDs (Personal Navigation Devices), PCs and other portable devices such as mobile phones. To date, GPS has not been incorporated in the majority of such devices because existing hardware solutions have tended to be too expensive, too power consumptive and unable to obtain a fix whilst indoors.

CSR's innovative, software-based approach solves these problems and has already received positive feedback.

The development of CSR's software-based high performance GPS (Global Positioning System) on a Bluetooth chip is on schedule with the successful completion of the first pre-determined technical milestones in the quarter ended 29 June 2007 and product launch still on track for 2008.

Ultra-Low Power Bluetooth

The market opportunity for Ultra-Low Power Bluetooth (ULP Bluetooth) is considerable.

ULP Bluetooth is a new complementary Bluetooth technology that can be used to transfer simple data sets between compact devices and run for up to ten years on a single button cell battery. ULP Bluetooth creates a new market for Bluetooth connectivity, addressing products such as watches, training shoes, TV remote controls and lifestyle medical sensors, enabling them to communicate with mobile phones and PCs and each other for extended periods of time.

CSR's ULP Bluetooth will initially be integrated with our Bluetooth product which we will sample to customers by the end of 2007.

Ultra-Wide Band

The market opportunity for Ultra-Wide Band (UWB) is expected to be significant. UWB is expected to start as the wireless alternative to USB and deploy first in PCs. The technology is up to 100 times faster than Bluetooth over short ranges.

CSR expects to launch single chip, low power UWB in 2008.

WiFi

The market for embedded WiFi has been slower to grow than anticipated, with demand concentrated on a relatively small number of high-end phones. However, the overall market is forecast to exceed 700 million units per annum by 2012 with rapid growth in mid-range phones, personal media players (PMPs) and internet radio.

CSR is confident that its differentiated solution which offers exceptional co-existence with CSR Bluetooth will assume a strong position.

Revenues from our WiFi product in the current year are expected to be less than $10 million.

Product Qualification Summary
The Bluetooth SIG (Special Interest Group) has changed the basis on which it reports Bluetooth product qualifications, so it is no longer possible for CSR to provide independently verifiable design win market share data at present. However, in Q2 2007 CSR continued to achieve significant design-wins across all Bluetooth applications.

People
Headcount has increased by 35 (Q1 2007: 46) to 1,004 at the end of Q2 2007 as a result of continued investment in research, sales, marketing, applications engineering and operations. To support CSR's continued business growth, we expect to further increase headcount in the second half of 2007.

Financial Review

Second Quarter ended 29 June 2007

Revenue
Revenue for Q2 2007 amounted to a record for CSR of $215.9 million, representing a 35% increase from the first quarter (Q1 2007: $160.1 million), and an 18% increase over Q2 2006 revenue of $182.4 million.

Shipments of CSR's ICs (integrated circuits) into handsets, headsets and non-cellular applications increased strongly in Q2 2007 compared to the seasonally slower first quarter. Shipments into handset customers were particularly strong in Q2 2007, not only as a result of the recovery from the seasonally lower first quarter, but also as a result of increased levels of shipments to Chinese customers and to a customer who launched a new handset product during the quarter.

Revenue from CSR's top five customers in the quarter represented 51% of total revenue (Q1 2007: 65%, Q2 2006: 64%) with the largest customer representing 27% of total revenue (Q1 2007: 31%, Q2 2006: 28%). The reduction in the concentration of revenue in the top 5 customers reflects the broadening of CSR's customer base in all applications.

For 2007, CSR continues to expect that ASPs for products selling into the high volume mobile phone segment will decline around the high end of the average 15% to 20% p.a. range whereas all other products are following the normal semiconductor trend.

Gross Profit
Gross profit for Q2 2007 was $98.2 million compared to $72.1 million in Q1 2007 (Q2 2006: $86.0 million). Gross margin was 45.5% of revenue, up from 45.1% in Q1 2007 (Q2 2006: 47.2%). Gross margin in 2007 is expected to be maintained above the long term model of 42% to 45% as product costs are driven down across all segments despite ASP reductions.

Operating Expenses
Underlying operating expenses (excluding amortisation of acquired intangible assets) were $53.4 million for Q2 2007 compared to $51.7 million in Q1 2007, an increase of 3% (Q2 2006: $43.6 million). Operating expenses were $55.1 million for Q2 2007 compared to $68.2 million in Q1 2007 (Q2 2006: $44.2 million).

Underlying research and development (R&D) expenditure (excluding the amortisation of acquired intangible assets) was $33.4 million in Q2 2007 compared to $33.2 million in Q1 2007, an increase of 1% (Q2 2006: $25.7 million).

Selling, general and administrative (SG&A) expenses were $20.1 million for Q2 2007 compared to $18.5 million (excluding the patent dispute settlement) in Q1 2007, an increase of 8% (Q2 2006: $17.9 million).

Share based payment charges, recorded under IFRS 2, were $2.9 million for Q2 2007 representing an increase of $0.7 million when compared to Q1 2007. This increase was largely a result of additional charges relating to the 2007 employee grants of share options and share awards which were made during June 2007.

Operating Profit
Underlying operating profit for Q2 2007 (excluding the amortisation of acquired intangible assets) was $44.8 million compared to $20.4 million in Q1 2007 (excluding the patent dispute settlement and amortisation of acquired intangible assets) (Q2 2006: $42.4 million). Operating profit for Q2 2007 was $43.1 million compared to $3.9 million in Q1 2007 (Q2 2006: $41.9 million).

Underlying operating margin was 20.8% compared to 12.8% in Q1 2007 (Q2 2006: 23.2%). Operating margin was 20.0% in Q2 2007 compared to 2.4% in Q1 2007 (Q2 2006: 23.0%).

Earnings and Taxation
For Q2 2007, profit before taxation was $44.0 million compared to $4.6 million for Q1 2007 (Q2 2006: $43.3 million).

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

The effective tax rate for Q2 2007 is 25.8%, and reflects an expected effective corporation tax rate for the year in the region of 28.0% and a reduction of 2.2% due to the change in the carrying amount of deferred tax assets and liabilities as a result of the reduction in the UK statutory tax rate from 30% to 28% from April 2008 which has now been substantively enacted. The tax rate for 2007 is now expected to be 27.5%.

The effective rate is below the current statutory rate of 30% principally due to the availability of enhanced tax relief on R&D expenditure.

The effective rate for 2008 is expected to be around 26.5%.

Underlying diluted earnings per share for Q2 2007 (excluding amortisation of acquired intangible assets) was $0.25 per share compared to $0.11 per share for Q1 2007 (Q2 2006: $0.23).

Diluted earnings per share for Q2 2007 were $0.24 compared to $0.02 in Q1 2007 (Q2 2006: $0.23).

Six months ended 29 June 2007

Revenue
Revenue for H1 2007 amounted to $376.0 million, compared to $317.3 million in H1 2006, an increase of 19%.

Gross Profit
Gross profit for H1 2007 was $170.4 million, up 14% from $149.8 million in H1 2006. H1 2007 gross margin was 45.3%, compared to 47.2% in H1 2006. The reduction in gross margin from H1 2006 to H1 2007 is predominantly due to a change in mix to slightly lower margin products.

Operating Expenses
Underlying R&D expenses (excluding the amortisation of acquired intangible assets) were $66.5 million compared to $48.2 million in H1 2006.

Underlying SG&A expenses (excluding the patent dispute settlement) in H1 2007 were $38.6 million compared to $34.4 million in H1 2006.

Operating Profit
Underlying operating profit for H1 2007 (excluding the patent dispute settlement and amortisation of acquired intangible assets) was $65.3 million compared to $67.2 million in H1 2006. Operating profit for H1 2007 was $47.0 million compared to $66.2 million in H1 2006.

Underlying operating margin was 17.4% in H1 2007 compared to 21.2% in H1 2006. Operating margin was 12.5% in H1 2007 compared to 20.9% in H1 2006.

Balance Sheet and Cash Flow

The aggregate of cash, cash equivalents and treasury deposits was $185.1 million at 29 June 2007, compared to $124.2 million at 30 March 2007 and $146.5 million at 30 June 2006.

Net cash inflow from operating activities was $81.6 million in Q2 2007 compared to $55.5 million in Q1 2007 and $43.1 million in Q2 2006. Cash outflow on capital expenditure, including finance lease repayments, was $5.0 million in Q2 2007. The improvement in the net operating cash flow was largely due to a decrease in the investment in working capital.

Net cash inflow from operating activities was $137.0 million in H1 2007 compared to $34.1 million in H1 2006. Cash outflow on capital expenditure, including finance lease repayments, was $14.1 million in H1 2007.

Closing inventory was $84.5 million at 29 June 2007 compared to $78.7 million at 30 March 2007 and $98.1 million at 30 June 2006. Inventory at the quarter end was managed to 9 weeks of historic cost of sales compared to 12 weeks at 30 March 2007.

Accounts receivable decreased to $78.4 million at 29 June 2007 from $78.7 million at 30 March 2007. Days' sales outstanding decreased to 37 days compared to 42 days at 30 March 2007 largely reflecting early payments from distributors to remain within credit limits.

Cash outflow on acquisitions in H1 2007 was a total of $81.2 million from the acquisitions of NordNav Technologies AB and Cambridge Positioning Systems Limited. This included the payment of the first performance related payment of $7.9 million.

During the quarter, the CSR Employee Benefit Trust purchased 671,315 ordinary shares in CSR plc for $9.9 million.

About CSR

CSR is the leading global provider of personal wireless technology and its product portfolio covering Bluetooth, FM receivers and WiFi (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 Texas 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 cyclicality 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.

Consolidated income statement

	Note	Q2 2007 (unaudited) $'000	Q1 2007 (unaudited) $'000	H1 2007 (reviewed) $'000	Q2 2006 (unaudited) $'000	H1 2006 (reviewed) $'000	2006 (audited) $'000
Revenue		215,934	160,115	376,049	182,384	317,322	704,695
Cost of sales		(117,688)	(87,972)	(205,660)	(96,345)	(167,505)	(376,036)
Gross profit		98,246	72,143	170,389	86,039	149,817	328,659
Operating expenses	4	(55,118)	(68,244)	(123,362)	(44,158)	(83,645)	(179,664)
Underlying operating profit		44,818	20,437	65,255	42,396	67,202	151,056
Patent dispute settlement		-	(15,000)	(15,000)	-	-	-
Amortisation of acquired intangible assets		(1,690)	(1,538)	(3,228)	(515)	(1,030)	(2,061)
Operating profit		43,128	3,899	47,027	41,881	66,172	148,995
Investment income		1,836	1,433	3,269	1,418	2,614	6,106
Finance costs		(926)	(686)	(1,612)	(47)	224	(704)
Underlying profit before tax		45,728	21,184	66,912	43,767	70,040	156,458
Patent dispute settlement		-	(15,000)	(15,000)	-	-	-
Amortisation of acquired intangible assets		(1,690)	(1,538)	(3,228)	(515)	(1,030)	(2,061)
Profit before tax		44,038	4,646	48,684	43,252	69,010	154,397

Consolidated income statement (continued)

	Note	Q2 2007 (unaudited) $'000	Q1 2007 (unaudited) $'000	H1 2007 (reviewed) $'000	Q2 2006 (unaudited) $'000	H1 2006 (reviewed) $'000	2006 (audited) $'000
Tax on underlying profit		(11,878)	(6,283)	(18,161)	(12,538)	(19,647)	(43,818)
Tax on amortisation of acquired intangible assets		507	461	968	155	310	618
Tax on patent dispute settlement		-	4,500	4,500	-	-	-
Tax		(11,371)	(1,322)	(12,693)	(12,383)	(19,337)	(43,200)
Underlying profit for the period		33,850	14,901	48,751	31,229	50,393	112,640
Amortisation of acquired intangibles, net of tax		(1,183)	(1,077)	(2,260)	(360)	(720)	(1,443)
Patent dispute settlement, net of tax		-	(10,500)	(10,500)	-	-	-
Profit for the period		32,667	3,324	35,991	30,869	49,673	111,197

Earnings per share

	Q2 2007 (unaudited) $	Q1 2007 (unaudited) $	H1 2007 (reviewed) $	Q2 2006 (unaudited) $	H1 2006 (reviewed) $	2006 (audited) $
Basic	0.25	0.03	0.28	0.24	0.39	0.86
Underlying diluted	0.25	0.11	0.36	0.23	0.37	0.83
Amortisation of intangibles	(0.01)	(0.01)	(0.01)	-	-	(0.01)
Patent dispute settlement	-	(0.08)	(0.08)	-	-	-
Diluted	0.24	0.02	0.27	0.23	0.37	0.82

Consolidated balance sheet

	29 June 2007 (reviewed) $'000	30 March 2007 (unaudited) $'000	29 December 2006 (audited) $'000	30 June 2006 (reviewed) $'000
Non-current assets				
Goodwill	144,486	144,333	51,952	52,697
Other intangible assets	49,099	51,965	31,686	24,191
Property, plant and equipment	49,530	48,607	45,454	31,906
Deferred tax asset	13,775	3,298	11,350	25,119
	256,890	248,203	140,442	133,913
Current assets				
Inventory	84,547	78,670	106,470	98,127
Cash flow hedges	3,403	3,468	4,522	2,356
Trade and other receivables	91,536	91,468	101,822	110,619
Treasury deposits	97,214	22,214	30,000	70,000
Cash and cash equivalents	87,905	102,026	117,494	76,546
	364,605	297,846	360,308	357,648
Total assets	621,495	546,049	500,750	491,561
Current liabilities				
Trade and other payables	119,442	81,543	64,801	119,588
Tax liabilities	13,417	5,995	19,023	15,022
Obligations under finance leases	2,915	2,704	3,384	3,575
Short-term provisions	3,983	3,703	4,100	3,627
Contingent deferred consideration	9,244	16,935	-	-
	149,001	110,880	91,308	141,812
Net current assets	215,604	186,966	269,000	215,836
Non-current liabilities				
Obligations under finance leases	2,987	2,968	3,233	808
Contingent deferred consideration	15,937	15,677	-	-
Deferred tax liability	9,072	5,928	-	-
	27,996	24,573	3,233	808
Total liabilities	176,997	135,453	94,541	142,620
Net assets	444,498	410,596	406,209	348,941
Equity				
Share capital	235	234	232	232
Share premium account	87,506	85,417	84,111	83,882
Capital redemption reserve	950	950	950	950
Treasury shares	(9,932)	-	-	-
Merger reserve	61,574	61,574	61,574	61,574
Hedging reserve	1,463	1,538	2,220	1,526
Share based payment reserve	16,108	13,173	11,003	6,027
Retained earnings	286,594	247,710	246,119	194,750
Total equity	444,498	410,596	406,209	348,941

Consolidated statement of changes in shareholders' equity

	Q2 2007 (unaudited) $'000	Q1 2007 (unaudited) $'000	H1 2007 (reviewed) $'000	Q2 2006 (unaudited) $'000	H1 2006 (reviewed) $'000	2006 (audited) $'000
At beginning of period	410,596	406,209	406,209	310,065	277,037	277,037
Profit for the period	32,667	3,324	35,991	30,869	49,673	111,197
Issue of share capital	2,090	1,308	3,398	1,870	2,725	2,954
Purchase of own shares	(9,932)	-	(9,932)	-	-	-
Share-based payments	2,935	2,170	5,105	1,496	2,860	7,836
Deferred tax benefit (liability) on share option gains and tax losses	5,024	(4,685)	339	(1,926)	7,272	(5,404)
Current tax benefit on share options	2,225	2,960	5,185	4,202	5,667	8,188
Adjustments to deferred tax on share options from reduced UK tax rates	(1,039)	-	(1,039)	-	-	-
(Losses) gains on cash flow hedges	(65)	(1,054)	(1,119)	4,083	6,185	8,350
Net tax on cash flow hedges in equity	40	284	324	(1,013)	(1,587)	(1,886)
Transferred to income statement in respect of cash flow hedges	(43)	80	37	(705)	(891)	(2,063)
At end of period	444,498	410,596	444,498	348,941	348,941	406,209

Consolidated Cash Flow Statement

	Note	Q2 2007 (unaudited) $'000	Q1 2007 (unaudited) $'000	H1 2007 (reviewed) $'000	Q2 2006 (unaudited) $'000	H1 2006 (reviewed) $'000	2006 (audited) $'000
Net cash from operating activities	5	81,575	55,464	137,039	43,110	34,113	65,499
Investing activities							
Interest received		1,620	1,442	3,062	1,333	2,497	6,047
(Purchase) sale of treasury deposits		(75,000)	7,786	(67,214)	(50,000)	(45,000)	(5,000)
Purchases of property, plant and equipment		(4,623)	(6,758)	(11,381)	(9,719)	(14,032)	(35,874)
Purchases of intangible assets		(243)	(1,077)	(1,320)	(946)	(1,910)	(9,797)
Acquisition of subsidiaries		(9,166)	(72,056)	(81,222)	-	-	-
Net cash used in investing activities		(87,412)	(70,663)	(158,075)	(59,332)	(58,445)	(44,624)
Financing activities							
Repayments of obligations under finance leases		(163)	(1,218)	(1,381)	(1,035)	(1,547)	(5,235)
Purchase of own shares		(9,932)	-	(9,932)	-	-	-
Proceeds on issue of shares		2,187	1,197	3,384	2,002	2,735	2,959
Net cash (used in) from financing activities		(7,908)	(21)	(7,929)	967	1,188	(2,276)
Net (decrease) increase in cash and cash equivalents		(13,745)	(15,220)	(28,965)	(15,225)	(23,144)	18,599
Cash and cash equivalents at beginning of period		102,026	117,494	117,494	91,808	99,386	99,386
Effect of foreign exchange rate changes		(376)	(248)	(624)	(7)	304	(491)
Cash and cash equivalents at end of period		87,905	102,026	87,905	76,546	76,546	117,494

Notes

1. Basis of preparation and accounting policies

The interim financial statements for the 26 weeks ended 29 June 2007 were approved by the directors on 24 July 2007. The financial information contained in this statement does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

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

Period	Duration	Dates
Q2 2007	13 weeks	31 March 2007 to 29 June 2007
Q1 2007	13 weeks	30 December 2006 to 30 March 2007
H1 2007	26 weeks	30 December 2006 to 29 June 2007
Q2 2006	13 weeks	1 April 2006 to 30 June 2006
H1 2006	26 weeks	31 December 2005 to 30 June 2006
2006	52 weeks	31 December 2005 to 29 December 2006

Statutory accounts for the 52 weeks ended 29 December 2006 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 2007, Q1 2007 and Q2 2006 is unaudited. The financial information is prepared on the basis of accounting policies as stated in the statutory accounts for the 52 weeks ended 29 December 2006. The 26 weeks ended 29 June 2007 (identified as being reviewed) is the subject of the independent auditor's review report. The 26 weeks ended 30 June 2006 was previously the subject of an independent auditor's review report.

2. 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
Q2 2007	130,859,800	135,755,035
Q1 2007	130,435,753	135,415,620
H1 2007	130,647,777	135,602,904
Q2 2006	129,554,097	136,314,629
H1 2006	128,863,873	136,018,151
2006	129,513,071	135,832,242

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

3. Changes in share capital

1,243,790 Ordinary Shares were issued from employee option exercises in H1 2007. Consideration was $3,397,520 at a premium of $3,395,080.

4. Operating Expenses

	Q2 2007 (unaudited) $'000	Q1 2007 (unaudited) $'000	H1 2007 (reviewed) $'000	Q2 2006 (unaudited) $'000	H1 2006 (reviewed) $'000	2006 (audited) $'000
Underlying research and development	(33,369)	(33,169)	(66,538)	(25,732)	(48,180)	(107,252)
Amortisation of acquired intangible assets	(1,690)	(1,538)	(3,228)	(515)	(1,030)	(2,061)
Research and development	(35,059)	(34,707)	(69,766)	(26,247)	(49,210)	(109,313)
Underlying selling, general and administrative	(20,059)	(18,537)	(38,596)	(17,911)	(34,435)	(70,351)
Patent dispute settlement	-	(15,000)	(15,000)	-	-	-
Selling, general and administrative	(20,059)	(33,537)	(53,596)	(17,911)	(34,435)	(70,351)
Underlying operating expenses	(53,428)	(51,706)	(105,134)	(43,643)	(82,615)	(177,603)
Patent dispute settlement	-	(15,000)	(15,000)	-	-	-
Amortisation of acquired intangible assets	(1,690)	(1,538)	(3,228)	(515)	(1,030)	(2,061)
Operating expenses	(55,118)	(68,244)	(123,362)	(44,158)	(83,645)	(179,664)

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

	Q2 2007 (unaudited) $'000	Q1 2007 (unaudited) $'000	H1 2007 (reviewed) $'000	Q2 2006 (unaudited) $'000	H1 2006 (reviewed) $'000	2006 (audited) $'000
Operating profit	43,128	3,899	47,027	41,881	66,172	148,995
Adjustments for:						
Amortisation of intangible assets	4,182	3,967	8,149	1,755	3,384	8,481
Depreciation of property, plant and equipment	4,227	3,828	8,055	2,381	4,633	11,183
Loss on disposal of property, plant and equipment	61	74	135	-	-	27
Deferred tax adjustment to goodwill	-	-	-	-	-	745
Share related charge	2,935	2,170	5,105	1,496	2,860	7,836
Decrease (increase) in provisions	280	(525)	(245)	(8)	(429)	172
Operating cash flows before movements in working capital	54,813	13,413	68,226	47,505	76,620	177,439
(Increase) decrease in inventories	(5,877)	27,905	22,028	(24,022)	(28,455)	(36,798)
Decrease (increase) in receivables	289	12,007	12,296	(24,883)	(36,099)	(28,684)
Increase (decrease) in payables	37,687	10,291	47,978	44,551	23,768	(28,478)
Cash generated by operations	86,912	63,616	150,528	43,151	35,834	83,479
Foreign tax paid	(372)	(200)	(572)	(5)	(51)	(312)
Corporation tax paid	(4,858)	(7,863)	(12,721)	-	(1,594)	(17,461)
Interest paid	(107)	(89)	(196)	(36)	(76)	(207)
Net cash from operating activities	81,575	55,464	137,039	43,110	34,113	65,499

6. Acquisition of subsidiaries – Cambridge Positioning Systems

On 12 January 2007, the Group acquired 100% of the issued share capital of Cambridge Positioning Systems Limited for a consideration of $35.0 million.

	Book value $'000	Fair value adjustments $'000	Fair value $'000
Net assets acquired	(5,249)	(219)	(5,468)
Property, plant and equipment	345	(125)	220
Intangible assets	-	9,900	9,900
Deferred tax adjustment on fair value adjustments	-	(2,868)	(2,868)
	(4,904)	6,688	1,784
Goodwill			28,810
Total consideration			30,594
Satisfied by:			
Cash			27,318
Loan notes			2,214
Directly attributable costs			1,062
			30,594
Net cash outflow arising on acquisition			
Cash consideration			(27,318)
Working capital adjustment			(219)
Repayment of CPS loans on acquisition			(5,468)
Cash and cash equivalents acquired			256
Directly attributable costs			(490)
			(33,239)

7. Acquisition of subsidiary – NordNav Technologies

On 12 January 2007, the Group acquired 100% of the issued share capital of NordNav Technologies AB for a consideration of $40.0 million and contingent deferred consideration of $35.0 million.

	Book value $'000	Fair value adjustments $'000	Fair value $'000
Net assets acquired	(116)	-	(116)
Property, plant and equipment	116	-	116
Intangible assets	-	13,600	13,600
Deferred tax adjustment on intangible assets	-	(4,080)	(4,080)
	-	9,520	9,520
Goodwill			63,724
Total consideration			73,244
Satisfied by:			
Cash			40,000
Directly attributable costs			983
Contingent deferred consideration (discounted)			32,261
			73,244
Net cash outflow arising on acquisition			
Cash consideration			(40,000)
Working capital adjustment			(164)
Deferred consideration			(7,875)
Directly attributable costs			(979)
Cash and cash equivalents acquired			1,035
			(47,983)

Independent Review Report to CSR plc

Introduction

We have been instructed by the company to review the financial information for the 26 weeks ended 29 June 2007 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement and related notes 1 to 7. 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 29 June 2007.

Deloitte and Touche LLP
Chartered Accountants
London, United Kingdom
24 July 2007

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