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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares, please send this document, together with any accompanying documents as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, the distribution of this document and any accompanying documents into certain jurisdictions other than the United Kingdom may be restricted by law. Therefore persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

A copy of this document which comprises a prospectus relating to the Ordinary Shares prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 has been filed with the Financial Services Authority and made available to the public as required by section 3.2 of the Prospectus Rules.

Applications will be made to the UK Listing Authority and to the London Stock Exchange for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to listing on the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange, respectively. It is expected that, subject to the Conditions to the Merger being satisfied or, where appropriate, waived, Admission will become effective and dealings on the London Stock Exchange in the Existing Ordinary Shares and the New Ordinary Shares will commence at 8.00 a.m. (London time) on 26 June 2009.

YOU SHOULD READ THE WHOLE OF THIS DOCUMENT AND ANY DOCUMENTS INCORPORATED HEREIN BY REFERENCE. IN PARTICULAR, YOUR ATTENTION IS DRAWN TO THE SECTION HEADED "RISK FACTORS" IN THIS DOCUMENT.

CSR plc

(incorporated and registered in England and Wales, No. 04187346)

Proposed issue of up to 51,057,000 New Ordinary Shares in the Company in connection with the proposed merger with SiRF Technology Holdings, Inc.

Application for the admission to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities of the Existing Ordinary Shares and the New Ordinary Shares

Sponsored by UBS Investment Bank

UBS Investment Bank is acting as sole sponsor and joint financial adviser to CSR plc and no one else in connection with the Merger and/or the Admission and will not be responsible to anyone other than CSR plc for providing the protections afforded to clients of UBS Investment Bank or for providing advice in connection with the Merger, the Admission or any matters referred to in this document.

NM Rothschild & Sons Limited is acting as joint financial adviser to CSR plc and no one else in connection with the Merger and/or the Admission and will not be responsible to anyone other than CSR plc for providing the protections afforded to clients of NM Rothschild & Sons Limited or for providing advice in connection with the Merger, Admission or any matters referred to in this document.

Apart from the responsibilities, if any, which may be imposed on UBS Investment Bank or NM Rothschild & Sons Limited by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, UBS Investment Bank and NM Rothschild & Sons Limited do not accept any responsibility whatsoever for the contents of this document or for any statements made or purported to be made by them or on their behalf in connection with the Merger and/or Admission. UBS Investment Bank and NM Rothschild & Sons Limited accordingly disclaim any and all liability, whether arising in tort, contract or otherwise (save as referred to herein) which they might otherwise have in respect of the document or any such statement.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OF, OR SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR BUY, ANY NEW ORDINARY SHARES OR EXISTING ORDINARY SHARES TO ANY PERSON IN ANY JURISDICTION TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION IN SUCH JURISDICTION AND IS NOT FOR DISTRIBUTION IN OR INTO ANY RESTRICTED JURISDICTION EXCEPT AS DETERMINED BY CSR PLC IN ITS SOLE DISCRETION AND PURSUANT TO APPLICABLE LAWS.

The Ordinary Shares have not been, and will not be, registered under the applicable laws of any Restricted Jurisdiction. Accordingly, the Ordinary Shares may not be offered, sold, delivered or transferred, directly or indirectly, in or into any Restricted Jurisdiction or to or for the account or benefit of any national, resident or citizen of any Restricted Jurisdiction.

The offering of New Ordinary Shares to the shareholders of SiRF Technology Holdings, Inc. has been registered with the United States Securities and Exchange Commission ("SEC") under the US Securities Act of 1933. For this purpose, CSR has publicly filed a Registration Statement on Form F-4 with the SEC containing a Proxy Statement/Prospectus for the SiRF Shareholders (the "Form F-4"). This document is not part of the offering. **Before making any voting or investment decision, SiRF Shareholders are urged to read the Proxy Statement/Prospectus and other documents filed with the SEC carefully and in their entirety when they become available, because they will contain important information about the Merger and the other matters being considered at the SiRF Special Meeting. In particular, SiRF Shareholders should pay careful attention to the section of the Form F-4 entitled "Risk Factors" beginning on page 24 of the Form F-4.** Investors and shareholders will be able to obtain, without charge, a copy of the proxy statement/prospectus on Form F-4, as well as other relevant documents containing important information about CSR plc and SiRF Technology Holdings, Inc. at the SEC's website (http://www.sec.gov) once such documents are filed with the SEC.

This prospectus does not contain or constitute an offer of securities for sale in the United States of America or an offer to purchase securities in the United States of America, or any other jurisdiction where such offer for sale or offer to purchase is not permitted by applicable law. Securities may not be sold in the United States of America absent registration or an exemption from registration. Any public offering of securities to be made in the United States of America will be made only by means of a separate prospectus that may be obtained from CSR and that will contain detailed information about CSR and its management, as well as financial statements, in each case, that are included in the Form F-4 filed by CSR with the SEC. Copies of this prospectus are not being, and should not be, distributed in or sent into the United States of America.

NOTICE TO NEW HAMPSHIRE RESIDENTS:

The distribution of this document and any accompanying documents and the offer or sale of Existing Ordinary Shares or New Ordinary Shares into certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. In particular, this document and any accompanying documents may not be treated as an invitation to subscribe for any Existing Ordinary Shares or New Ordinary Shares by any person resident or located in any jurisdiction in contravention of applicable law and, subject to certain exceptions, should not be distributed, forwarded to or transmitted in or into any jurisdiction in contravention of applicable law.

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEMENT OF CIVIL LIABILITIES:

CSR plc is incorporated in England and Wales and its executive offices and administrative activities and all or a substantial portion of its assets are located outside the United States. Seven out of ten of the Directors and Proposed Directors of CSR plc are citizens or residents of countries other than the United States. As a result, it may be difficult for investors to effect service of process within the United States upon CSR plc or to enforce outside the United States judgments against CSR plc obtained in the United States in any action, including actions predicated upon civil liability provisions of the securities laws of the United States or any state or other jurisdiction within the United States.

NO INCORPORATION OF WEBSITE INFORMATION:

Without limitation, except as expressly provided in Part XIV (Documentation Incorporated by Reference), the contents of the websites of CSR plc and SiRF Technology Holdings, Inc. do not form part of this document.

THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN LEGAL ADVISER, FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.

Capitalised terms have the meanings ascribed to them in the section of this document entitled "Definitions".

Dated 24 June 2009

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SUMMARY

THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO, AND IN CONJUNCTION WITH, THE FULL TEXT OF THIS DOCUMENT.

Any investment decision relating to the Combined Company or the Merger should be based on the consideration of this document as a whole. Where a claim relating to the information contained in this document is brought before a court in a Member State of the European Economic Area (an "EEA State"), the claimant may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary including any translations of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with other parts of this document.

1. Introduction

On 9 February 2009, CSR and SiRF entered into a definitive Merger Agreement. Under the Merger Agreement, which is subject to a number of conditions, including the approval of SiRF Shareholders and CSR Shareholders at the Shareholder Meetings, Shannon Acquisition Sub, Inc., CSR's wholly-owned subsidiary, will merge with and into SiRF, resulting in SiRF becoming a wholly-owned subsidiary of CSR. In the Merger, SiRF Shareholders will receive 0.741 of a New Ordinary Share for each SiRF Share they own as of the effective date of the Merger. Based on the closing share price for CSR Ordinary Shares and SiRF Shares on 9 February 2009, the exchange ratio values each SiRF Share at $2.06, representing a total consideration of approximately $136 million or £91 million (assuming US Dollar to Sterling exchange rate of $1.494: £1). The total consideration represents a SiRF enterprise value (calculated as SiRF's implied market capitalisation based on the exchange ratio minus total cash and cash equivalents) of approximately $20.2 million. Based on the closing price of CSR Ordinary Shares of 336.75p as of 22 June 2009, and converted to a price in US Dollars of $5.54 (using a US Dollar to Sterling exchange rate of $1.6453: £1 as of 22 June 2009), the transaction implies on equity value for SiRF of $279 million.

The Merger is subject to a number of conditions, including the approval by CSR Shareholders and SiRF Shareholders at the Shareholder Meetings, the expiration or termination of the waiting period under the Hart-Scott-Rodino Act in the United States and the satisfaction of other conditions. The waiting period under the Hart-Scott-Rodino Act with respect to the Merger expired on 25 March 2009.

It is expected that the Merger will be completed shortly after the Shareholder Meetings.

The CSR Board has determined that the Merger will promote the success of CSR, and is in the best interests of CSR and its shareholders as a whole. The CSR Board has unanimously approved the Merger Agreement and has unanimously recommended that CSR Shareholders vote in favour of the Merger and the other resolutions to be proposed at the CSR General Meeting, as set out in the Notice of General Meeting incorporated in the Circular dated 4 June 2009 and despatched to CSR Shareholders on 4 June 2009.

The SiRF Board has determined that the Merger Agreement and the Merger are in the best interests of SiRF and its shareholders. The SiRF Board has unanimously approved and declared advisable the Merger and the Merger Agreement and has recommended that SiRF Shareholders vote in favour of the adoption of the Merger Agreement at the SiRF Special Meeting.

2. Information on CSR and SiRF

2.1 *CSR*

CSR is the holding company of an international group of companies with its headquarters in Cambridge, in the United Kingdom. CSR is a leading provider of wireless connectivity with established capabilities in the design and supply of integrated circuits for wireless devices. Through its BlueCore product range, CSR is a leading supplier of single chip solutions for Bluetooth wireless voice and data communications, providing low cost, high performance integrated circuits to manufacturers of a wide range of electronic devices. CSR is also extending its technologies beyond Bluetooth to bring a broader range of short-range wireless technologies to market.

CSR employs over 900 people in ten countries. Employees are based in Cambridge, United Kingdom, with teams in Aalborg, Denmark; Stockholm, Sweden; Dallas, United States; Detroit, United States; Sophia Antipolis, France; and Bangalore, India. CSR's sales and marketing function is centered in Cambridge, United Kingdom with sales liaison offices in Dallas, United States; Detroit, United States; Taipei, Taiwan; Seoul, South Korea; Gumi, South Korea; Tokyo, Japan; Shanghai, China; and Shenzhen, China.

The Existing Ordinary Shares are listed on the Official List and traded on the Main Market of the London Stock Exchange under the symbol "CSR.L".

2.2 ***SiRF***

SiRF is the holding company for SiRF Technology, Inc., which develops and markets semiconductor products designed to enable location awareness in high-volume mobile consumer devices and commercial applications, with its headquarters in San Jose, California. SiRF's products use GPS technology, which uses a system of satellites designed to provide longitude, latitude and time information to GPS-enabled devices virtually anywhere in the world. SiRF offers a broad range of GPS chip sets, standalone chip sets and premium software products for high-volume GPS markets. SiRF markets and sells its products in four major markets: wireless handheld devices such as mobile phones; automotive electronic systems, including navigation and telematics systems; consumer electronics products such as recreational GPS handhelds, mobile gaming machines, digital cameras and wearable devices; and mobile computing systems, including personal digital assistants, notebook computers, universal mobile personal computers and mobile internet devices.

As of 27 December 2008, SiRF had 571 active, permanent employees. SiRF has design centres at four sites in the United States comprising San Jose, California; Santa Ana, California; Cedar Rapids, Iowa; Phoenix, Arizona; in addition to Shanghai, China and Noida, India. SiRF has direct sales offices in China, Germany, India, Japan, South Korea, Taiwan, the United Kingdom and the United States. SiRF also has distributors and independent sales representatives in the United States, Europe and the Asia-Pacific region.

The SiRF Shares are listed on NASDAQ Global Select Market under the symbol "SIRF".

3. Background to and reasons for the Merger

The CSR Board believes that the Merger will create a global leader in wireless connectivity and location solutions and produce a number of benefits for shareholders. In particular it is expected to:

- Enhance CSR's financial position by:
  - diversifying its revenue base, by customer, market and technology
  - creating a substantial combined cash balance (pro-forma of $368 million as at end of FY 2008)
  - providing estimated annual cost synergies of more than $35 million
  - significantly enhancing CSR's earnings per share (excluding non-recurring restructuring charges and acquisition-related amortisation) in the second half of 2009 and the 2010 financial year
- Further strengthen and diversify CSR operationally through:
  - combining a global leader in both Bluetooth with a global leader in GPS
  - increasing scale in the fast growing GPS market
  - leveraging complementary customer relationships through cross-selling both GPS and Bluetooth
  - a strong combined intellectual property portfolio

- Enhancing CSR's strong position in the connectivity centre market by:
  - adding proven GPS and location technology to its existing product portfolio
  - addressing strong customer demand for integrated Bluetooth and GPS combination products

4. Merger Agreement

The Merger Agreement sets out the terms of the Merger, including conditions to Completion, certain termination rights, a description of the circumstances in which a termination fee of $3,660,000 may become payable by either party to the other, mutual representations and warranties and various covenants relating to the operation of the businesses of CSR and SiRF during the period until Completion.

5. Financial Effects of the Merger

On a pro forma basis and assuming the Merger had completed on 2 January 2009, the Combined Company would have had net assets of $733,843,000 (based on the consolidated net assets of CSR as at 2 January 2009 and SiRF as at 27 December 2008).

CSR expects the Merger to be significantly accretive to earnings per share (excluding non-recurring restructuring charges and acquisition-related amortisation) in the second half of 2009 and the 2010 financial year. This statement regarding earnings enhancement is not a profit forecast and should not be interpreted to mean that the Combined Company's future earnings per share, if any, will necessarily match or exceed the historical published earnings per share of CSR or SiRF.

6. Dividend policy

In accordance with stated policy CSR has not paid any dividends. CSR expects, in accordance with this stated policy, to retain any future earnings for use in the operation and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future. Any payment of future dividends will be at the discretion of the CSR Board after taking into account various factors, including its financial condition, operating results, current and anticipated cash needs and plans for expansion.

7. Current trading, trends and prospects

On 6 May 2009, CSR published its unaudited results for the first quarter of 2009, reporting revenues of $80.6 million, in line with the guidance given at the time of the release of results for the full year 2008 and an underlying operating loss of $18.9 million. As expected, the first quarter was a difficult one with the effects of the global economic recession exacerbated by customer de-stocking programmes. The macro-economic environment has clearly impacted levels of demand across the industry and will undoubtedly continue to present challenges.

Operationally, CSR successfully aligned its cost base to the prevailing market conditions and achieved more than the $25 million annualised run-rate of savings announced at the time of the full year 2008 results. At the same time, CSR has successfully executed its key new product development programmes and established BC7000, UniFi6000 and CSR9000 in the market.

The first quarter is traditionally the weakest of the year and combined with the poor economy has resulted in a considerable reduction in overall revenue. During the quarter, however, CSR saw relative strength from the handset market and revenues benefited in particular from the more buoyant demand for smart and feature phones which are most likely to contain Bluetooth and, increasingly, other Connectivity Centre technologies. It appears that supply chain de-stocking in the handset market has now largely ceased. Encouragingly, CSR has seen design-wins across all customer groups in the handset business. This will enhance the previously highlighted expected significant increase in CSR's market share in the second half of 2009 when shipments of BC7000 begin.

The headset market was particularly weak in the first quarter. CSR believes the supply chain for headsets was significantly oversupplied in the second half of 2008 and there continues to be a level of excess inventory. CSR expects this inventory to clear substantially from the supply chain in the course of the second quarter.

In the first quarter, CSR believes it won in excess of 80 per cent. of all qualified Bluetooth headset designs and 100 per cent. of all stereo Bluetooth headset designs. This illustrates CSR's continued strength in the headset market. CSR's large and dedicated R&D investment in this sector of the Bluetooth market enables the company to offer a wide range of superior products at attractive price points to its customers.

Consumer demand remains weak for electronic goods, and as such, demand from non-cellular customers remains poor. The PND market appears to be echoing the headset market with low demand and significant stock in the supply chain. However, CSR continues to win new sockets and has recently won a Bluetooth ROM slot with a large US PND manufacturer.

Automotive volumes have held up relatively well thus far. CSR believes it is largely due to higher attach rates as manufacturers try to promote sales by the inclusion of optional extras. CSR has by far the largest market share in this segment.

CSR believes that customers remain interested in using Bluetooth across a wide variety of applications that demand high quality short-range connectivity. CSR continues to talk to a number of consumer electronics manufacturers and believes that Bluetooth will see greater adoption particularly as the price point becomes increasingly attractive.

In addition CSR believes that supply chain de-stocking should also predominantly cease in the headset segment in the course of the second quarter. Coupled with the normal seasonality, CSR therefore expects a marked up-lift in revenues for the second quarter to between $95 million and $115 million.

The Directors believe that the outlook for the Combined Company is enhanced should the Merger complete as the Merger has significant positive attributes which should start to be realised in the second half of 2009. For a number of different reasons this could lead to an enhancement to the Combined Company's business plan. The Directors believe the potential for the business is bettered following the Merger, primarily due to the Combined Company having greater scale and therefore purchasing power, an enhanced IP portfolio particularly in the GPS arena, complementary technologies that are core to the Connectivity Centre, significant cost and revenue synergy opportunities following the Merger and a positive reception from our customers.

Economic conditions however remain difficult, with consumer demand expected to be lower across our business units in 2009 and possibly beyond when compared to the prior year. The Directors believe that CSR is well positioned though to take advantage of any future recovery in the global economy.

8. Board of the Combined Company

Upon completion of the Merger, the CSR Board will be expanded by the appointment of two of the current directors of SiRF, Messrs. Banatao and Chadha as a non-executive director and an executive director, respectively. Mr. van Beurden, CSR's current chief executive officer, and Mr. Gardiner, CSR's current chief financial officer, will continue holding these positions in the Combined Company.

9. Listing and admission to trading

The Merger constitutes a "reverse takeover" for the purposes of the Listing Rules and therefore, on Completion, the listing of the Existing Ordinary Shares will be cancelled pursuant to the Listing Rules.

Application has been made to the UK Listing Authority and the London Stock Exchange respectively in connection with the Merger for the Existing Ordinary Shares to be re-admitted and the New Ordinary Shares to be admitted to listing on the Official List and to trading on the Main Market of the London Stock Exchange, respectively.

Subject to satisfaction of all of the Conditions, the Merger will become effective and Admission will occur at the same time. It is expected that dealings in the Ordinary Shares will commence trading on the London Stock Exchange at 8.00 a.m. on 26 June 2009.

In connection with the Merger, CSR will register the issuance of the New Ordinary Shares under the US Securities Act and, after the Merger, CSR will be subject to the periodic reporting and certain other obligations of the US Exchange Act. Although CSR will become an SEC reporting company as a result of the Merger, it will not be subject to those rules and requirements that would apply were CSR to list its Ordinary Shares on the NASDAQ Global Select Market or on any other US securities exchange.

10. Voting and support agreements

The Proposed Directors and certain entities controlled by or otherwise affiliated with Mr. Banatao have entered into voting and support agreements pursuant to which they have agreed to vote in favour of the proposal to adopt the Merger Agreement at the SiRF Special Meeting. As of 22 June 2009, the Proposed Directors and certain entities controlled by or otherwise affiliated with them, beneficially owned shares representing approximately 5.8 per cent. of all outstanding voting SiRF Shares.

11. Risk factors

A number of factors affect the operating results and financial condition and prospects of each of the CSR Group, SiRF Group, and following Completion, will affect the Combined Company. In particular, you should consider the following risks which the Directors and Proposed Directors consider to be the most significant.

Risks relating to the Merger

- CSR may experience difficulties in integrating SiRF's business with CSR's existing business
- The Combined Company may not achieve the synergies CSR and SiRF anticipate
- Uncertainties associated with the Merger may cause SiRF and/or CSR to lose key employees
- Third parties may terminate or alter existing contracts with SiRF
- The Merger may result in a loss of SiRF customers or strategic alliances
- SiRF and its directors are parties to pending lawsuits seeking unspecified monetary damages and injunctive relief in connection with the Merger
- The Merger may be completed even if CSR or SiRF has experienced a material adverse change
- During the pendency of the Merger, CSR and SiRF may not be able to enter into an attractive merger or business combination with another party because of the restrictions in the Merger Agreement

Risks relating to the Combined Company

- Current severe economic conditions may adversely affect the Combined Company's financial performance
- CSR and SiRF's quarterly revenue and operating results are difficult to predict and if the Combined Company does not meet quarterly financial expectations, its share price will likely decline
- CSR and SiRF's fabless business model exposes the Combined Company to risks associated with its suppliers
- The length of product design life cycles exposes CSR and SiRF, and will expose the Combined Company, to risks associated with future revenue prospects
- The Combined Company may suffer delays or experience problems in the introduction of new products, which could impact future revenues
- Bluetooth and/or GPS could decline in importance or be superseded by an alternative technology
- Bluetooth and GPS could both be integrated into other integrated circuits

- If the market for GPS-based location awareness capabilities in high volume consumer and commercial applications does not develop as quickly as expected, the growth and success of the Combined Company's GPS-related business will be limited
- The GPS market could be subject to governmental and other regulations that may increase the Combined Company's costs of doing business or decrease demand for its products
- Personal privacy concerns may limit the growth of the high-volume consumer and commercial GPS-based applications and demand for the Combined Company's products
- CSR and SIRF are, and the Combined Company will be, subject to risks associated with the transition to smaller geometry process technologies
- The Combined Company may fail to develop new revenue sources or fail to secure new orders with its customers
- The integration of CSR's and SiRF's wireless technologies may take longer than expected and customer demand for a combined Bluetooth/GPS chip may be slow to develop or may not develop at all
- CSR and SiRF are, and the Combined Company will be, highly reliant on the success of their customers' products
- CSR and SiRF are, and the Combined Company will be, subject to the risk of declining prices and volumes on sales of existing products
- CSR is, and the Combined Company will be, subject to foreign exchange risks
- The Combined Company's business will be cyclical
- The Combined Company may not accurately forecast demand for its products and, as a result, may hold excess inventory or suffer from product shortages
- CSR and SiRF are, and the Combined Company will be, subject to the risk of claims from customers arising from errors or defects in products
- The financial difficulties or failure of the Combined Company's distributors could cause the Combined Company to suffer an immediate financial loss and affect its ability to supply products to end customers
- The Combined Company may not be able to protect its intellectual property
- The Combined Company may be subject to claims that it infringes third party intellectual property rights
- The Combined Company may fail to compete successfully in a very competitive market
- CSR and SiRF rely, and the Combined Company will rely, on a few large customers for a significant proportion of revenue
- CSR and SiRF rely, and the Combined Company will rely, on sole suppliers for some critical components
- The Combined Company's business and future operating results may be materially adversely affected by events outside its control
- The Combined Company may in the longer term require debt or equity financing which may not be available on reasonable terms or at all
- If the Combined Company fails to realise the anticipated benefits of the Merger, there is a possibility that SiRF stockholders would have been better off on a stand-alone basis or upon liquidation of SiRF

Risks related to SiRF

The risks set out below relate particularly to SiRF. However, as a result of the Merger, CSR considers that they will become risks of the Combined Company.

- The US International Trade Commission, or ITC, has determined that certain products of SiRF and its customers infringe patents held by Broadcom. Although SiRF has recently obtained approval from US Customs for the importation of products at issue containing new versions of its software, if Broadcom is successful in obtaining a judgment for substantial monetary damages or granting an injunction against SiRF in relation to SiRF's alleged infringement, SiRF's customer relationships may be harmed, and SiRF's business, financial position and results of operations could be materially adversely affected
- SiRF's sales of its SiRFstarIII, SiRFtitan, SiRFprima and SiRFatlas product lines could be materially adversely affected by its litigation with Broadcom
- SiRF is the defendant in several putative shareholder derivative and class action suits and may be liable to indemnify its officers and directors in these lawsuits
- Part of SiRF's business uses a royalty-based business model, which has inherent risks
- Some of SiRF's customers could become its competitors

Risks relating to the Ordinary Shares

- The market price of Ordinary Shares is volatile. Shareholders may be unable to resell their shares at or above the price which they acquired them
- Shareholders in countries other than the United Kingdom will suffer dilution if they are unable to participate in future pre-emptive equity offerings
- The market value of Ordinary Shares and dividends, if ever paid on such shares, may be adversely affected by fluctuations in the exchange rate between currencies in jurisdictions outside the United Kingdom and Sterling

12. CSR General Meeting

A general meeting has been convened for 3.00 p.m. on 25 June 2009 at which the Resolutions set out in the Notice of General Meeting incorporated in the Circular dated 4 June 2009 and despatched to CSR Shareholders on 4 June 2009 will be proposed.

An explanation of the Resolutions and the action to be taken by CSR Shareholders in connection with the CSR General Meeting are set out in the Circular.

The SiRF Special Meeting has been convened for 10.00 a.m. (Pacific Daylight Time) on 25 June 2009.

RISK FACTORS

All the information set out in this document should be carefully considered, in particular those risks described below.

A number of factors affect the operating results, financial condition and prospects of the CSR Group, the SiRF Group and, following Completion, will affect the Combined Company. The risks and uncertainties described below, which are not set out in any order of priority, represent those known to the Directors and the Proposed Directors as at the date of this document which the Directors and the Proposed Directors consider to be material. However, these risks and uncertainties are not the only ones facing the CSR Group, the SiRF Group and which will, after Completion, face the Combined Company; additional risks and uncertainties not presently known to the Directors or the Proposed Directors, or that the Directors or the Proposed Directors currently consider to be immaterial, could also impair the business of the CSR Group and SiRF Group and may impair the business of the Combined Company in the future. In addition, as a result of the Merger, the risks identified below, may be further aggravated. If any, or a combination of, these risks actually occurs, the business, financial condition, operating results and prospects of the CSR Group, the SiRF Group and, after Completion, the Combined Company could be materially and adversely affected. In such case, the market price of the Ordinary Shares could decline and, as a result, investors may lose all or part of their investment.

1. Risks Related to the Merger

Because the market price of Ordinary Shares is denominated in Sterling and the Sterling-US Dollar exchange rate fluctuates continuously, the value of the consideration payable by CSR in the Merger may decline.

The number of Ordinary Shares that SiRF Shareholders will be entitled to receive in the Merger for SiRF Shares they own is fixed at 0.741 of an Ordinary Share per SiRF Share. The US Dollar value of Ordinary Shares will vary depending on the market price of Ordinary Shares and the Sterling-US Dollar exchange rate. Because the market price of Ordinary Shares is denominated in Sterling and the Sterling-US Dollar exchange rate fluctuates continuously, the value of the consideration that SiRF Shareholders will receive on Completion may be less than that stated as at the date the Merger Agreement was executed or on the date of this document. The value of Ordinary Shares may fluctuate due to various factors, including:

- declining stock market and/or economic conditions;
- adverse developments in the business, operations or prospects of CSR or SiRF and/or market concerns about these matters;
- adverse governmental, regulatory and/or litigation developments regarding the Merger, the business of CSR, SiRF or the Combined Company;
- market concerns as to whether and when the Merger will be consummated;
- delays in the timing of the consummation of the Merger;
- adverse developments in pending litigation before the US International Trade Commission and US federal courts affecting SiRF; and
- changes in the prevailing exchange rate.

Sales of a significant number of Ordinary Shares that SiRF Shareholders receive in the Merger may depress the market price of Ordinary Shares.

In connection with the Merger, SiRF Shareholders may sell a significant number of the Ordinary Shares they receive in the Merger. SiRF Shareholders who may sell Ordinary Shares after the Merger include:

- US mutual funds, state pension funds and other investors who are not permitted to hold equity securities of non-US companies; and

- mutual funds and other investors who hold shares of SiRF because SiRF is included in the Russell 2000 Index and Ocean Tomo 300 Patent Index; the Ordinary Shares are not included in these indices.

These sales could depress the market price for Ordinary Shares after completion of the Merger.

CSR may experience difficulties in integrating SiRF's business with CSR's existing businesses.

The Merger involves the integration of two companies that have previously operated independently. The difficulties of combining the companies' operations include:

- the necessity of coordinating and consolidating organisations, systems and facilities that are geographically distant and in different countries;
- the task of integrating the management and personnel of CSR and SiRF, maintaining employee morale and retaining and incentivising key employees; and
- the technical challenges associated with the combination of SiRF's GPS-location based technologies with CSR's own technologies.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the Combined Company's businesses and the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the Merger and the integration of the two companies' operations could have an adverse effect on the business, results of operations, financial conditions or prospects of the Combined Company after the Merger. Moreover, if management is unable to successfully integrate the operations of the two companies, the anticipated benefits of the Merger may not be realised.

The Combined Company may not achieve the synergies CSR and SiRF anticipate.

The Combined Company may fail to achieve the cost savings and revenue enhancements that CSR and SiRF hope will arise from the Merger. In particular, the Combined Company's ability to successfully realise cost synergies and revenue enhancements and the timing of this realisation may be affected by a variety of factors, including but not limited to:

- its broad geographic areas of operations and the resulting potential complexity of integrating CSR's and SiRF's operations;
- the difficulty of implementing its cost savings plans;
- the technical challenges associated with the combination of SiRF's GPS-location based technologies with CSR's own technologies; and
- unforeseeable events, including major changes in the industries in which CSR and SiRF operate.

If the cost savings or revenue benefits that CSR and SiRF expect are not realised or are delayed, the Combined Company's results of operations and the market price of Ordinary Shares would be adversely affected.

Uncertainties associated with the Merger may cause SiRF or CSR to lose key employees.

The success of the Combined Company after the Merger will depend in part upon CSR's and SiRF's ability to retain key SiRF and CSR employees. CSR's and SiRF's employees are among their most important assets. If the Combined Company fails to integrate, motivate and retain these employees after the Merger the performance of the Combined Company will be adversely affected.

The competition for qualified personnel in the semiconductor industry can be very intense. Personnel of SiRF are not subject to employment agreements and may terminate their employment at any time. Accordingly, the Combined Company is subject to the risk that employees of SiRF and CSR, including their senior executives and key employees, may terminate their employment, as well as the risk that SiRF and CSR may fail to attract qualified personnel to replace any key employees who leave. In either scenario, the business of the Combined Company may be materially and adversely affected.

Third parties may terminate or alter existing contracts with SiRF.

SiRF has contracts with suppliers, distributors, customers, licensors, licensees, lessors, lenders, insurers and other business partners that have "change of control" or similar clauses that allow the counterparty to terminate or change the terms of their contract upon the closing of the transactions contemplated by the Merger Agreement. CSR and SiRF will seek to obtain consent from these other parties, but if these third party consents cannot be obtained, or are obtained on unfavourable terms, the Combined Company may lose protection under certain release agreements and patent non-assertion agreements, may lose certain insurance coverage, may suffer a loss of potential future revenue, may lose confidentiality protection in certain cases and may lose rights to facilities or intellectual property that are material to the business of the Combined Company.

The Merger may result in a loss of SiRF customers or strategic alliances.

As a result of the Merger, some of SiRF's customers, potential customers or strategic partners may terminate or reduce their business relationship with the Combined Company. Some of SiRF's customers may not wish to source a larger percentage of their product needs from a single company, or may feel that CSR and thus the Combined Company is too closely allied with one of their competitors. Potential customers or strategic partners of SiRF may delay entering into, or decide not to enter into, a business relationship with SiRF because of the Merger. If SiRF's relationship with its customers is adversely affected by the Merger, the Combined Company's business and financial performance would suffer.

SiRF and its directors are parties to pending lawsuits seeking unspecified monetary damages and injunctive relief in connection with the Merger.

SiRF and its directors are parties to pending lawsuits by purported SiRF Shareholders seeking unspecified monetary damages or injunctive relief, or both, in connection with the Merger and other transactions. Predicting the outcome of these lawsuits is difficult. SiRF cannot be certain that lawsuits will not result in the issuance of an injunction, which could prevent or delay the completion of the Merger. In addition, an adverse judgment for monetary damages could negatively impact the financial condition of the Combined Company following the Merger.

On 22 May 2009, SiRF, the other named defendants and the plaintiffs in pending class action litigation relating to the Merger and related shareholder derivative litigation executed a memorandum of understanding to settle the class action and derivative litigation. The settlement, which remains subject to negotiation of final documentation, confirmatory discovery, court approval, final SiRF Board approval and consummation of the transactions contemplated by the Merger Agreement, provides that the litigation will be dismissed with prejudice against all defendants. While SiRF and the other defendants to this litigation denied and continue to deny that they committed or intended to commit any violations of law or breaches of duty to SiRF or its stockholders or otherwise, SiRF has agreed, pursuant to the settlement, to make certain supplemental disclosures concerning the Merger in the Proxy Statement/Prospectus. In addition, the settlement provides that SiRF will pay plaintiffs' attorneys fees and expenses, as awarded by the court, in an amount not to exceed $385,000. Although SiRF believes that the additional disclosure is not required under applicable law, SiRF agreed to settle the litigation in order to avoid costly litigation and eliminate the risk of any delay to the closing of the Merger. See paragraphs 19.3 to 19.8 of Part IV (Information on SiRF) for further information on these proceedings and risks.

The Merger may be completed even if CSR or SiRF has experienced a material adverse change.

In general, under the Merger Agreement, either party can refuse to complete the Merger if there is a material adverse change affecting the other party between 9 February 2009 and Completion. Some adverse changes, events, circumstances or developments will not prevent the Merger from going forward, however, even if they would have a material adverse effect on CSR or SiRF, including adverse changes, events, circumstances or developments resulting from, among other things:

- general economic conditions or conditions generally affecting the semiconductor and software industries, except to the extent CSR and SiRF are materially disproportionately affected;
- the announcement or pendency of the Merger;
- compliance with the express terms and conditions of the Merger Agreement;

- any failure to meet published revenue or earnings estimates that may cause a change in the stock price or trading volume of the respective shares of CSR and SiRF; or
- any change in accounting requirements or principles or any change in applicable laws, rules or regulations or the interpretation thereof.

If such adverse changes occur and the Merger is completed, CSR's share price may suffer.

During the pendency of the Merger, CSR and SiRF may not be able to enter into an attractive merger or business combination with another party because of the restrictions in the Merger Agreement.

Under the Merger Agreement, SiRF is generally restricted from acquiring any new businesses or entering into discussions or negotiations regarding alternative purchase transactions, while CSR is restricted from soliciting any transaction that would require the inclusion of additional pro forma financial information in the Proxy Statement/Prospectus, which would be required in the event of material acquisition transactions. As a result, the parties may be at a disadvantage to competitors who are free to pursue acquisition or sale opportunities.

2. Risks Related to the Combined Company

Current severe economic conditions may adversely affect the Combined Company's financial performance.

The Combined Company's products are predominantly supplied for adoption into devices intended for the consumer market. If current depressed economic conditions persist or worsen, demand levels for the Combined Company's customers' products, and therefore for the Combined Company's products, are likely to be materially adversely affected. For example, the current economic downturn has affected the mobile phone industry (due to the reduced consumer spending in general), which, in turn, may affect CSR because approximately 80 per cent. of CSR's revenue in 2008 was derived from CSR's cellular segment, which comprises mobile phones and headsets, and may affect SiRF because a significant portion of its 2008 revenue was attributable to products that eventually were incorporated in mobile phones. CSR expects that a substantial portion of the Combined Company's revenue will derive from the sales to the mobile phone industry and therefore, to the extent that sales of mobile phones decline, the revenue of the Combined Company could be materially adversely affected. A continued economic downturn is likely to adversely affect CSR's and SiRF's key customers and suppliers, thus in turn affecting the Combined Company's results of operations and financial condition. In addition, a disruption in the ability of the Combined Company's significant customers and suppliers to access sources of liquidity could cause serious disruptions or an overall deterioration of their businesses, which could lead to a significant reduction in their future orders of the Combined Company's products or the inability or failure on their part to meet their payment obligations to the Combined Company.

CSR's and SiRF's quarterly revenue and operating results are difficult to predict and, if the Combined Company does not meet quarterly financial expectations, its share price will likely decline.

The Combined Company's quarterly revenue and operating results are difficult to predict. CSR's and SiRF's results have in the past fluctuated significantly from quarter to quarter. This trend may continue. The Combined Company's operating results in some quarters may be materially below market expectations. This would likely cause the market price of the Combined Company's shares to decline. The Combined Company's quarterly operating results may fluctuate from quarter to quarter as a result of the risks discussed in this section and other factors, including:

- delays in the introduction of new products;
- changes in the relative volume of sales of the Combined Company's chip sets, its premium software offerings and its IP cores or other products and product mix, which have significantly different average selling prices and gross margins;
- unpredictable volume, timing and cancellation of customer orders;
- the availability, pricing and timeliness of delivery of components used in the Combined Company's customers' products;

- changes in foreign exchange rates;
- the timing of new product announcements or introductions by the Combined Company or by its competitors;
- the introduction or delay in launch of the Combined Company's customers' products that use CSR's and SiRF's technology;
- a decision by one of the Combined Company's customers to terminate use of CSR's and/or SiRF's technology;
- seasonality in the Combined Company's various target markets;
- difficulties in managing the Combined Company's product transitions effectively;
- intangible asset write-downs; and
- fluctuations in litigation expenses.

The Combined Company will base its planned operating expenses in part on its expectations of future revenue, and its expenses are relatively fixed in the short term. If revenue for a particular quarter is lower than the Combined Company expects, the Combined Company may be unable to reduce its operating expenses proportionately for that quarter, which would harm its operating results.

CSR's and SiRF's fabless business model exposes the Combined Company to risks associated with its suppliers.

Neither CSR nor SiRF owns or operates a fabrication facility. Both CSR and SiRF use independent suppliers to manufacture, assemble and test all of their products. CSR and SiRF are therefore reliant on these independent suppliers to provide the required capacity to manufacture, assemble and test all products and to provide high quality products on time.

CSR subcontracts all wafer fabrication, assembly, testing and shipping to TSMC and ASE. SiRF subcontracts to four outside foundries (IBM in the United States, Samsung in South Korea, STMicroelectronics in Italy and France, and TSMC in Taiwan) to manufacture substantially all of its products, and also Global Uni Chip, a design foundry, to provide turnkey solutions for its SoC products. Neither CSR nor SiRF has any long-term contracts with any of these third parties, and thus has no assurance as to their long-term availability or cost.

Because CSR and SiRF are wholly reliant on these third party subcontractors, the Combined Company will be subject to the risk of:

- interruptions in manufacturing or testing at supplier sites, resulting for example from earthquake or other natural disaster or geopolitical instability, shortage of materials or failures in their own suppliers;
- financial troubles experienced by its suppliers;
- quality problems at the suppliers' sites, which could result in lower yields of suitable integrated circuits or returns of products which fail to perform to the specification;
- lack of manufacturing capacity; or
- limited control over delivery schedules, quality assurance and control and production costs.

Adverse developments in any of these areas could have a material adverse effect on the Combined Company's financial condition and results of operations.

The length of product design cycles exposes CSR and SiRF, and will expose the Combined Company, to risks.

The design and sales cycle for CSR's and SiRF's integrated circuits can take up to 24 months to complete, and achieving volume production of products using their integrated circuits can take an additional six months or more. This lengthy design cycle makes it difficult to forecast product demand and the timing of orders, and exposes the Combined Company to the risk that orders will not ultimately

materialise in accordance with the Combined Company's expectations. Even if the Combined Company has a design win, it may never result in volume shipments. In addition, the delays inherent in lengthy design cycles increase the risk that the Combined Company's customers may seek to cancel or modify orders.

The Combined Company may suffer delays or experience problems in the introduction of new products.

CSR's and SiRF's products are complex and may contain undetected hardware and software errors or failures when first introduced or as new versions are tested. The resolution of these errors could cause the Combined Company to invest significant capital and other resources and divert technical staff from other development efforts. If the introduction of products is delayed, the Combined Company's ability to compete and maintain market share may be materially adversely affected. If the Combined Company delivers products with errors, defects or bugs, its credibility and the market acceptance and sales of its products could be affected. Errors in hardware and software could also result in customer warranty claims, resulting in additional costs.

Bluetooth could decline in importance or be superseded by an alternative technology.

CSR derives most of its revenue from sales of its Bluetooth-based products. The Combined Company would be materially adversely affected if Bluetooth were to decline, or be replaced entirely, as the prevailing technology for short-range wireless communication. CSR continues to invest in the development of next generation Bluetooth products, but the Combined Company's future products may not gain market acceptance, or they could be rendered obsolete by the development of a new, superior technology.

Bluetooth and GPS could both be integrated into other integrated circuits.

The Bluetooth standard has evolved during its ten-year existence and more technology has been added to the Bluetooth chips. At the same time, CSR's ability to optimise chip design and industry-wide manufacturing improvements means that the physical size of the Bluetooth-only function has been reduced. If Bluetooth ceases to be used as an "anchor point" around which to integrate other technologies, or if the Bluetooth function were ultimately integrated into one of the so-called cellular-chips in the phone, the Combined Company's business would be adversely affected. Similarly, GPS technology may be integrated into one of the so-called cellular chips in the phone, which could also materially adversely affect the business of the Combined Company.

If the market for GPS-based location awareness capabilities in high-volume consumer and commercial applications does not develop as quickly as expected, the growth and success of the Combined Company's GPS-related business will be limited.

The market for GPS-based location awareness technology in high-volume consumer and commercial applications is continually evolving and its potential is uncertain. Many of these GPS-based applications have not been commercially introduced or have not achieved widespread acceptance. The success of the Combined Company's business depends on the rapid development of this market. It is not possible to accurately predict the growth rate, if any, of this market. The development of this market depends on several factors, including government mandates such as E911 mandate in the United States and E110 mandate in Japan, the development of location awareness infrastructure by wireless network operators and the availability of location-aware content and services. If the market for high-volume consumer and commercial GPS-based applications fails to develop in a timely manner, the growth and success of the Combined Company's GPS-related business may be limited.

GPS could decline in importance or be superseded by an alternative technology.

SiRF derives most of its revenue from sales of its GPS-based products. The Combined Company could be materially adversely affected if demand for GPS-based products were to decline, or if a new superior technology were developed to facilitate location-based awareness.

The GPS market could be subject to governmental and other regulations that may increase the Combined Company's cost of doing business or decrease demand for its products.

GPS technology is restricted and its export is controlled. The Combined Company's business may be impacted by both domestic and international regulations because its technology relies on the GPS satellite network and radio frequency bands. For example, the United States government may restrict

specific uses of GPS technology in some applications for privacy or other reasons and block the civilian GPS signal at any time or in hostile areas. In December 2004, the President of the United States authorised a new national policy that established guidance and implementation actions for space-based positioning, navigation, timing programs, augmentations and activities for United States national and homeland security, civil, scientific, and commercial purposes.

These types of regulations, as well as other actions, may limit the growth of the GPS market, such as:

- changes in the United States government policy for the use of GPS without charge;
- reallocation of radio frequency bands, including frequency band segmentation or spectrum sharing, which may negatively affect the utility and reliability of GPS-based products;
- adverse decisions by the Federal Communications Commission of the United States that result in harmful interference to the delivery of the GPS signals, such as permitting the operation of ultra-wideband radio devices, which may harm the utility and reliability of GPS-based products thereby reducing demand for GPS-based products;
- changes in the United States government policy to maintain GPS satellites; and
- a reduction in the number of operating satellites, which may impair the operations or utility of GPS.

The Combined Company also faces various risks associated with its dependence on GPS satellites and radio frequency bands, including:

- electronic and mechanical failures or sabotage of satellites;
- substantial delays in replacing inoperable satellites with new satellites, if replaced at all, as repairing damaged or malfunctioning satellites is currently not economically feasible;
- disruptions in the GPS satellite network; and
- unwanted emissions from mobile satellite services and other equipment operating in adjacent frequency bands or inband, which may negatively affect the utility and reliability of GPS-based products.

Governmental and other regulations or actions could interrupt or increase the Combined Company's cost of doing business, which may have a material negative effect on its business.

Personal privacy concerns may limit the growth of the high-volume consumer and commercial GPS-based applications and demand for the Combined Company's products.

GPS-based consumer and commercial applications rely on the ability to receive, analyse and store location information. Consumers may not accept some GPS applications because of the fact that their location can be tracked by others and that this information could be collected and stored. Also, federal and state governments may disallow specific uses of GPS technology for privacy or other reasons or could subject this industry to regulation. If consumers view GPS-based applications as a threat to their privacy, demand for some GPS-based products could decline, which could materially adversely affect the Combined Company's operations and financial results.

CSR and SiRF are, and the Combined Company will be, subject to risks associated with the transition to smaller geometry process technologies.

To remain competitive, the Combined Company expects to continue to transition both CSR's and SiRF's semiconductor products to increasingly smaller line width geometries. This transition requires modification to the manufacturing processes and the re-design of some products as well as standard cells and other integrated circuit designs that may be used in multiple products. This may result in reduced manufacturing yields, delays in product deliveries and increased expenses, all of which could materially adversely impact the Combined Company's results of operations.

The Combined Company may fail to develop new revenue sources or fail to secure new orders with its new technologies.

The Combined Company's future success is dependent upon its ability to develop new semiconductor solutions for existing and new markets, introduce those products in a cost-effective and timely manner, and convince leading equipment manufacturers to select those products for design into their own new

products. The Combined Company's success also depends on the development of these markets and adoption of the technologies by its customers. CSR, SiRF and, therefore, the Combined Company cannot predict the adoption of these technologies or the growth rate, if any. If the Combined Company is unsuccessful in achieving these objectives, the Combined Company's results of operations will be materially adversely affected.

The integration of CSR's and SiRF's wireless technologies may take longer than expected and customer demand for a combined Bluetooth/GPS chip may be slow to develop or may not develop at all.

CSR believes that the Merger will enable the Combined Company to provide customers with wireless connectivity incorporating Bluetooth and GPS through the integration of the technologies of each of CSR and SiRF. While it is believed this will strengthen the Combined Company as a leader in wireless connectivity solutions, there is a risk that the integration of the respective technologies may take longer to achieve than foreseen or that the demand from customers for wireless connectivity solutions incorporating Bluetooth and GPS in a single die is slower to develop than anticipated or fails to develop at all, with the result that the Combined Company's solutions are no more attractive than they would have been had the two companies remained independent. This could have a material adverse effect on the business and financial condition of the Combined Company.

CSR and SiRF are, and the Combined Company will be, highly reliant upon the success of customers' products.

CSR and SiRF both rely on equipment manufacturers to select the Combined Company's products to be designed into their products. Even if an equipment manufacturer selects the Combined Company's product, the customer's product may not be commercially successful. As a result, sales of the Combined Company's products are largely dependent on the commercial success of its customers' products. If the customers' products are unsuccessful, the Combined Company's business may be materially adversely affected.

CSR and SiRF are, and the Combined Company will be, subject to the risk of declining prices and volumes on sales of existing products.

The life cycle of both CSR's and SiRF's integrated circuits can be relatively short. Through the life cycle, sales may initially increase, but then decline as new, superior products become available. The average selling prices of CSR's and SiRF's integrated circuits generally fall over the product's life cycle. As a result, the Combined Company is subject to the risk that prices, margins and volumes of its existing products will fall, and the Combined Company will not have replacement products to counteract the resulting decline in revenues. This could materially adversely affect the Combined Company's results of operations.

CSR is, and the Combined Company will be, subject to foreign currency exchange risks.

Substantially all of CSR's sales and cost of sales are denominated in US Dollars, which is CSR's functional currency. A significant portion of CSR's operating costs and taxation is denominated in Sterling. Although CSR puts in place forward exchange contracts 11 to 15 months in advance to fix the exchange rate of the US Dollar to Sterling for the majority of these costs, movements in the US Dollar to Sterling rate impact any Sterling operating costs not covered by the forward contracts and, in the longer term, movements in the rate of exchange will impact all of CSR's Sterling costs, as it will affect the rate fixed by the forward contracts being put in place for future expenditures. CSR is also exposed to foreign exchange risks from costs recorded in other currencies, which are currently not covered by forward contracts. A material appreciation of the value of the US Dollar against Sterling could have a material adverse effect on the Combined Company's current year results of operations, mainly due to revaluation losses on Sterling denominated assets, as the forward contracts mentioned above provide a hedge to movements in most Sterling denominated liabilities. A material depreciation of the value of the US Dollar against Sterling could have a material adverse effect on the Combined Company's future results of operations, due to the recording of Sterling operating expenses at a higher US Dollar exchange rate.

The Combined Company's business is cyclical.

The semiconductor industry is cyclical and has experienced significant downturns, often in connection with maturing products and declines in general economic conditions. Such downturns have reflected production overcapacity, excess inventory levels and accelerated erosion in average selling prices, which, were they to occur, could have a material adverse effect on the Combined Company's business.

The Combined Company may not accurately forecast demand for its products, and as a result may hold excess inventory or suffer from product shortages.

The level of inventory required in the Combined Company's business is sensitive to changes in the actual demand for their products compared with their forecast of sales of those products. In addition, CSR and SiRF supply a wide range of products which are not interchangeable between customers or applications. Accurate forecasting of demand in volatile and dynamic sectors such as those in which CSR and SiRF operate can be very difficult, particularly in times of rapidly changing economic conditions and uncertain demand from end consumers for retail products. Actual demand from CSR's and SiRF's customers compared to forecasted demand has the potential to vary significantly. If changes in actual market conditions are less favourable than those projected, the Combined Company will hold higher levels of inventory than is required to satisfy customer demand. This may result in the Combined Company holding inventory which it is unable to sell, due to customers no longer requiring the product held in inventory. The Combined Company may need to reduce the selling price of the surplus products in order to sell the inventory, and this may still not be sufficient incentive to customers to sell the excess inventory. In this situation the Combined Company may suffer reduced margins, inventory write-offs or both. Similarly, in time of growing demand, either generally or for particular products, the Combined Company may not order sufficient inventory and as a result not be able to meet customer orders in a timely manner. Obtaining additional supply may be costly or impossible, and failing to meet customer needs may adversely affect customer relationships and will reduce the Combined Company's revenues and thus adversely affect its results of operations.

CSR and SiRF are, and the Combined Company will be, subject to the risk of claims from customers arising from errors or defects in its products.

Integrated circuits are highly complex products, and the integrated circuits that CSR and SiRF supply to their customers are required to operate to very precise specifications. Errors may occur in the research and development of a product or in its manufacture that are not detected before the product is supplied to customers or installed in the customers' own finished devices. The manifestation of such errors or fault could result in the customers' own devices being faulty, which would result in return of the customers' devices from the consumer. If the failure of the product were to be attributed to the Combined Company, it may face claims for losses or damages, additional costs for rectifying the defects or replacing the product, and loss of revenue if customers cancel orders. In some cases CSR and SiRF have agreements with customers that provide warranty protection or indemnities. Some of these agreements have limitations on liability, but these limitations may not always be enforceable. Product defects could harm the Combined Company's reputation or its relationships with its customers, or lead to claims of various kinds, which could have a material adverse impact on the Combined Company's business, financial condition and results of operations, which in turn could impact CSR's share price. CSR currently maintains, and after the Merger expects to maintain, insurance coverage against losses that might arise as a result of product defects. Such insurance policies will contain terms, conditions and levels of coverage, as are reasonably available and that are consistent with and appropriate to the size and operations of the Combined Company. However, CSR cannot assure you that this coverage will be sufficient to cover claims that are asserted against CSR.

The financial difficulties or failure of the Combined Company's distributors could cause the Combined Company to suffer an immediate financial loss and affect its ability to supply products to end customers.

CSR and SiRF supply a significant proportion of their products to end customers through third party distributors. CSR's largest distributor, Apache, accounted for approximately 24 per cent. of its net revenue in 2008 and 22 per cent. in 2007. SiRF's largest distributor, Promate, accounted for approximately 21 per cent. of SiRF's net revenue in 2008 and 32 per cent. in 2007. CSR's and SiRF's distributors are wholly independent third parties, which supplement CSR's and SiRF's own direct marketing and sales efforts. The current economic environment presents significant challenges to the stability of distributors. Uncertain demand patterns, restrictions on credit terms and slowdown in orders represent a significant adverse trading environment for distributors which could affect their ability to continue in business. The Combined Company is subject to the risk that one or more of its distributors could suffer serious financial difficulties, or be unable to continue in business. In these circumstances, the Combined Company's own business with its customers would be disrupted, as its customers may be

unable to obtain the Combined Company's products on a timely basis. In addition, the Combined Company may be unable to collect amounts due from a failed distributor for products which have been supplied or to recover those products in default of non-payment. Each of these events could have a material adverse effect on the Combined Company's business and financial performance.

The Combined Company may be unable to protect its intellectual property.

The commercial success of the Combined Company depends on the ability of CSR and SiRF to protect their intellectual property and trade secrets. Third parties may attempt to copy aspects of CSR's or SiRF's products and seek to use information that the Combined Company regarded as proprietary. In particular, the laws of certain foreign countries, such as China, in which CSR and SiRF operate and/or from which they derive significant amounts of revenue, do not protect intellectual property to the same extent as, for example, the laws of the United States and western Europe. There is a risk that the means of protecting the intellectual property rights may not be adequate, and weaknesses or failures in this area could materially adversely affect the Combined Company's business.

The Combined Company may be subject to claims that it infringes third party intellectual property rights.

In 2007, CSR settled an allegation of patent infringement with WRF. SiRF is also subject to pending patent infringement litigation. The Combined Company may be subject to further intellectual property claims by third parties who allege that it infringes their patents or other intellectual property rights. Companies in the semiconductor industry often aggressively protect and pursue their intellectual property rights. Other parties, including companies that assemble a portfolio of patents and use it to derive substantial licensing revenues, may assert intellectual property infringement claims against the Combined Company's products, which may infringe the intellectual property rights of third parties. Intellectual property claims could adversely affect the Combined Company's ability to market its products, require the re-design of its products or require the Combined Company to seek licenses from third parties, and seriously harm both its reputation and operating results. The defence of such claims and any adverse settlement could result in significant costs and divert the attention of the Combined Company's management or other key employees. As the Combined Company diversifies into different wireless technologies, it may become more susceptible to these types of infringement claims. If the Combined Company is found to infringe intellectual property rights of others it may be required:

- to pay actual damages, royalties, lost profits and the claimant's legal fees, which may be substantial;
- to cease the development, manufacture, use, marketing, advertising or sale of products that use the intellectual property in question through a court-imposed sanction called an injunction;
- to cease importing the infringing product into the United States or other country if the Combined Company is subjected to an exclusion order issued by the US International Trade Commission, or similar governmental body or court of competent jurisdiction of any other country;
- to expend significant resources to modify or redesign its products, manufacturing processes or other technology so that it does not infringe others' intellectual property rights or to develop or acquire non-infringing technology, which may not be possible; or
- to obtain licenses to the disputed rights, which could require it to pay substantial upfront fees and future royalty payments and may not be available to it on acceptable terms, if at all, or cease marketing the challenged products.

See Section 19 of Part IV (Information on SiRF) for further information on these proceedings and risks.

The Combined Company may fail to compete successfully in a very competitive market.

The market for both CSR's and SiRF's products is highly competitive and rapidly evolving. CSR and SiRF are both seeing increased competition throughout the market for wireless connectivity products. The increased competition could result in more pronounced price reductions, reduced margins and/or loss of market share. The Combined Company may be unable to compete successfully against current or future competitors. Within each of the Combined Company's markets, the Combined Company faces competition from public and private companies, as well as the in-house design efforts of its customers. A number of the Combined Company's competitors have significantly greater financial, technical,

manufacturing, marketing, sales and other resources than the Combined Company. The Combined Company may fail to compete successfully, which could materially adversely affect its business and financial performance.

CSR and SIRF, and the Combined Company will, rely on a few large customers for a significant portion of their revenue.

CSR works with a broad range of customers across its product portfolio but a few large customers represent a material portion of CSR's total revenue. CSR's largest customer accounted for approximately 19 per cent. of its net revenues in 2008 and 26 per cent. in 2007. SiRF also relies on a few key customers for a material portion of its sales. If the Combined Company fails to maintain a close relationship with these key customers, or fails to meet the customers' product needs on a timely basis, the Combined Company's revenue could decline materially and its operating results could be materially adversely affected. The Combined Company is also subject to the risk that one or more of these major customers could have financial or other difficulties, which could result in a decline in its orders to the Combined Company and thus adversely affect the Combined Company's business and financial performance.

CSR and SiRF, and the Combined Company will, depend on a sole supplier for some critical components.

Both CSR and SiRF purchase critical components from a single supplier for such components. The loss of any such supplier, disruption of the supply chain, or delays or changes in the design cycle time could result in delays in the manufacture and shipment of products, additional expense associated with obtaining a new supplier, impaired margins, reduced production volumes, strained customer relations and loss of business or could otherwise materially adversely affect the Combined Company's business and results of operations.

The Combined Company's business and future operating results may be materially adversely affected by events outside of its control.

CSR and SiRF conduct business in many foreign territories. In addition CSR's wireless solutions and SiRF's GPS solutions are supplied to end customers based in diverse locations, who in turn market their products worldwide into many countries. CSR's and SiRF's own operations and also the success of the customers products (and therefore the Combined Company's financial success) may be affected by changes in economic, financial and political stability in various countries or geographic regions. Adverse changes in one or more of these countries or in geographical regions generally, including for example economic decline, failing financial systems, political upheaval, civil unrest, terrorism, wars, outbreaks of disease or natural disasters could have a material adverse effect on the Combined Company's ability to conduct its business and on its financial and operational performance. For example, CSR procures supplies from, conducts business in or otherwise derives significant revenue from China and Taiwan. While the Chinese government has pursued economic reforms for a number of years, it continues to exert considerable direct and indirect influence on the economy. Future actions by the Chinese government, including the discontinuance of economic reforms and return to a more centrally planned economy, could have a significant effect on economic conditions in China, which may have a material impact on the Combined Company's business and revenue. In addition, developments that adversely affect the political stability or economic conditions in Taiwan, including the potential impact of natural disasters on the geographically concentrated operations of CSR's suppliers, could materially and adversely affect the Combined Company's business and revenue.

The Combined Company may in the longer term require debt or equity financing, which may not be available on reasonable terms or at all.

The Combined Company may, in the longer term, need to raise additional funds to grow or maintain its business. If current severe restrictions in the debt and equity capital markets continue, the Combined Company may encounter difficulties in raising additional funds beyond the next 12 months, on reasonable terms or at all, through public or private securities issuances, bank borrowing, or other means. Any future share issuances may be dilutive to shareholders, and debt financing, if available, may subject the Combined Company to restrictive covenants. The Combined Company's failure to raise capital, if needed, on reasonable terms or at all could have a material adverse effect on its financial condition.

Notwithstanding the fact that the Combined Company will become an SEC reporting company following the Merger, its obligations as a foreign private issuer under the US Exchange Act will differ from, and will not be as comprehensive as, the obligations of a domestic SEC reporting company such as SiRF.

Following the Merger, CSR will become an SEC reporting company with reporting and other obligations under the US Exchange Act, but due to the fact that CSR will qualify as a "foreign private issuer" under the US Exchange Act, it will not be subject to the same reporting and other obligations as would apply were it to be treated as a domestic SEC reporting company (as is the case currently for SiRF). For example:

- although CSR will provide its shareholders with a shareholder circular in connection with its shareholder meetings, those shareholder circulars will not be subject to the US Exchange Act rules governing proxy statements;
- although CSR will be required to file an annual report on Form 20-F with the SEC, and will be preparing an annual report under UK laws and regulations, the deadline for filing the Form 20-F annual report is later than the deadline for the filing of an annual report on Form 10-K required of US domestic SEC reporting companies;
- although CSR publishes quarterly announcements in the UK and will be subject to requirements to submit to the SEC such quarterly announcements and other materials under cover of a Form 6-K, CSR will not be required to file quarterly reports on Form 10-Q; and
- officers, directors and 5 per cent. shareholders of CSR will not be subject to the reporting and short-swing profit disgorgement provisions of Section 16 of the US Exchange Act.

As a result of the foregoing, the information available to a shareholder of CSR, relative to information available to a shareholder of SiRF, will, in certain circumstances, be less comprehensive and less frequent.

If the Combined Company fails to realise the anticipated benefits of the Merger, there is a possibility that SiRF stockholders would have been better off on a stand-alone basis or upon liquidation of SiRF.

The success of the Merger will depend, in part, on the Combined Company's ability to realise the cost savings that CSR and SiRF hope will arise from the Merger. If the Combined Company fails to realise the anticipated benefits of the Merger, SiRF Shareholders might have been better off on a stand-alone basis or upon a liquidation of SiRF. For example, as of February 9, 2009, SiRF's book value calculated under US GAAP, which is the total value of the assets that SiRF Shareholders could theoretically receive if SiRF were liquidated (ignoring liquidation transaction costs (including fees and expenses and tax costs), and the prior to satisfaction of all liabilities, including contingent liabilities) was approximately $19 million more than the value of SiRF implied by the Merger consideration at that time.

3. Risks Related to SiRF

The US International Trade Commission, or ITC, has determined that certain products of SiRF and its customers infringe patents held by Broadcom Corporation. Although SiRF has recently obtained approval from US Customs for the importation of products at issue containing new versions of its software, if Broadcom is successful in obtaining a judgment for substantial monetary damages or granting an injunction against SiRF in relation to SiRF's alleged infringement, SiRF's customer relationships may be harmed, and SiRF's business, revenue, financial position and results of operations could be materially adversely affected.

SiRF is subject to a limited exclusion order (along with four of its customers, of which two are US-based) and cease and desist orders (along with the two US-based customers) issued by the ITC, which prohibit the unlicensed entry and sale into the United States of certain products of SiRF and its customers that the ITC has determined infringe six patents held by Broadcom. In January 2009, the ITC concluded that all six of the asserted Broadcom patents were valid and were infringed by certain of SiRF's products. In 2008, these four customers collectively represented approximately 7 per cent. of SiRF's net revenues, and in the first quarter of 2009, represented approximately 2 per cent. of SiRF's net revenues. Pursuant to a letter dated 21 May 2009 and received by SiRF on 29 May 2009, US Customs issued a determination involving the redesigned software incorporated into GPS devices subject to the limited exclusion order issued by the ITC in the ITC proceeding, that SiRF had established by a preponderance of the evidence that SiRF's redesigned GPS chips fall outside of the scope of the exclusion order issued by the ITC. However, these proceedings may still have an adverse

effect on SiRF, including, for example, if Broadcom challenges this ruling and prevails. In addition, on 27 May 2009, SiRF received a letter from one of the customers named in the ITC proceeding seeking compensation from SiRF for approximately $10.3 million in alleged losses and damages it claims to have sustained as a result of the limited exclusion order entered in the ITC proceeding. Broadcom has also asked the ITC to commence an informal enforcement proceeding against SiRF and two of its customers alleging violations of the cease and desist orders, which SiRF has opposed. There is a risk that the ITC may commence enforcement proceedings as requested by Broadcom or that Broadcom will pursue other enforcement activities that could materially and adversely affect SiRF's business, customer relationships or results of operations.

SiRF is also involved in two patent infringement suits with Broadcom in the United States District Court for the Central District of California. One of these suits seeks monetary damages for and injunctive relief from the alleged infringement of certain of the patents at issue in the ITC proceeding as well as other patents, and the second seeks similar relief in relation to four other Broadcom patents. There is a risk that in one or both of these cases SiRF could be ordered to pay substantial damages to Broadcom for its alleged past infringement, enjoined from further allegedly infringing activities and/or required to pay royalties for any alleged future infringement at a level determined by the court.

See paragraphs 19.1 and 19.2 of Part IV (Information on SiRF) for further information on SiRF's pending litigation with Broadcom. No assurance can be made that Broadcom will not seek to commence additional litigation against SiRF or the Combined Company, or that the pending litigation with Broadcom will not have a material adverse effect on the business of SiRF or the Combined Company.

SiRF's sales of its SiRFstarIII, SiRFtitan, SiRFprima and SiRFatlas product lines could be materially adversely affected by its litigation with Broadcom.

Sales of SiRF's SiRFstarIII, SiRFtitan, SiRFprima and SiRFatlas product lines contributed significantly to its revenue in 2008. SiRF is involved in patent infringement litigation with Broadcom before the ITC and in federal court in respect of certain products of SiRF and its customers. In the ITC litigation, SiRF and several of its customers are subject to a limited exclusion order prohibiting the unlicensed entry into the United States of products including certain SiRFstarIII software that the ITC found to infringe Broadcom's patents. SiRF and those customers are also subject to cease and desist orders in the ITC litigation prohibiting sale of those products in the United States. Although SiRF has released new versions of its SiRFstarIII software that are designed to be non-infringing, and has obtained approval from US Customs for the importation into the United States of its modified products containing this new SiRFstarIII software – and for devices containing them – if the new SiRFstarIII software is found to be infringing, SiRF's business could be materially and adversely affected. In addition, Broadcom may seek to bring an enforcement action against SiRF alleging violations of the limited exclusion order or the cease and desist orders for sales of products including SiRFstarIII software in the United States. See paragraphs 19.1 and 19.2 of Part IV (Information on SiRF) for further information on these proceedings and risks.

SiRF is the defendant in several putative shareholder derivative and class action suits and may be liable to indemnify its officers and directors in these lawsuits.

SiRF and certain of its officers and directors have been named as defendants in a putative class action lawsuit that alleges violations of the US Exchange Act, and shareholder derivative and class action lawsuits alleging breaches of fiduciary duty, a description of which can be found in paragraphs 19.3 to 19.8 of Part IV (Information on SiRF) of this document. Subject to certain limitations, SiRF is obligated to indemnify its current and former directors, officers and employees in connection with such lawsuits. While SiRF has director and officer insurance, amounts under the policy may not be sufficient to cover SiRF's indemnification obligations. Regardless of the outcome, this litigation, and any other litigation that may be brought against SiRF or its directors and officers, could be time-consuming, result in significant expense, and divert the attention and resources of its management and other key employees. An unfavourable outcome in such litigation could have a material adverse effect on the Combined Company's business, financial condition, results of operations and cash flows. On 22 May 2009, SiRF, the other named defendants and the plaintiffs in the pending class action litigation alleging breaches of fiduciary duty and related shareholder derivative litigation executed a memorandum of understanding to settle the class action and derivative litigation. The settlement, which remains subject to negotiation of final documentation, confirmatory discovery, court approval, final SiRF Board approval and

consummation of the transactions contemplated by the Merger Agreement, provides that the litigation will be dismissed with prejudice against all defendants. While SiRF and the other defendants to this litigation denied and continue to deny that they committed or intended to commit any violations of law or breaches of duty to SiRF or its stockholders or otherwise, SiRF has agreed, pursuant to the settlement, to make certain supplemental disclosures concerning the Merger in the Proxy Statement/ Prospectus. In addition, the settlement provides that SiRF will pay plaintiffs' attorneys fees and expenses, as awarded by the court, in an amount not to exceed $385,000. Although SiRF believes that the additional disclosure is not required under applicable law, SiRF agreed to settle the litigation in order to avoid costly litigation and eliminate the risk of any delay to the closing of the Merger.

Part of SiRF's business uses a royalty-based business model, which has inherent risks.

In recent periods SiRF has derived a portion of its net revenue from large customers in the wireless markets from royalties paid by licensees of its technology. SiRF depends on its ability to structure, negotiate and enforce agreements for the determination and payment of royalties. If a significant licensee terminates its relationship with SiRF, demands price reductions, decides to adopt a competitors' technology over SiRF's technology or if SiRF is unable to negotiate and renew existing agreements with significant licensees, SiRF's royalty revenue, gross margins and net income could be adversely impacted. SiRF faces risks inherent in a royalty-based business model, many of which are outside of its control.

Some of SiRF's customers could become its competitors.

Many of SiRF's customers are also large integrated circuit suppliers and some of its large customers already have GPS expertise in-house. These large customers have longer operating histories, significantly greater resources and name recognition, and a larger base of customers than SiRF does. The process of licensing SiRF's technology to and support of such customers entails the transfer of technology that may enable them to become a source of competition to it, despite its efforts to protect its intellectual property rights. SiRF cannot sell to some customers who compete with it. In addition, SiRF competes with divisions within some of its customers. For example, ST-Ericsson, a customer of SiRF, has internally developed a GPS solution for the automotive market in which SiRF competes. Further, each new design by a customer presents a competitive situation. In the past, SiRF has lost design wins to divisions within its customers and this may occur again in the future. There can be no certainty that these customers will not continue to compete with the Combined Company, will continue to be the Combined Company's customers or will continue to license products from the Combined Company in the same volumes. Competition could increase pressure on the Combined Company to lower its prices and could negatively impact its profit margins.

4. Risks Related to CSR Ordinary Shares

The market price of Ordinary Shares is volatile. CSR Shareholders may be unable to resell their shares at or above the price at which they acquired them.

The stock market in general and the Existing Ordinary Shares in particular have recently experienced significant price and volume volatility. The Existing Ordinary Shares are subject to significant fluctuations due to many factors, including but not limited to the pending Merger, fluctuations in operating results, announcements regarding new products, product enhancements or technological advances by it or its competitors, changes in earnings estimates by market analysts, and general market conditions or market conditions specific to particular industries. CSR's share price is subject to speculation in the press and the analyst community, changes in recommendations by financial analysts, changes in investors' or analysts' valuation measures for its stock, changes in global financial markets and global economies and general market trends unrelated to its performance. Technology stocks have experienced wide fluctuations in prices, which sometimes have been unrelated to their operating performance. The market price of the Existing Ordinary Shares and New Ordinary Shares could be adversely affected by these factors and fluctuations.

Shareholders in countries other than the United Kingdom will suffer dilution if they are unable to participate in future pre-emptive equity offerings.

Under English law, shareholders usually have pre-emptive rights to subscribe on a *pro rata* basis in the issuance of new shares for cash. The exercise of pre-emptive rights by certain shareholders not resident in the United Kingdom may be restricted by applicable law or practice in the United Kingdom and overseas jurisdictions. For example, the exercise of pre-emptive rights by US Shareholders would be prohibited unless that rights offering is registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act applies. If no exemption applies and the Combined Company does not wish to register the rights offering, Shareholders in the United States may not be able or permitted to exercise their pre-emptive rights. CSR is also permitted under English law to disapply pre-emptive rights (subject to the approval of its Shareholders by special resolution and investor committee guidance on the limits of any such disapplication) and thereby exclude certain Shareholders, such as overseas Shareholders, from participating in a rights offering (usually to avoid a breach of local securities laws).

Investors with a reference currency other than Sterling may be subject to foreign exchange risks.

The Existing Ordinary Shares are, and the New Ordinary Shares will be, denominated in Sterling and the Ordinary Shares will be listed in Sterling. Furthermore, if CSR were to pay a cash dividend, it would do so in Sterling. Shareholders whose reference currency is a currency other than Sterling may be adversely affected by any reduction in the value of Sterling relative to their reference currency and may also incur transaction costs when converting Sterling into another currency. Investors are strongly urged to consult a financial adviser with respect to any currency risk.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times and dates referred to in this document are times and dates in London

Expected Timetable to Completion[1]	*2009*
Announcement of the Merger	10 February
Proxy Statement/Prospectus sent to SiRF Shareholders	2 June
Circular sent to CSR Shareholders	4 June
Latest time and date for receipt of Forms of Proxy for the CSR General Meeting	3.00 p.m. 23 June
CSR General Meeting	25 June
SiRF Special Meeting	25 June
Expected date of Admission, commencement of dealings on the London Stock Exchange of Existing Ordinary Shares and New Ordinary Shares and Completion of the Merger	8.00 a.m. 26 June

Share certificates in respect of the New Ordinary Shares will be despatched and/or CREST stock accounts will be credited following the delivery by SiRF Shareholders to the Exchange Agent of SiRF Share Certificates and executed letters of transmittal

INDICATIVE MERGER STATISTICS

Number of Existing Ordinary Shares in issue as at 1 June 2009[2]	133,530,896
Number of Existing Ordinary Shares in issue as at 22 June 2009[3]	133,675,808
Maximum number of New Ordinary Shares capable of being issued pursuant to the Merger	51,057,000
Approximate number of Ordinary Shares in issue upon completion of the Merger[4]	184,732,808
New Ordinary Shares as a percentage of the enlarged issued share capital of CSR	27%

1 These dates are indicative and assume that the requisite regulatory clearances have been obtained and other Conditions to Completion fulfilled before the date estimated for Completion.

2 The latest practicable date prior to publication of the Circular, dated 4 June 2009.

3 The latest practicable date prior to the publication of this document.

4 This is based on CSR's issued share capital as at 22 June 2009 and up to 51,057,000 New Ordinary Shares being issued pursuant to the Merger.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document (including any statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are "forward-looking statements" including, in the case of SiRF only, forward looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, and they represent the current expectations and beliefs of CSR's management concerning the Merger and other future events and their potential effects on CSR and the Combined Company. In some cases, these forward-looking statements can be identified by words such as "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "should" and other words of similar meaning.

The forward-looking statements in this document are based upon numerous assumptions regarding CSR's, SiRF's and/or the Combined Company's present and future business strategies and the environment in which CSR, SiRF and/or the Combined Company will operate in the future and therefore involve a number of known and unknown risks, contingencies, uncertainties and other factors, many of which are beyond the control of CSR or the Combined Company. CSR cautions that these forward-looking statements are not guarantees and that actual results, performance of achievement of CSR, SiRF and/or the Combined Company could differ materially from those expressed or implied in these forward-looking statements.

Important factors that could cause the actual operating results or the financial condition of CSR, SiRF and/or the Combined Company to differ materially from those expressed or implied by forward-looking statements in this document include, but are not limited to, the factors indicated in this document under the heading "Risk Factors".

Each forward-looking statement speaks only as of the date hereof. Information contained in this document (including any forward-looking statements) will be updated or revised as required by the Listing Rules, the Disclosure Rules and Transparency Rules or the Prospectus Rules. CSR otherwise expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in CSR's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The statements above relating to forward-looking statements should not be construed as a qualification to the working capital statement set out in paragraph 7 of Part XIII (Additional Information) of this document.

PERSONS RESPONSIBLE AND ADVISERS

1. Persons responsible

The Directors and the Proposed Directors of CSR, whose names appear in paragraph 2 below, and CSR accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and CSR (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. CSR plc

Directors

Ronald Mackintosh, *Chairman*
Joep van Beurden, *Chief Executive Officer*
Will Gardiner, *Chief Financial Officer*
James Collier, *Chief Technical Officer*
Christopher Ladas, *Operations Director*
Anthony Carlisle, *Senior Independent Non-executive Director*
Sergio Giacoletto, *Independent Non-executive Director*
Andrew Allner, *Independent Non-executive Director*

Proposed Directors

Diosdado Banatao, *Non-executive Director*
Kanwar Chadha, *Executive Director*

Company Secretary

Brett Gladden

Registered office

Churchill House
Cambridge Business Park
Cowley Road
Cambridge CB4 0WZ

Website

www.csr.com

Sponsor

UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Joint Financial Advisers

UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

NM Rothschild & Sons Limited
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London EC4P 4DU

Legal advisers to CSR

(as to English law)

Slaughter and May
One Bunhill Row
London EC1Y 8YY

(as to US law)

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Alder Castle
10 Noble Street
London EC2V 7JU

Legal advisers to Sponsor

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Auditors and Reporting Accountants

Deloitte LLP
2 New Street Square
London EC4A 3BA

(a member firm of the Institute of Chartered Accountants in England and Wales)

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6ZL

3. SiRF Technology Holdings, Inc.

Directors

Diosdado P. Banatao, *Chairman and interim Chief Executive Officer*
Moiz M. Beguwala
Kanwar Chadha
Mohanbir Gyani, Vice Chairman
Stephen C. Sherman
James M. Smaha
San S. Srinivasan

Secretary

Kanwar Chadha

Registered office

217 Devcon Drive
San Jose
CA 95112

Website

www.sirf.com

Financial Adviser

Goldman, Sachs & Co.

Legal advisers

(as to English law)

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

(as to US law)

Simpson Thacher & Bartlett LLP
2550 Hanover Street
Palo Alto
California 94304
United States of America

Auditors

Ernst & Young LLP

Registrars

BNY Mellon Shareowner Services

PART I

INFORMATION ON THE MERGER

1. Description of the Merger

On 10 February 2009, the boards of CSR and SiRF announced that they had entered into a definitive merger agreement dated as of 9 February 2009. The Merger will be effected by a statutory merger under Delaware law whereby Shannon Acquisition Sub, Inc. (a Delaware corporation), CSR's wholly owned subsidiary, will merge with and into SiRF, resulting in SiRF becoming a wholly owned subsidiary of CSR.

In the Merger, SiRF Shareholders will receive 0.741 of a New Ordinary Share for each SiRF Share they own as of the effective date of the Merger. Based on the closing price for CSR's Ordinary Shares and SiRF Shares on 9 February 2009, the date on which the Merger Agreement was signed, this consideration might have had a market value equivalent to $2.06 for each SiRF Share, representing a total consideration of approximately $136 million or £91 million (assuming a US Dollar to Sterling exchange rate of $1.494: £1). This represents a premium of approximately 91 per cent. to the closing share price of SiRF Shares of $1.08 on 9 February 2009 and a premium of approximately 57 per cent. of the average closing share price of SiRF Shares over the three months prior to 9 February 2009. The total consideration represents a SiRF enterprise value (calculated as SiRF's implied market capitalisation on 9 February 2009 based on the exchange ratio minus total cash and cash equivalents) of approximately $20.2 million. Based on the closing price of CSR Ordinary Shares of 336.75p as of 22 June 2009, and converted to a price in US Dollars of $5.54 (using a US Dollar to Sterling exchange rate of $1.6453: £1 as of 22 June 2009), the transaction implies an equity value for SiRF of $279 million. SiRF Shareholders will not receive any fractional Ordinary Shares. Instead, CSR will pay SiRF Shareholders cash (without interest) for any fractional Ordinary Share that they would otherwise receive. The amount of the cash payment to each SiRF Shareholder will either (a) represent a proportionate interest in the net proceeds from the sale on the London Stock Exchange of the aggregate of the fractional Ordinary Shares that would otherwise have been issued as merger consideration or (b) be paid by CSR based on the closing price of the Ordinary Shares on the London Stock Exchange on the first business day following the date the Merger becomes effective.

Following Completion, SiRF Shareholders will own approximately 27 per cent. of the Combined Company.

The Merger is subject to a number of conditions, including the approval by CSR Shareholders and SiRF Shareholders at the Shareholder Meetings, the expiration or termination of the waiting period under the Hart-Scott-Rodino Act and the satisfaction of other conditions. The waiting period under the Hart-Scott-Rodino Act with respect to the Merger expired on 25 March 2009.

The Merger is expected to complete shortly after the Shareholder Meetings.

The CSR Board has determined that the Merger will promote the success of CSR and is in the best interests of CSR and its shareholders as a whole. The CSR Board has unanimously approved the Merger Agreement and has unanimously recommended that CSR Shareholders vote in favour of the Merger and the other resolutions to be proposed at the CSR General Meeting, as set out in the Notice of General Meeting incorporated in the Circular dated 4 June 2009 and despatched to CSR Shareholders on 4 June 2009.

The SiRF Board has determined that the Merger Agreement and the Merger are in the best interests of SiRF and its shareholders. The SiRF Board has unanimously approved and declared advisable the Merger and the Merger Agreement and has recommended that SiRF Shareholders vote in favour of the adoption of the Merger Agreement at the SiRF Special Meeting.

2. Summary of the terms of the Merger

The Merger Agreement is summarised in Part II (The Merger Agreement) of this document. Key terms of the Merger Agreement include the following:

Conditions to the Merger

CSR and SiRF will not complete the Merger unless a number of conditions are satisfied. These include, among other things:

- approval by CSR Shareholders and SiRF Shareholders;
- expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act;
- the Form F-4 relating to the registration under the US Securities Act of the issuance of the New Ordinary Shares becoming effective; and
- admission of the New Ordinary Shares issuable to SiRF Shareholders under the Merger Agreement to listing on the Official List (which will be satisfied at the same time as the Merger is completed) and to trading on the Main Market of the London Stock Exchange.

The waiting period under the Hart-Scott-Rodino Act with respect to the Merger expired on 25 March 2009.

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the Completion by mutual written consent of CSR and SiRF, and either party may terminate the Merger Agreement if:

- the Merger has not been completed by 31 August 2009, unless this date is extended in accordance with the terms of the Merger Agreement; or
- either SiRF Shareholders or CSR Shareholders do not approve the Merger.

In addition, CSR and SiRF have the right to terminate the Merger Agreement in certain other instances, including, among other things:

- the withdrawal, modification or amendment by the other party's board of directors of its recommendation to its shareholders in any manner adverse to the other party;
- the other party's breach of its representations and warranties included in the Merger Agreement, if the breach would have a material adverse effect on the breaching party;
- the other party's material breach of its covenants or agreements included in the Merger Agreement;
- for CSR only, if SiRF or the SiRF Board takes certain actions in support of a takeover proposal for SiRF;
- for SiRF only, if, prior to obtaining the approval of SiRF Shareholders of the Merger, the SiRF Board approves, or authorises SiRF to enter into a proposed contract providing for the implementation of a superior takeover proposal, but only if SiRF complies with certain obligations in the Merger Agreement, including the obligation to negotiate with CSR (if requested by CSR) for a limited period of time.

Termination Fees

SiRF will be required to pay a termination fee of $3,660,000 to CSR if:

- CSR terminates the Merger Agreement because the SiRF Board publicly endorses a takeover proposal (other than the Merger) or SiRF enters into an agreement with a third party providing for the implementation of a takeover proposal for SiRF (other than the Merger);
- CSR terminates the Merger Agreement because SiRF takes certain other actions in support of a takeover proposal for SiRF;
- SiRF Shareholders fail to approve the Merger after a vote thereon while a publicly announced takeover proposal for SiRF is pending and SiRF, within six months of the termination date, later consummates a takeover proposal for SiRF (whether or not that takeover proposal is the one announced when the Merger Agreement was terminated); or

- CSR terminates the Merger Agreement because the SiRF Board withdraws, modifies or amends its recommendation in favour of the Merger in any manner adverse to CSR, unless this action is taken based on facts that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on CSR.

CSR will be required to pay a termination fee of $3,660,000 to SiRF if SiRF terminates the Merger Agreement because the CSR Board withdraws, modifies or amends its recommendation in favour of the Merger in any manner adverse to SiRF, unless this action is taken based on facts that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on SiRF.

SiRF's agreement not to solicit other offers

SiRF has agreed that it will not, directly or indirectly: (i) solicit, initiate, actively facilitate or knowingly encourage any inquiries, offers or proposals relating to a proposal to acquire SiRF; or (ii) enter into any contract relating to a proposal to acquire SiRF (other than a permitted confidentiality agreement). However, the Merger Agreement does not prohibit SiRF from considering or the SiRF Board from recommending a bona fide unsolicited takeover proposal.

CSR's agreement not to solicit other offers

CSR has agreed that it will not, directly or indirectly: (i) solicit, initiate, actively facilitate or knowingly encourage any inquiries, offers or proposals relating to a takeover proposal for CSR; or (ii) enter into any contract relating to a takeover proposal for CSR. However, the Merger Agreement does not prohibit the CSR Board from responding to an unsolicited takeover offer as required by the City Code.

3. Background to and reasons for the Merger

CSR is a global leader in the design and supply of wireless connectivity solutions using the Bluetooth standard and has additional capabilities in other wireless connectivity technologies. SiRF is a leader in GPS-based location solutions with strong hardware, software and system capabilities. CSR believes that the strategic combination of market leaders in complementary technologies for a wider range of mobile and portable devices will create a global company with significant commercial, operational and technical scale, well positioned to capitalise on the large and growing multifunction consumer electronics market opportunity for connectivity and location-based solutions.

Compelling financial case

The Directors consider that the Merger will diversify CSR's revenue streams, creating a better balanced business to meet the changing market place. Pro-forma combined revenues of CSR and SiRF totalled $927 million in 2008.

The Directors believe that a combination of CSR and SiRF can deliver significant further cost savings or synergies. In particular, it is believed that estimated annual cost synergies of more than $35 million can be implemented within 60 days following completion of the Merger, while incurring a one-off charge of an estimated $15 million. These cost synergies would arise principally as a result of the combination of two companies formerly run as separate entities and are expected to reflect:

- improved efficiency of operations by benefiting from the significantly increased purchasing power and production requirements of the Combined Company;
- reduced R&D as the Combined Company can more efficiently coordinate its R&D efforts;
- reduced sales and marketing and overhead costs as the Combined Company will no longer need two head offices and other typical expenses that CSR and SiRF would otherwise incur; and
- other overlapping roles that might enable the Combined Company to reduce costs.

Taking these considerations into account, the Directors expect the Merger to be significantly accretive to earnings per share (excluding non-recurring restructuring charges and acquisition-related amortisation) in the second half of 2009 and the 2010 financial year. This statement regarding earnings enhancement is not a profit forecast and should not be interpreted to mean that the Combined Company's future earnings per share, if any, will necessarily match or exceed the historical published earnings per share of CSR or SiRF.

The Combined Company will have substantial cash (on a pro forma basis as at the end of the financial year 2008 there was $111 million of treasury deposits and investments and $257 million of cash and cash equivalents) and no bank debt. The Directors believe that the Combined Company's increased scale, diversity and balance sheet strength de-risk the business model and enhance CSR's flexibility.

Strengthens and diversifies CSR

SiRF has a proven GPS track record and market-leading GPS technology. The Directors believe that this will complement CSR's leading Bluetooth position in the mobile handset market creating, on Completion, a global leader in two core segments of the Connectivity Centre.

It is believed that GPS technology will become pervasive in the mobile devices market. Market penetration of GPS in the mobile handset market is estimated to have been some 15 per cent. in 2008, and is expected to more than double by 2012. The Directors believe that, through the Merger, CSR will gain immediate scale in this fast growing sector of the Connectivity Centre and that the Combined Company will have a substantial share of the market. CSR believes that the Merger will provide CSR with the opportunity to leverage the strength of its complementary customer relationships to cross sell GPS and Bluetooth.

SiRF has a significant GPS and AGPS patent portfolio which underpins its existing GPS products. CSR has an extensive patent portfolio in the area of eGPS, which has arisen out of the acquisition in 2007 of NordNav and the cellular positioning technology of CPS. GPS, AGPS and eGPS are all complementary technologies and CSR intends to leverage this combined patent strength and the combined technical capabilities to drive forward innovation of new GPS chips.

Strengthen leading position in the Connectivity Centre

CSR considers that the Merger provides the potential to strengthen CSR's strategic goals to be a global leader in the Connectivity Centre by adding a GPS solution that has considerable traction with leading Tier 1 customers.

The Directors intend to use this platform to address customer demand for providing connectivity solutions which combine Bluetooth with other technologies. CSR believes customers will be supportive of this transaction. The Directors also believe that the Merger will augment CSR's R&D and technical capability.

4. Information on Merger Sub

Shannon Acquisition Sub, Inc. was formed on behalf of CSR. It was incorporated in the State of Delaware on 9 February 2009 solely to participate in the Merger and has never conducted any other business.

5. Combined Company Board

Upon completion of the Merger, the CSR Board will be expanded by the appointment of two of the current directors of SiRF, Messrs. Banatao and Chadha as a non-executive director and an executive director, respectively. Mr. van Beurden, CSR's current chief executive officer, and Mr. Gardiner, CSR's current chief financial officer, will continue holding these positions in the Combined Company.

The proposed Combined Company Board will comprise:

Ron Mackintosh	*Chairman*
Joep van Beurden	*Chief Executive Officer*
Will Gardiner	*Chief Financial Officer*
James Collier	*Chief Technical Officer*
Chris Ladas	*Operations Director*
Kanwar Chadha	*Executive Director*
Anthony Carlisle	*Senior Independent Non-executive Director*
Sergio Giacoletto	*Independent Non-executive Director*
Andrew Allner	*Independent Non-executive Director*
Diosdado Banatao	*Independent Non-executive Director*

6. Financial Effects of the Merger

The following summary unaudited pro forma consolidated financial information is intended to illustrate the effect of the Merger. CSR will account for the Merger as an acquisition under IFRS No. 3, *Business Combinations* as issued by the International Accounting Standards Board.

The information in the table below is extracted (without material adjustment) from the unaudited pro forma condensed consolidated balance sheet of the Combined Company as of 2 January 2009 and the unaudited pro forma condensed consolidated income statement of the Combined Company for the 53 weeks ended 2 January 2009. The pro forma financial information has been prepared to give effect to the Merger, which is accounted for under IFRS 3 *Business Combinations,* as an acquisition. The unaudited pro forma condensed consolidated balance sheet as of 2 January 2009 has been prepared as though the Merger occurred as of that date. The unaudited pro forma condensed consolidated income statement for the 53 weeks ended 2 January 2009 has been prepared as though the Merger occurred as of the beginning of such period, namely 29 December 2007. The assumptions underlying the pro forma adjustments are described in the section "Unaudited Pro Forma Condensed Consolidated Financial Information on the Combined Company" in Part X to this document.

The unaudited pro forma consolidated financial information, which has been prepared for illustrative purposes only, by its nature addresses a hypothetical situation and therefore does not show what the results of operations and financial position of the Combined Company would have been if the Merger had actually occurred on the dates assumed. This information also does not indicate what the future operating results or consolidated financial position of the Combined Company will be.

For more detailed information, you should read "Unaudited Pro Forma Condensed Consolidated Financial Information on the Combined Company" at Part X to this document.

	Pro forma US$ in thousands, except per share data
Pro Forma Consolidated Income Statement Data	
Revenue	927,317
Gross profit	395,554
Operating loss	(391,763)
Loss before tax	(392,416)
Loss for the period	(418,713)
Basic loss per share	(2.38)
Diluted loss per share	(2.38)
Pro Forma Consolidated Balance Sheet Data:	
Cash, and cash equivalents	256,738
Treasury deposits and investments	110,950
Net assets	733,843
Total assets	896,996
Total shareholders' equity	733,843

CSR expects the Merger to be significantly accretive to earnings per share (excluding non-recurring restructuring charges and acquisition-related amortisation) in the second half of 2009 and the 2010 financial year. This statement regarding earnings enhancement is not a profit forecast and should not be interpreted to mean that the Combined Company's future earnings per share will necessarily match or exceed the historical published earnings per share of CSR or SiRF.

7. Current trading, trends and prospects

On 6 May 2009, CSR published its unaudited results for the first quarter of 2009, reporting revenues of $80.6 million, in line with the guidance given at the time of the release of results for the full year 2008 and an underlying operating loss of $18.9 million. As expected, the first quarter was a difficult one with the effects of the global economic recession exacerbated by customer de-stocking programmes. The macro-economic environment has clearly impacted levels of demand across the industry and will undoubtedly continue to present challenges.

Operationally, CSR successfully aligned its cost base to the prevailing market conditions and achieved more than the $25 million annualised run-rate of savings announced at the time of the full year 2008 results. At the same time, CSR has successfully executed its key new product development programmes and established BC7000, UniFi6000 and CSR9000 in the market.

The first quarter is traditionally the weakest of the year and combined with the poor economy has resulted in a considerable reduction in overall revenue. During the quarter, however, CSR saw relative strength from the handset market and revenues benefited in particular from the more buoyant demand for smart and feature phones which are most likely to contain Bluetooth and, increasingly, other Connectivity Centre technologies. It appears that supply chain de-stocking in the handset market has now largely ceased. Encouragingly, CSR has seen design-wins across all customer groups in the handset business. This will enhance the previously highlighted expected significant increase in CSR's market share in the second half of 2009 when shipments of BC7000 begin.

The headset market was particularly weak in the first quarter. CSR believes the supply chain for headsets was significantly oversupplied in the second half of 2008 and there continues to be a level of excess inventory. CSR expects this inventory to clear substantially from the supply chain in the course of the second quarter.

In the first quarter, CSR believes it won in excess of 80 per cent. of all qualified Bluetooth headset designs and 100 per cent. of all stereo Bluetooth headset designs. This illustrates CSR's continued strength in the headset market. CSR's large and dedicated R&D investment in this sector of the Bluetooth market enables the company to offer a wide range of superior products at attractive price points to its customers.

Consumer demand remains weak for electronic goods, and as such, demand from non-cellular customers remains poor. The PND market appears to be echoing the headset market with low demand and significant stock in the supply chain. However, CSR continues to win new sockets and has recently won a Bluetooth ROM slot with a large US PND manufacturer.

Automotive volumes have held up relatively well thus far. CSR believes it is largely due to higher attach rates as manufacturers try to promote sales by the inclusion of optional extras. CSR has by far the largest market share in this segment.

CSR believes that customers remain interested in using Bluetooth across a wide variety of applications that demand high quality short-range connectivity. CSR continues to talk to a number of consumer electronics manufacturers and believes that Bluetooth will see greater adoption particularly as the price point becomes increasingly attractive.

In addition CSR believes that supply chain de-stocking should also predominantly cease in the headset segment in the course of the second quarter. Coupled with the normal seasonality, CSR therefore expects a marked up-lift in revenues for the second quarter to between $95 million and $115 million.

The Directors believe that the outlook for the Combined Company is enhanced should the Merger complete as the Merger has significant positive attributes which should start to be realised in the second half of 2009. For a number of different reasons this could lead to an enhancement to the Combined Company's business plan. The Directors believe the potential for the business is bettered following the Merger, primarily due to the Combined Company having greater scale and therefore purchasing power, an enhanced IP portfolio particularly in the GPS arena, complementary technologies that are core to the Connectivity Centre, significant cost and revenue synergy opportunities following the Merger and a positive reception from our customers.

Economic conditions however remain difficult, with consumer demand expected to be lower across our business units in 2009 and possibly beyond when compared to the prior year. The Directors believe that CSR is well positioned though to take advantage of any future recovery in the global economy.

8. Listing and dealing

The Merger constitutes a "reverse takeover" for the purposes of the Listing Rules and therefore on Completion, the listing of the Existing Ordinary Shares will be cancelled pursuant to the Listing Rules.

Application has been made to the UK Listing Authority and the London Stock Exchange in connection with the Merger for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to listing on the Official List and to trading on the Main Market of the London Stock Exchange, respectively.

Subject to the satisfaction of the Conditions, the Merger will become effective and Admission will occur at the same time. It is expected that dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 26 June 2009.

9. Registration with the SEC

In connection with the Merger, CSR will register the offering of the New Ordinary Shares under the US Securities Act and, after the Merger, CSR will be subject to the periodic reporting and certain other obligations under the US Exchange Act applicable to foreign private issuers. This document is not part of that offering. Although CSR will become an SEC reporting company as a result of the Merger, it will not be subject to those rules and requirements that would apply were CSR a US corporation or were CSR to list its Ordinary Shares on the NASDAQ Global Select Market, as is currently the case for SiRF, or on any other US securities exchange. Accordingly, the Combined Company will not, so long as it does not list its Ordinary Shares in the United States, be subject to those corporate governance provisions applicable under the listing rules of any US securities exchange or that apply only to foreign private issuers by reason of a listing in the United States.

10. Voting and Support Agreements

On 9 February 2009, the Proposed Directors and certain entities controlled by or otherwise affiliated with Mr. Banatao entered into voting and support agreements.

As of 22 June 2009, the Proposed Directors and certain entities controlled by or otherwise affiliated with Mr. Banatao beneficially owned shares representing approximately 5.8 per cent. of all outstanding SiRF Shares.

The voting and support agreements provide that the Proposed Directors and the other signatories (other than CSR and Merger Sub):

- will not sell or otherwise dispose of the SiRF Shares held by such person during the pendency of the Merger;
- will not take certain other actions which would restrict or impede the Merger; and
- will vote (or procure that the registered holder of the shares will vote) in favour of the proposals to adopt the Merger Agreement and approve the Merger.

The voting and support agreements will terminate upon the earlier to occur of (i) the consummation of the Merger, (ii) the termination of the Merger Agreement for any reason and (iii) the date the Merger Agreement is amended in a manner that reduces the consideration to be received by SiRF Shareholders in the Merger.

Each voting and support agreement provides that the obligations of the Proposed Directors and the other signatories under each agreement are solely in his or its capacity as a shareholder of SiRF, and none of the provisions of each agreement will be deemed to restrict or limit any fiduciary or other duty any of them may have as a member of the SiRF Board, as an executive officer of SiRF, or as a trustee, director or officer of any other entity that is not a signatory to the applicable agreement.

The voting and support agreements are governed by Delaware law.

11. Overseas shareholders

United States

Prior to the Merger, there was no public market for the Existing Ordinary Shares in the United States. Upon completion of the Merger, based on CSR's outstanding Ordinary Shares as of 22 June 2009 and up to 51,057,000 New Ordinary Shares being issued, CSR expects approximately 184,732,808 Ordinary

Shares to be issued and outstanding. Of these, the 51,057,000 Ordinary Shares (the New Ordinary Shares) registered by the Form F-4 will be freely tradable without restriction or further registration under the US Securities Act.

The remaining Ordinary Shares not registered by the Form F-4 will be restricted securities as a result of the US securities laws. All such shares will be eligible for resale under Rule 144, subject to volume limitations. Restricted securities may be sold in the public market only if they have been registered or if they qualify for an exemption from registration under the US Securities Act.

Rule 144

In general, under Rule 144 as currently in effect, a person who is not one of CSR's affiliates and who is not deemed to have been one of its affiliates at any time during the three months preceding a sale and who has beneficially owned Ordinary Shares that are deemed restricted securities for at least six months would be entitled after such six-month holding period to sell these Ordinary Shares, without registration in the United States, subject to the continued availability of current public information about CSR. This current public information requirement is eliminated after a one-year holding period.

A person who is one of CSR's affiliates and who has beneficially owned Ordinary Shares that are deemed restricted securities for at least six months would be entitled after such six-month holding period to sell, without registration in the United States, within any three-month period a number of shares that does not exceed 1 per cent. of the number of Ordinary Shares then outstanding, which will equal approximately 184,732,808 Ordinary Shares immediately after the Merger (based on CSR's outstanding Ordinary Shares as of 22 June 2009 and up to 51,057,000 New Ordinary Shares being issued in connection with the Merger), subject to the continued availability of current public information about CSR and the filing of a Form 144 notice of sale if the sale is for an amount in excess of 5,000 shares or for an aggregate sale price of more than $50,000 in a three-month period.

Regulation S

Regulation S under the US Securities Act provides that shares owned by any person may be sold without registration in the United States if the shares are sold in an offshore transaction involving no directed selling efforts in the United States, as these terms are defined in Regulation S. In general, this means that Ordinary Shares may be sold on the London Stock Exchange or in some other manner outside the United States without registration under the US Securities Act.

Rule 701

In general, under Rule 701 under the US Securities Act, any CSR employees, consultants or advisors who, prior to the date that the registration on Form F-4 becomes effective, purchased Ordinary Shares from CSR in connection with the exercise of share options granted to them by CSR will be eligible to resell such shares, without registration in the United States, in reliance on Rule 144 under the US Securities Act, without compliance with some restrictions, including the holding period, contained in Rule 144.

Share Options

After consummation of the Merger, CSR intends to file one or more registration statements in the United States under the US Securities Act covering Ordinary Shares reserved for issuance under employee equity incentive plans of CSR and Ordinary Shares to be issued to former holders of SiRF's stock options and restricted stock units. Any such registration statement would be filed and become effective as soon as practicable after consummation of the Merger. Accordingly, Ordinary Shares under those registration statements will be available for sale in the United States market immediately, subject to vesting provisions and Rule 144 volume limitations applicable to affiliates.

Other Overseas Shareholders

This document and any accompanying documents are not being made available to any Shareholders with registered addresses in a Restricted Jurisdiction. The Ordinary Shares have not been, and will not be, registered under the applicable securities laws of any Restricted Jurisdiction. Accordingly, the Ordinary Shares may not be offered, sold, delivered or transferred, directly or indirectly, in or into any Restricted Jurisdiction to or for the account or benefit of any national, resident or citizen in any Restricted Jurisdiction.

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Merger. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes and/or who receives New Ordinary Shares in connection with the Merger to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Merger, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

This document has been prepared for the purposes of complying with English law and the rules of the UK Listing Authority and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS DOCUMENT IN OR INTO ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW

Overseas Shareholders should consult their own legal, financial and tax advisers with respect to the legal, exchange control and tax consequences of the Merger in their particular circumstances.

PART II

THE MERGER AGREEMENT

The following discussion summarises material provisions of the Merger Agreement, a complete copy of which is available for inspection at the addresses set out in paragraph 12 of Part XIII (Additional Information). The rights and obligations of the parties are governed by the express terms and conditions of the Merger Agreement and not by this summary or any other information contained in this document.

The Merger Agreement is described in this document only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding CSR, SiRF or their respective businesses. The representations, warranties and covenants contained in the Merger Agreement: (i) were made only for purposes of that agreement and as of specific dates; (ii) were solely for the benefit of the parties to the Merger Agreement; (iii) are subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts; and (iv) may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of CSR, SiRF or Shannon Acquisition Sub, Inc., or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in public disclosures by CSR and SiRF. Accordingly, you should not rely on the representations, warranties and covenants in the Merger Agreement as characterisations of the actual state of facts about CSR or SiRF, and you should read the information provided elsewhere in this document for information regarding CSR and SiRF and their respective businesses.

1. Merger Consideration

Both the CSR Board and SiRF Board have approved the Merger Agreement, which provides for the merger of Merger Sub, a wholly owned subsidiary of CSR, with and into SiRF. SiRF will be the surviving corporation in the Merger and become a wholly owned subsidiary of CSR. Each SiRF Share issued and outstanding immediately prior to the completion of the Merger, except for specified SiRF Shares held by SiRF or its subsidiaries, will be converted into the right to receive 0.741 of a New Ordinary Share. If the number of New Ordinary Shares or SiRF Shares changes before the Merger is completed because of a share dividend or other distribution payable in Ordinary Shares or SiRF Shares or because of a share or stock split, reverse share or stock split, reclassification, combination or other similar change, then an equitable adjustment will be made to the number of New Ordinary Shares into which each SiRF Share will be converted.

CSR will not issue any fractional shares of New Ordinary Shares in the Merger. Instead, SiRF Shareholders will receive cash (without interest) for any fractional ordinary shares that they might otherwise receive in the Merger. The amount of the cash payment to each SiRF Shareholder will either (a) represent a proportionate interest in the net proceeds from the sale on the London Stock Exchange of the aggregate of the fractional Ordinary Shares that would otherwise have been issued as Merger consideration or (b) be paid by CSR based on the closing price of the Ordinary Shares on the London Stock Exchange on the first business day following the date the Merger becomes effective.

At the effective time of the Merger, SiRF's certificate of incorporation will be amended and restated in the form attached to the Merger Agreement, and will be the certificate of incorporation of the surviving corporation after completion of the Merger.

2. Treatment of SiRF stock options and other equity-based awards

Each outstanding option to acquire SiRF Shares granted under SiRF's stock incentive plans will be converted automatically at the effective time of the Merger into an option to purchase Ordinary Shares subject to and in accordance with the prevailing terms of the SiRF stock incentive plan and related grant agreement under which it was granted, except that:

- the number of Ordinary Shares subject to each converted CSR share option will be equal to the product of the number of SiRF Shares previously subject to the SiRF stock option and 0.741, rounded down to the nearest whole share; and
- the exercise price per Ordinary Share subject to each converted CSR share option will be equal to the exercise price for each SiRF Share previously subject to the SiRF stock option divided by 0.741, and adjusted into Sterling using the foreign exchange rate on the business day immediately prior to the effective time of the Merger, as published by the Wall Street Journal, rounded up to the nearest pence.

Restricted stock units in respect of SiRF Shares outstanding immediately prior to the Merger will be converted automatically at the effective time of the Merger into restricted share units in respect of Ordinary Shares (taking into account any prevailing vesting requirements and deferral provisions in place under the applicable SiRF stock incentive plan and related grant agreement). The number of Ordinary Shares subject to each converted CSR restricted share unit will be equal to the product of the number of SiRF Shares previously subject to the SiRF restricted stock unit and 0.741, rounded to the nearest whole share.

Each converted CSR share option and each converted CSR restricted share unit will generally be subject to the same terms and conditions set forth in the applicable SiRF stock incentive plan and related grant agreement.

The SiRF employee stock purchase plan will be terminated immediately prior to the effective time of the Merger. Each outstanding right to purchase SiRF Shares under any outstanding offering period as of the date of the Merger Agreement under the SiRF employee stock purchase plan will terminate at least one day prior to the effective time of the Merger. Upon that termination, SiRF may permit each participant in the SiRF employee stock purchase plan to purchase as many whole SiRF Shares as the balance of the participant's account will allow, at the price determined under the SiRF employee stock purchase plan for each such outstanding offering period, and any amounts remaining in any participant's account at the effective time of the Merger will be refunded to the participant.

In an effort to promote retention and to better assure a stable and dedicated employee base during the current difficult economic and industry environments, on 5 May 2009, with the prior consent of CSR, the SiRF Board approved the grant to SiRF employees of an aggregate of 1,664,500 restricted stock units and 523,500 stock options, which grants were effective on 8 May 2009 and are not currently vested or exercisable. This grant was on the date of SiRF's regularly scheduled annual grant to employees and executives. Of these amounts, an aggregate of 174,500 restricted stock units and 523,500 stock options were granted to executive officers, and none were granted to members of the SiRF Board. All of the newly issued restricted stock units and stock options will receive the same treatment in the Merger as all previously issued restricted stock units and stock options. The restricted stock units and stock options will vest 20 per cent. on the first anniversary of the grant date, 30 per cent. on the second anniversary of the grant date and 50 per cent. on the third anniversary of the grant date if the recipient continues to be employed at such date. None of such restricted stock units and stock options provide for accelerated vesting.

CSR has agreed to file a registration statement with the SEC to the extent necessary to register the issuance of New Ordinary Shares subject to the converted stock options and converted restricted stock units. The Registration Statement was filed with the SEC on 29 May 2009 and declared effective on 2 June 2009.

3. Closing and effective time of the Merger

The Merger will be completed only if all of the Conditions are either satisfied or waived.

The Merger will become effective when a Certificate of Merger has been filed with the Secretary of State of the State of Delaware and has become unconditional. In the Merger Agreement, CSR and SiRF have agreed to cause the completion of the Merger to occur on the second business day following the satisfaction or waiver of the last of the Conditions (other than those conditions which by their nature are to be satisfied at the same time the Merger is to completed), or on another mutually agreed date.

CSR and SiRF have agreed to file a Certificate of Merger which will specify that the Merger will become effective upon admission to listing on the Official List. Admission is the only condition expected to be satisfied at the same time the Merger is completed.

It currently is anticipated that the effective time of the Merger will occur in the second quarter of 2009, following the Shareholder Meetings.

4. Conversion of shares; exchange of certificates

The conversion of SiRF Shares into New Ordinary Shares will occur automatically at Completion. Before Completion, CSR will engage a US exchange agent reasonably acceptable to SiRF to handle the exchange of SiRF Share certificates for the Merger consideration and to perform other duties as outlined in the Merger Agreement. Unless and until the New Ordinary Shares are traded on a US national securities exchange, the parties have agreed to cooperate to cause an institution reasonably satisfactory to CSR and SiRF to maintain a facility to allow for deposit, custody and trading of New Ordinary Shares for all former holders of SiRF Shares, options or equity-based awards, including holders who are resident in the United States.

5. Letter of transmittal

Promptly after the completion of the Merger (and in any event within 10 business days), the US exchange agent will send a transmittal letter to each person who held SiRF Shares at the effective time of the Merger. This mailing will contain instructions on how to surrender SiRF Share certificates in exchange for statements indicating book-entry ownership of New Ordinary Shares and a cheque in the amount of cash to be paid instead of fractional shares. However, if a holder of a SiRF Share certificate makes a special request, CSR will issue to the requesting holder a CSR share certificate in lieu of book-entry shares. When SiRF Shareholders deliver their SiRF Share certificates to the US exchange agent along with a properly executed letter of transmittal and any other required documents, their SiRF Share certificates will be cancelled and SiRF Shareholders will receive statements indicating book-entry ownership of New Ordinary Shares, or, if requested, certificates representing the number of New Ordinary Shares to which they are entitled under the Merger Agreement. SiRF Shareholders also will receive a cash payment for any fractional ordinary shares that they would otherwise have been entitled to as a result of the Merger.

SiRF Shareholders will be requested not to submit their SiRF Share certificates for exchange until they receive the transmittal instructions and a form of letter of transmittal from the US exchange agent.

If a certificate for SiRF Shares has been lost, stolen or destroyed, the US exchange agent will issue the consideration properly payable under the Merger Agreement upon receipt of an affidavit from the SiRF Shareholder attesting to that loss, theft or destruction.

After completion of the Merger, there will be no further transfers on the stock transfer books of SiRF (except as required to settle trades executed prior to completion of the Merger).

6. Dissenters' rights

All issued and outstanding SiRF Shares held by holders who demand and perfect their right to dissent from the Merger and to be paid the fair value of such shares in accordance with Delaware law shall not be converted into New Ordinary Shares in the Merger, but instead such holders shall be entitled to have such shares appraised for cash in accordance with Delaware law. In order to assert dissenters' rights, SiRF Shareholders must comply with the requirements of Delaware law.

7. Withholding

CSR, SiRF and the US exchange agent will be entitled to deduct and withhold from the cash in lieu of fractional shares payable to any SiRF Shareholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If CSR, SiRF or the US exchange agent withholds any amounts, these amounts will be treated for all purposes of the Merger as having been paid to the shareholders from whom they were withheld.

8. Dividends and distributions

CSR does not pay regular dividends or other distributions. If any dividend or other distribution is declared after the effective time with respect to the Ordinary Shares into which SiRF Shares have been converted, until SiRF Share certificates have been surrendered for exchange, the dividend or distribution will accrue but will not be paid. CSR will pay any unpaid dividends or other distributions, without interest, to former SiRF Shareholders only after they have duly surrendered their SiRF Share certificates.

SiRF does not pay regular dividends or other distributions. In accordance with stated policy, CSR does not pay dividends to its shareholders. In any event, CSR and SiRF have each agreed not to pay dividends to their respective shareholders until after Completion.

9. Representations and warranties of CSR and SiRF to each other

The Merger Agreement contains customary representations and warranties made by CSR and SiRF relating to their respective businesses regarding, among other things:

- corporate matters, including organisation and power to conduct its business, foreign qualifications, corporate authorisations, enforceability, organisational documents and subsidiaries;
- authority relative to execution, delivery and performance of the Merger Agreement and the absence of contraventions or conflicts with organisational documents as a result of the Merger;
- required governmental authorisations;
- capitalisation;
- options, stock-based awards and warrants;
- the timely filing of reports with governmental entities;
- financial statements, internal controls and accounting;
- liabilities;
- the absence of material adverse changes;
- legal proceedings;
- business contracts;
- employee benefit plans and labour relations;
- taxes and tax treatment of the Merger;
- environmental matters;
- intellectual property and real and personal property;
- required permits and compliance with applicable laws;
- unlawful payments;
- insurance;
- broker, finder and investment banker fees payable in connection with the Merger; and
- information supplied for inclusion in this document and other similar documents.

The representations and warranties in the Merger Agreement do not survive the effective time of the Merger.

SiRF's representations and warranties are qualified by the information included in (a) SiRF's annual report on Form 10-K for the year ended 30 December 2007 and its quarterly reports on Form 10-Q and current reports on Form 8-K in each case filed with or furnished to the SEC on or after 1 January 2008 and prior to 9 February 2009, excluding any risk factor disclosure in such filings and (b) SiRF's

unaudited condensed consolidated balance sheet at 27 December 2008 and condensed consolidated statement of operations for the year ended 27 December 2008, in each case as included in SiRF's current report on Form 8-K furnished to the SEC on 10 February 2009.

CSR's representations and warranties are qualified by the information included in (a) CSR's circulars, notices, prospectuses, resolutions, reports and other documents to which the Listing Rules, Disclosure Rules and Transparency Rules and/or the Prospectus Rules apply in each case filed, issued or otherwise made publicly available after 1 January 2008 and prior to 9 February 2009 or (b) the Group 2008 Financial Statements.

Investors should not rely on the representations and warranties in the Merger Agreement as characterisations of the actual state of facts about CSR or SiRF, and should instead read the information provided elsewhere in this document for information regarding CSR and SiRF and their respective businesses.

10. Restrictions on SiRF's Business Pending the Merger

Under the Merger Agreement, SiRF has agreed that, from the date of the Merger Agreement until the completion of the Merger, it will conduct its business in the ordinary course consistent with past practice and use commercially reasonable efforts to maintain and preserve intact its business organisation, to retain the services of its current officers and key employees, and to preserve the good will of its customers, suppliers and others with whom it has business relationships.

In particular, SiRF has agreed on behalf of itself and its subsidiaries to certain restrictions in its and their ability to, among other things:

- amend its organisational documents;
- declare or pay any dividends and distributions on its capital stock;
- make adjustments to its capital stock;
- acquire its own capital stock or grant rights to acquire its capital stock;
- issue shares other than pursuant to existing option and equity incentive plans;
- enter into voting agreements regarding its capital stock;
- increase or pay compensation and benefits not required by any existing plan or arrangement, except as consistent with past practice, or grant severance or termination pay, to its directors, officers and employees other than pursuant to existing plans;
- establish or accelerate rights under any benefit plans;
- make acquisitions;
- sell, license or transfer assets other than in the ordinary course of business;
- enter into, terminate or amend certain material contracts other than, in certain cases, in the ordinary course of business;
- incur indebtedness on behalf of itself or any other person other than in the ordinary course of business;
- make loans to or investments in other persons other than in the ordinary course of business;
- make loans to its directors or officers;
- make capital expenditures in excess of 80 per cent. of SiRF's budget for the current fiscal year;
- change its accounting policies or procedures other than as required by US GAAP;
- settle litigation;
- take certain actions with respect to its intellectual property; or

- take actions that would reasonably be expected to result in the failure of any representation or warranty to be true or accurate in any material respect (except where such failure would not reasonably be expected to have a material adverse effect on SiRF).

These restrictions, which are subject to various exceptions and qualifications agreed by CSR and SiRF, are described in more detail in the Merger Agreement. In addition, some of the restrictions on SiRF's business are qualified by confidential disclosures made by SiRF to CSR.

11. Restrictions on CSR's Business Pending the Merger

Under the Merger Agreement, CSR has agreed that, from the date of the Merger Agreement until Completion, it will use commercially reasonable efforts to maintain and preserve intact its business organisation, to retain the services of its current officers and key employees, and to preserve the good will of its customers, suppliers and others with whom it has business relationships and refrain from taking any action that would reasonably be expected to materially diminish the value of its business.

In particular, CSR has agreed on behalf of itself and its subsidiaries to certain restrictions in its and their ability to:

- amend its articles of association;
- declare dividends and distributions on its share capital;
- make adjustments to its share capital;
- acquire its own share capital or grant rights to acquire its share capital;
- issue shares other than pursuant to the existing share option plans or the allotment of shares for cash pursuant to an authority approved by CSR Shareholders, up to an aggregate nominal amount of 5 per cent. of CSR's issued share capital without first offering them to existing shareholders in proportion to their existing holdings;
- enter into voting agreements regarding its share capital;
- increase or pay compensation and benefits other than pursuant to existing plans or arrangements, or grant severance or termination pay, to its directors, officers and employees other than pursuant to existing policies;
- establish or accelerate rights under its benefit plans;
- take actions that would reasonably be expected to result in the failure of any representation or warranty to be true or accurate in any material respect (except where such failure would not reasonably be expected to have a material adverse effect on CSR);
- make acquisitions that would prevent, impede or delay the Merger; and
- sell, license or transfer assets to the extent such action would prevent, impede or delay the Merger.

These restrictions, which are subject to various exceptions and qualifications agreed by CSR and SiRF, are described in more detail in the Merger Agreement.

12. SiRF's agreement not to solicit other offers

SiRF has agreed that it will not, directly or indirectly:

- solicit, initiate, actively facilitate or knowingly encourage any inquiries, offers or proposals relating to a "takeover proposal" for SiRF, as described below;
- discuss or negotiate with, or furnish non-public information to, any person that has made or indicated an intention to make a takeover proposal for SiRF;
- withdraw, modify or amend the recommendation of the SiRF Board in favour of the Merger in any manner adverse to CSR;

- approve, endorse or recommend any takeover proposal for SiRF;
- enter into any contract relating to a takeover proposal for SiRF (other than a confidentiality agreement); or
- publicly propose to do any of the foregoing.

However, until SiRF Shareholders vote to approve the Merger, SiRF may:

- engage in discussions and negotiations with a person who has made a bona fide unsolicited takeover proposal and furnish non-public information to that person pursuant to a confidentiality agreement having terms and conditions no less favourable to SiRF than those contained in its confidentiality agreement with CSR if the SiRF Board has determined in good faith, after consultation with its financial advisor, that the takeover proposal could reasonably be expected to lead to a "superior proposal", as described below;
- withdraw, modify or amend, in a manner adverse to CSR, the recommendation of the SiRF Board in favour of the Merger if the SiRF Board has (i) after consultation with legal counsel, determined in good faith that failure to do so would be inconsistent with its duties to SiRF Shareholders and (ii) where such withdrawal, modification or amendment does not involve a takeover proposal, provided CSR with at least two business days' prior written notice; or
- recommend a takeover proposal (other than the Merger) to SiRF Shareholders if (i) the SiRF Board has determined in good faith, after consultation with SiRF's financial advisor, that such takeover proposal constitutes a superior proposal and (ii) SiRF has provided CSR with three business days' prior written notice.

The Merger Agreement provides that the term "takeover proposal", when used in relation to SiRF, means any proposal or offer from any person relating to (i) a direct or indirect acquisition, in one transaction or a series of related transactions, of all or a majority of assets (including equity securities of any subsidiary of SiRF) or businesses of SiRF or its subsidiaries, (ii) the issuance to any person or group of persons acting in concert of 50 per cent. or more of any class of equity capital of SiRF, (iii) any tender or exchange offer that, if consummated, would result in any person or group beneficially owning 50 per cent. or more of any class of equity capital of SiRF or (iv) any merger, consolidation, business combination, share exchange or similar transaction, in one transaction or a series of related transactions, involving SiRF or any of its significant subsidiaries that would result in any persons or groups (including the shareholders of a person party to such transaction) beneficially owning 50 per cent. or more of any class of equity capital of SiRF, the surviving company or the resulting parent company of SiRF, in each case other than the Merger.

The Merger Agreement provides that the term "superior proposal" means any bona fide written takeover proposal that, if consummated, would result in a person or group owning, directly or indirectly, more than 80 per cent. of SiRF common stock then outstanding (or of the shares of the common stock of the surviving entity in a merger or the ultimate parent of the surviving entity in a merger) or more than 80 per cent. of the assets of SiRF and its subsidiaries and which the SiRF Board determines in good faith (after consultation with its legal counsel and financial advisor) to be more favourable to SiRF Shareholders from a financial point of view than the transactions contemplated by the Merger Agreement, taking into consideration the conditions to the consummation of the takeover proposal and the financial, legal, regulatory and other aspects of the takeover proposal.

In addition, SiRF has the ability to terminate the Merger Agreement in certain circumstances, as described below.

13. CSR's agreement not to solicit other offers

CSR has agreed that it will not, directly or indirectly:

- solicit, initiate, actively facilitate or knowingly encourage any inquiries, offers or proposals relating to a takeover proposal for CSR;
- discuss or negotiate with, or furnish non-public information to, any person that has made or indicated an intention to make a takeover proposal for CSR;

- approve, endorse or recommend any takeover proposal for CSR;
- enter into any contract relating to a takeover proposal for CSR; or
- publicly propose to do any of the foregoing.

CSR may, however, take actions required by the City Code.

The Merger Agreement provides that the term "takeover proposal", when used in relation to CSR, means any proposal or offer from any person relating to (i) a direct or indirect acquisition, in one transaction or a series of related transactions, of all or a majority of assets (including equity securities of any subsidiary of CSR) or businesses of CSR or its subsidiaries, (ii) the issuance to any person or group of persons acting in concert of 50 per cent. or more of any class of equity capital of CSR, (iii) any tender or exchange offer that, if consummated, would result in any person or group beneficially owning 50 per cent. or more of any class of equity capital of CSR or (iv) any merger, consolidation, business combination, share exchange or similar transaction, in one transaction or a series of related transactions, involving CSR or any of its significant subsidiaries that would result in any persons or groups (including the shareholders of a person party to such transaction) beneficially owning 50 per cent. or more of any class of equity capital of CSR, the surviving company or the resulting parent company of CSR, in each case other than the Merger.

In addition, CSR has agreed that the recommendation of the CSR Board in favour of the transactions contemplated by the Merger Agreement shall not be withdrawn, modified or amended in any manner adverse to SiRF, and CSR has agreed to include such recommendation in the Circular, unless the CSR Board has (i) based upon the written opinion of an internationally recognised law firm as to the duties of the directors to shareholders and other applicable law in the context of the facts presented, in its good faith reasonable judgment, determined that failure to take such action would be a violation of its duties to CSR Shareholders or other applicable law, it being understood that this determination may not be based on facts that exist on the date of the Merger Agreement, and (ii) provided SiRF with at least three business days' prior written notice of its intention to take such action.

14. CSR Shareholder Meeting; CSR's Circular and Prospectus

In order to complete the Merger, CSR must obtain the affirmative vote of a majority of CSR Shareholders (or their proxies, if applicable) as (being entitled to do so) are present and vote or, in the case of a vote taken on a poll, the affirmative vote by CSR Shareholders or their proxies representing a majority of the Ordinary Shares in respect of which votes are validly exercised, in relation to (i) the transactions contemplated by the Merger Agreement, (ii) the increase in CSR's authorised share capital necessary to issue New Ordinary Shares in the Merger to SiRF Shareholders and to satisfy holders of SiRF stock options and other equity-based awards and (iii) the allotment of the New Ordinary Shares to SiRF Shareholders and any New Ordinary Shares to be issued pursuant to the exercise of SiRF stock options and other equity-based awards in accordance with the Companies Acts and the Listing Rules.

CSR has agreed to hold a meeting of its shareholders in order to obtain this approval. Under the Merger Agreement, the meeting of CSR Shareholders must be held promptly after the date that the registration statement on Form F-4 is declared effective by the SEC. CSR and SiRF have agreed to cooperate with each other in setting a mutually acceptable date so that both CSR General Meeting and the SiRF Special Meeting are held on the same date. The CSR General Meeting has been convened for 3.00 p.m. on 25 June 2009.

CSR has agreed to use its reasonable best efforts to obtain formal approval of the UK Listing Authority of this document and of the Circular relating to the CSR General Meeting to be held to consider the transactions contemplated by the Merger Agreement. The Circular was approved by the UK Listing Authority and sent to CSR Shareholders on 4 June 2009.

15. Reasonable Best Efforts

Each of CSR and SiRF has agreed to (i) use reasonable best efforts to solicit proxies from their respective shareholders in favour of the Merger and (ii) take all other action reasonably necessary or advisable to secure the approval of their respective shareholders in favour of the Merger.

In addition, each of CSR and SiRF have agreed to use reasonable best efforts to take, or cause to be taken, all appropriate actions, and to do, or cause to be done, all things necessary, proper or advisable to cause the conditions to the Merger to be satisfied and to consummate the Merger as promptly as practicable (and similarly to refrain from doing and cause not to be done any action, including any transaction, that would reasonably be expected to cause these conditions to fail to be satisfied).

16. Employee Matters

CSR has agreed that, if any SiRF employee as of the effective time of the Merger is transferred to CSR or becomes a participant in CSR's employee benefit plans, then CSR will treat that employee's prior service with SiRF as service rendered to CSR (to the extent prior service was recognised under the SiRF employee benefit plan providing similar benefits) for the purposes of eligibility and vesting and to waive any pre-existing condition limitation that might otherwise apply to the extent waived or satisfied under a SiRF employee benefit plan.

In addition, CSR has agreed (except where terms and conditions of employment are specified by law, collective bargaining agreement, works council rules or similar arrangements) to maintain for a period of twelve months after the effective time of the Merger (i) base salary or annual wages (as applicable) and cash incentive compensation opportunity to each SiRF employee that are not less favourable than the SiRF employee received immediately prior to the Merger and (ii) employee benefits that are no less favourable, in the aggregate, than those employee benefits (other than any defined benefit retirement plans, change in control or transaction-based compensation, retention or stay bonuses or equity-based compensation) that were provided to SiRF employees immediately prior to the Merger. However, CSR may modify, amend or terminate any SiRF employee benefit plan or other employee benefit plan or arrangement maintained by CSR or the surviving corporation in the Merger if the employee benefits provided to SiRF's employees (after the modification, amendment or termination) are no less favourable than those provided to similarly situated employees of CSR.

The Merger Agreement provides that the provisions of the Merger Agreement relating to employee benefits are for the sole benefit of CSR and SiRF, and that no third party (including any SiRF employee) will have any legal or equitable rights or remedies under the Merger Agreement, including in relation to continued employment with CSR or the surviving corporation in the Merger or the maintenance of any employee benefit plans or arrangements by CSR or the surviving corporation.

17. Indemnification and Insurance

The Merger Agreement provides that, following the completion of the Merger, all rights to indemnification, advancement of expenses and exculpation existing on the date of the Merger Agreement in favour of any present or former director or officer of SiRF or any of its subsidiaries will survive the Merger. CSR has agreed not to amend, repeal or otherwise modify the provisions in SiRF's organisational documents, any organisational documents of any of its subsidiaries or any agreement providing for indemnification, advancement of expenses and exculpation in any manner that would adversely affect the rights thereunder of any such individual.

CSR has agreed to indemnify all present or former directors or officers of SiRF or any of its subsidiaries to the fullest extent permitted by applicable laws with respect to all claims arising from the fact of being a director or officer of SiRF or any of its subsidiaries prior to Completion or from acts and omissions arising out of or relating to their services as directors or officers of SiRF or its subsidiaries prior to Completion. CSR has agreed to pay as incurred any such indemnified person's legal fees, costs and expenses incurred in connection with such legal action, subject to CSR's receipt of an undertaking from such person to repay such legal fees, costs and expenses if it is ultimately determined under applicable laws that such person is not entitled to be indemnified.

The Merger Agreement provides that CSR shall maintain, for at least seven years following the effective time of the Merger, policies of directors' and officers' liability insurance of at least the same coverage and amounts containing terms and conditions no less advantageous to the individuals covered by these policies than those in effect on the date of the Merger Agreement, except that CSR will not be required to pay an annual premium for these policies in excess of $1,407,692.98. The Merger Agreement also

provides that SiRF or CSR may obtain one or more seven-year prepaid "tail" insurance policies in lieu of the policies of directors' and officers' liability insurance currently maintained by SiRF providing the same coverage and amounts and terms and conditions as SiRF's current policies. If either SiRF or CSR obtains such "tail" insurance, CSR will not be required to otherwise maintain replacement directors' and officers' liability insurance for the individuals covered by SiRF's current directors' and officers' liability insurance policies.

18. Hart-Scott-Rodino Act filing

The Merger Agreement requires CSR and SiRF to file pre-merger notifications under the Hart-Scott-Rodino Act. CSR and SiRF have each agreed to take any and all actions necessary to enable the applicable waiting period to expire, and to avoid or eliminate each and every impediment under any applicable law to cause the Merger to occur as promptly as possible, including (i) complying with or modifying any requests for additional information, (ii) offering, negotiating, committing to and effective, by consent decree, hold separate order or otherwise, the sale, divestiture, license or other disposition of any and all of the capital stock, assets rights products or business of CSR and SiRF and their respective subsidiaries or committing to any restrictions on their respective businesses and (iii) contesting, defending and appealing any threatened or pending preliminary or permanent injunction or other order, decree or ruling or statute, rule, regulation or executive order that would adversely affect the ability of CSR or SiRF to consummate the transactions contemplated by the Merger Agreement and taking any and all other actions to prevent the entry, enactment or promulgation thereof.

Neither CSR nor SiRF would however be required to agree to (i) sell, hold separate, divest, discontinue or limit, before or after Completion, any assets businesses or interest in any assets or businesses of CSR, SiRF or any of their respective affiliates or (ii) any conditions relating to, or changes or restrictions in, the operation of any such assets or businesses which, in either case, would reasonably be expected to result in a material adverse effect on the business of CSR and SiRF, taken together, as expected to be conducted after the completion of the Merger.

The waiting period under the Hart-Scott-Rodino Act with respect to the Merger expired on 25 March 2009.

19. Director appointments

The Merger Agreement provides that Diosdado Banatao and Kanwar Chadha will be appointed to the CSR Board as non-executive director and executive director, respectively with effect from Completion.

20. Admission of the New Ordinary Shares

Under the Merger Agreement, CSR has agreed to use its best efforts to cause the New Ordinary Shares that will be issued in the Merger to SiRF Shareholders to be approved for admission to listing on the Official List and to trading on the Main Market of the London Stock Exchange.

21. Other agreements

The Merger Agreement also contains covenants relating to the preparation of this document and the holding of the SiRF Special Meeting, access to information of the other company, public announcements with respect to the transactions contemplated by the Merger Agreement, the maintenance and prosecution of each party's intellectual property rights, tax matters and obtaining third party consents under SiRF's business contracts.

22. Conditions to complete the Merger

Each party's obligation to complete the Merger is subject to satisfaction or mutual waiver of the following conditions:

- the Merger Agreement is adopted by SiRF Shareholders;
- the transactions contemplated by the Merger Agreement are approved by CSR Shareholders;
- admission of the New Ordinary Shares issuable to SiRF Shareholders under the Merger Agreement to listing on the Official List (which will be satisfied at the same time as the Merger is completed) and to trading on the Main Market of the London Stock Exchange;

- the waiting period under the Hart-Scott-Rodino Act has expired or been terminated;
- there are no governmental laws, orders, judgments, injunctions or other restraints, and no governmental authority has instituted any proceeding seeking such laws, orders, judgments, injunctions or other restraints, that prohibit consummation of the Merger or that relate to the Merger and would be reasonably expected to have a material adverse effect on CSR or SiRF after giving effect to the Merger; and
- the registration statement on Form F-4 relating to the registration under the US Securities Act of the issuance of New Ordinary Shares in the Merger is effective, and the SEC has not issued any stop order suspending the effectiveness of the registration statement or initiated or threatened any stop order proceedings that are not concluded or withdrawn.

The waiting period under the Hart-Scott-Rodino Act with respect to the Merger expired on 25 March 2009.

CSR's obligation to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties of SiRF must be true and correct on the date on which the Merger is to be completed as if made as of that date or, if the representations and warranties expressly relate to an earlier date, then as of that earlier date, except where the failure of these representations and warranties to be true and correct, without giving effect to any limitation as to "materiality" or "material adverse effect", has not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on SiRF;
- SiRF must have performed in all material respects all of its obligations under the Merger Agreement; and
- SiRF must deliver to CSR a certificate signed by an executive officer of SiRF stating that the above two conditions have been met.

SiRF's obligation to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties of CSR must be true and correct on the date on which the Merger is to be completed as if made as of that date or, if the representations and warranties expressly relate to an earlier date, then as of that earlier date, except where the failure of these representations and warranties to be true and correct, without giving effect to any limitation as to "materiality" or "material adverse effect", has not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on CSR;
- CSR must have performed in all material respects all of its obligations under the Merger Agreement; and
- CSR must deliver to SiRF a certificate signed by an executive officer of CSR stating that the above two conditions have been met.

The Merger Agreement provides that a "material adverse effect" means any effect, event, change, occurrence, circumstance or development which individually or in the aggregate (i) is materially adverse to the business, assets, properties, liabilities or condition (financial or otherwise) or results of operations of SiRF or CSR and their respective subsidiaries, taken as a whole or (ii) would prevent SiRF or CSR from consummating the Merger and the other transactions contemplated by the Merger Agreement. When determining whether an effect, event, change, occurrence, circumstance or development, individually or in the aggregate, is materially adverse to the business, assets, properties, liabilities or condition (financial or otherwise) or results of operations of SiRF or CSR and their respective subsidiaries, taken as a whole, none of the following, either alone or in combination, may be taken into account in determining whether a material adverse effect has occurred:

- effects of the financial, securities or capital markets or the economy to the extent that they do not materially disproportionately affect SiRF or CSR and their respective subsidiaries, taken as a whole, compared to other companies operating in the principal industries in which SiRF or CSR and their respective subsidiaries operate;

- effects arising from the industries in which SiRF or CSR and their respective subsidiaries operate in general to the extent that they do not materially disproportionately affect SiRF or CSR and their respective subsidiaries, taken as a whole, compared to other companies operating in the same industries;
- changes in the demand or pricing for products sold by SiRF or CSR and their respective subsidiaries;
- effects arising from the currency markets or currency fluctuations generally;
- effects arising from the negotiation, execution, announcement or performance of the Merger Agreement or the consummation of the transactions contemplated by the Merger Agreement;
- effects resulting from CSR's refusal or unreasonable delay in granting a request from SiRF to take or omit to take any action under the Merger Agreement, if taking such action or omitting to take such action would have avoided such effect;
- changes in law, rule or regulations or generally accepted accounting principles, IFRS or the interpretation thereof;
- any action taken by SiRF or CSR at the request of, or with the consent of, the other party;
- acts of war, sabotage or terrorism, or any escalation or worsening of any such acts, earthquakes, hurricanes, tornadoes or other natural disasters to the extent they do not materially disproportionately affect the SiRF or CSR and their respective subsidiaries, taken as a whole, compared to other companies operating in the same industries;
- any change in the trading prices of SiRF common stock or CSR Ordinary Shares by itself; and
- any failure by SiRF or CSR to meet any internal or public projections, forecasts or estimates of revenue or earnings or other financial or operational measures or the issuance of revised projections that are not as optimistic as those in existence as of the date hereof.

The Merger Agreement provides that neither party may rely on the failure of a condition to the Merger if the failure was caused by that party's failure to fulfill any of its obligations under the Merger Agreement.

Any or all of the conditions described above may be waived, in whole or in part, by CSR or SiRF, to the extent legally allowed. Neither CSR nor SiRF currently expects to waive any material condition to the completion of the Merger.

It currently is anticipated that the effective time of the Merger will occur towards the end of the second quarter of 2009, but neither CSR nor SiRF can guarantee when or if the Merger will be completed.

23. Termination Events

The Merger Agreement may be terminated at any time prior to the completion of the Merger by mutual written consent of CSR and SiRF, and either party may terminate the Merger Agreement in the following circumstances:

- if the Merger has not been completed by 31 August 2009, unless the waiting period under the Hart-Scott-Rodino Act has not then expired or been terminated or the registration statement of which this proxy statement/prospectus is a part is not effective or there is a stop order suspending the effectiveness of the registration statement on Form F-4 relating to the Merger (or proceedings for that purpose have been initiated or threatened by the SEC and not concluded or withdrawn), in which case this termination right shall be suspended until 30 October 2009, except that a party may not terminate the Merger Agreement on this basis if its failure to fulfill any of its obligations was a principal cause of the failure to consummate the Merger by such date;
- if the Merger Agreement is not adopted by SiRF Shareholders after a vote thereon at a duly held meeting of SiRF Shareholders; or
- if the transactions contemplated by the Merger Agreement are not approved by CSR Shareholders after a vote thereon at a duly held meeting of CSR Shareholders.

CSR may terminate the Merger Agreement prior to the completion of the Merger if:

- the SiRF Board withdraws, modifies or amends its recommendation to SiRF Shareholders in favour of the Merger in any manner adverse to CSR;
- the SiRF Board publicly endorses or recommends a takeover proposal for SiRF other than the Merger, (ii) SiRF enters into any contract (other than a confidentiality agreement) relating to a takeover proposal, (iii) a tender offer or exchange offer that constitutes a takeover proposal for SiRF is commenced and the SiRF Board fails to recommend against acceptance of such tender offer or exchange offer by SiRF Shareholders (including, for these purposes, by taking no position with respect to the acceptance of such tender offer or exchange offer by its stockholders, which shall constitute a failure to recommend against acceptance of such tender offer or exchange offer) within ten business days after commencement of the tender offer or exchange offer, or (iv) SiRF or the SiRF Board publicly announce an intention to do any of the foregoing; or
- SiRF breaches any of its representations, warranties, covenants or agreements contained in the Merger Agreement, which breach (i) would result in a material adverse effect on SiRF (in the case of representations and warranties) or SiRF's failure to perform in all material respects all of its obligations under the Merger Agreement (in the case of covenants and agreements) and (ii) has not been cured by SiRF within 20 business days after its receipt of written notice of such breach from CSR.

SiRF may terminate the Merger Agreement prior to the completion of the Merger if:

- prior to obtaining the approval of SiRF Shareholders of the Merger, the SiRF Board approves, or authorises SiRF to enter into a proposed contract providing for the implementation of, a superior takeover proposal in accordance with the requirements of the Merger Agreement but only if: (i) SiRF is not then and has not been in material breach of any of its obligations not to solicit other offers; (ii) SiRF has notified CSR in writing that it intends to enter into the proposed contract; (iii) during the three business day period following CSR's receipt of notice, (a) if requested by CSR, SiRF has negotiated with and caused its financial and legal advisors to negotiate with CSR during such three business day period regarding amendments to the terms and conditions of the Merger Agreement which might cause the takeover proposal to no longer constitute a superior takeover proposal, and (b) following the end of this three business day period, the SiRF Board has determined in good faith, taking into account any changes to the terms of the Merger Agreement offered in writing by CSR to SiRF in response to the notice (or otherwise), that the superior takeover proposal continues to constitute a superior takeover proposal (except that any material amendment to the financial terms of the superior takeover proposal requires a new notice and compliance with the requirement to negotiate, if requested by CSR, for a period of two business days); and (iv) SiRF exercises its right of termination within fifteen business days following the three business day period (or two business day period, as applicable) referred to above;
- CSR breaches any of its representations, warranties, covenants or agreements contained in the Merger Agreement, which breach (i) would result in a material adverse effect on CSR (in the case of representations and warranties) or CSR's failure to perform in all material respects all of its obligations under the Merger Agreement (in the case of covenants and agreements) and (ii) has not been cured by CSR within 20 business days after its receipt of written notice of such breach from SiRF; or
- the CSR Board withdraws, modifies or amends its recommendation to CSR Shareholders in favour of the Merger in any manner adverse to SiRF.

24. Termination Fees

SiRF will be required to pay a termination fee of $3,660,000 to CSR in the following circumstances:

- SiRF terminates the Merger Agreement in connection with the approval by the SiRF Board of a proposed contract providing for the implementation of a takeover proposal (other than the Merger);

- CSR terminates the Merger Agreement because the SiRF Board has publicly endorsed a takeover proposal (other than the Merger), SiRF has entered into a contract (other than a confidentiality agreement) for such a takeover proposal, the SiRF Board fails to recommend against acceptance of a tender offer or exchange offer constituting such a takeover proposal, or SiRF or the SiRF Board publicly announce an intention to do any of the foregoing;
- (i) a takeover proposal for SiRF has been publicly announced and is not withdrawn, (ii) either CSR or SiRF terminates the Merger Agreement because of a failure to secure the approval of the SiRF Shareholders, and (iii) within six months following the date of termination, SiRF enters into a contract providing for the implementation of, or consummates, a takeover proposal for SiRF (whether or not that takeover proposal is the one that was announced and not withdrawn when the Merger Agreement was terminated); or
- CSR terminates the Merger Agreement because of the withdrawal, modification or amendment by the SiRF Board of its recommendation to SiRF Shareholders in favour of the Merger in any manner adverse to CSR, unless the SiRF Board takes such action based on facts that, were the closing of the Merger scheduled to occur at that time, would reasonably be expected to have, individually or in the aggregate, a material adverse effect on CSR.
- CSR will be required to pay a termination fee of $3,660,000 to SiRF if SiRF terminates the Merger Agreement because of the withdrawal, modification or amendment by the CSR Board of its recommendation to CSR Shareholders in favour of the Merger in any manner adverse to SiRF, unless the CSR Board takes such action based on facts that, were the closing of the Merger scheduled to occur at that time, would reasonably be expected to have, individually or in the aggregate, a material adverse effect on SiRF.

25. Expenses

Whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement will be paid by the party incurring those costs and expenses, except that expenses incurred in connection with the printing, filing and mailing of the registration statement on Form F-4 and the filing fee under Hart-Scott-Rodino Act will be shared equally by CSR and SiRF.

26. Amendment; Waiver

The Merger Agreement may be amended by CSR, Shannon Acquisition Sub, Inc. and SiRF at any time prior to the effective time of the Merger if approved by their respective boards of directors. Any amendment that requires the approval of CSR Shareholders or SiRF Shareholders under applicable laws may not be made without such approval.

27. Governing Law

The Merger Agreement is governed by and will be construed in accordance with the laws of the State of Delaware.

PART III

INFORMATION ON CSR

1. Business Overview

CSR is a leading global fabless designer and supplier of innovative integrated circuits that are used to provide wireless connectivity between devices such as mobile phones, headsets, laptop personal computers, PC peripherals, games consoles, MP3 players and automotive based systems.

CSR is a leading provider of Bluetooth solutions. CSR estimates that approximately 40 per cent. of the world's Bluetooth chips use CSR technology and over 95 per cent. of its revenue in 2008 was derived from the sale of Bluetooth products.

CSR is extending its technologies beyond its established Bluetooth product portfolio to bring additional short-range wireless technologies to market, including Wi-Fi, GPS, FM radio, UWB and NFC. CSR believes that these wireless technologies will progressively converge onto a single fully integrated semiconductor that combines the functionality of all of these technologies forming what CSR has termed the Connectivity Centre. CSR's strategy is to develop integrated circuits that enable these different technologies to co-exist, operating concurrently without the loss of optimum performance, with significant benefits for the end consumer including lower cost and smaller form factor.

CSR operates in four principal geographical areas: the UK, Europe, the Americas and Asia. CSR sells its products to over 450 customers, including industry leaders such as Audi, BMW, Bose, Dell, Ford, LG, Motorola, Nokia, NEC, Panasonic, RIM, Samsung, Sharp, Sony, TomTom and Toshiba. CSR markets its products to OEMs and ODMs, principally through its direct sales force and, in North America, through sales representatives. CSR also markets its products through a global network of distributors.

2. History and Development of CSR

CSR plc is the holding company of an international group of companies, the principal activities of which are the design and supply of integrated circuits or silicon chips for wireless devices. CSR is domiciled in England and Wales and its registered office and principal place of business is at Churchill House, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ. The telephone number of CSR's registered office is +44 (0) 1223 692 000. The principal legislation under which CSR operates, and pursuant to which the New Ordinary Shares will be created, are the Companies Acts and regulations made thereunder.

CSR was established in Cambridge in April 1999 by an engineering and marketing team that previously worked at Cambridge Consultants Limited, a technology and consulting firm based in Cambridge that transferred certain assets, including the assignment and license on a non-exclusive royalty free basis of intellectual property rights, to CSR in exchange for ordinary shares.

CSR plc (the holding company) was incorporated and registered in England and Wales on 26 March 2001 with the name Cambridge Silicon Radio Holdings Limited (registered number 04187346), as a private company limited by shares under the Companies Acts. On 10 July 2001, CSR was re-registered as a public company limited by shares with the name Cambridge Silicon Radio Holdings PLC; on 25 October 2002, CSR was re-registered as a private company limited by shares with the name Cambridge Silicon Radio Holdings Limited; and on 19 February 2004, it was re-registered as a public company limited by shares with the name CSR plc.

CSR's Ordinary Shares were admitted to listing on the Official List and to trading on the Main Market of the London Stock Exchange in March 2004 and CSR is a constituent of the FTSE 250 Index.

Beginning in 2005, CSR has sought to broaden its technological base and product range through a series of acquisitions, as follows:

- In March 2005, CSR acquired Clarity Technologies, Inc. for $17.1 million, in cash.

- In August 2005, CSR acquired the software business of UbiNetics (VPT) Limited for $48 million in cash. (In May 2008, as a result of an operational strategy assessment, CSR decided to cease its ongoing investment in the UbiNetics protocol software development programme, which had been acquired with the software business of UbiNetics in August 2005.)
- In January 2007, CSR acquired NordNav for an initial consideration of $40 million, in cash. In 2008, CSR paid a further consideration of $17.5 million in cash; and up to an additional $17.5 million in cash may be payable subject to achievement of specified milestones. Through this acquisition, CSR acquired early-stage GPS technology and intellectual property to develop a software-based GPS solution.
- In January 2007, CSR also acquired Cambridge Positioning Systems Limited for $35 million in cash. Through this acquisition, CSR acquired specialised location system technology to address solutions when GPS signals may be unavailable (e.g., indoors).

CSR views the Merger with SiRF, a leader in semiconductor-based GPS location platforms with strong hardware, software and system capabilities, as a further step towards building on its leading position in the Connectivity Centre.

3. Strategy

CSR's strategic objective is to be a leading supplier of single chip integrated circuits for wireless connectivity. To achieve this goal, CSR intends to:

- focus on technologies that form key parts of the Connectivity Centre, including Bluetooth, GPS, NFC, UWB, FM, high quality audio and Wi-Fi;
- increase the software content in new products;
- extend expertise within its existing capabilities in wireless technologies;
- continually seek to lower the cost of its wireless solutions through innovation in design, product development and manufacturing;
- seek to enhance sales, marketing and technical support organisations; and
- seek to leverage expertise in next generation wireless markets.

3.1 ***Focus on technologies that form key parts of the Connectivity Centre, including Bluetooth, GPS, NFC, UWB, FM, high quality audio and Wi-Fi.***

CSR believes that large opportunities exist for the deployment of short-range wireless products that provide high quality co-existence capable of operating concurrently without degradation in optimum performance and that Bluetooth, FM radio, Wi-Fi, UWB, high quality audio for music, GPS location finding technology and NFC can all ultimately co-exist alongside each other.

CSR believes that the market for Connectivity Centre products in the medium term will be driven primarily by developments in smart and feature phones. CSR believes that, with its help, customers can put world-class connectivity in their products at competitive prices and are able to choose, within reason, what capabilities they need for any particular product to meet end-customer demand. This provides CSR's customers with an important differentiator. Despite the economic slowdown, CSR believes that the Connectivity Centre market has the potential to grow to between $5 billion and $7 billion by 2012.

3.2 ***Increase the software content in new products.***

CSR believes that increased software content can improve the robustness and flexibility of its solutions and helps to distinguish them from competing offerings. CSR also believes its software can increase the overall value proposition of its products and assists customers in efficient integration of CSR's solutions into their devices.

In addition, CSR believes software developed by it, or by developers using CSR's development tools, increases the likelihood that customers will use its products in future designs. CSR intends to increase the emphasis on software in the future in order to increase the software content of its solutions.

CSR aims to continue to develop tools to allow OEMs and ODMs to develop their own applications software. This, together with CSR's own embedded software, will help enable CSR and its customers to create highly featured and differentiated products.

3.3 ***Extend expertise within its existing capabilities in wireless technologies.***

CSR expects to continue the evolution of its expertise in Bluetooth technology to seek differentiated products for different segments of the market. CSR's customers are presently incorporating CSR's seventh generation of Bluetooth into new products that are expected to launch in the third quarter of 2009. CSR intends to continue the development of further generations of its BlueCore integrated circuits to seek additional features and functionality, reduce size, and lower power consumption.

3.4 ***Focus on lowering the cost of integrated circuits.***

CSR intends to continue using the industry standard CMOS manufacturing process to enable it to supply integrated circuits with small chip size and low cost, and in high volumes. As CSR improves its designs, manufacturing and testing technology and obtains greater operational efficiencies with increasing commercial deployment of its integrated circuits, it believes it will be able to continue to reduce the production costs of CSR's integrated circuits.

CSR has, since 2001, progressively transitioned to smaller "geometries" or size of the integrated circuits, which is critical to reducing costs for its customers, thereby maintaining competitive advantage. In 2008, CSR developed a range of new products at 90nm and 65nm form factor. In 2009, CSR intends to increase volume production for both 90nm and 65nm products. In addition, during 2008 CSR has been engaged with TSMC on the development of 40nm technology for advanced radio frequency/wireless product applications, which is ongoing in 2009.

CSR has developed advanced new packaging technology to complement its world-leading WLCSP capability. WLCSP enables CSR to prepare and package a chip at the wafer level instead of the more traditional method, which involves assembling the package after the wafer has been diced into individual chips.

CSR expanded its assembly manufacturing base by qualifying the ASE facility in Shanghai, China for manufacturing low cost packages. In addition, CSR extended its WLCSP capability by transitioning new products from 8" wafers to ASE's new 12" wafer manufacturing line. This provides efficiencies in testing and packaging and therefore saves on costs.

CSR works closely with its partners when implementing these new products, as the process of adopting leading-edge technologies brings significant challenges. In conjunction with TSMC and ASE, CSR works to ensure that the introduction of these changes does not adversely impact either delivery schedules or product quality. CSR intends to continue to build on the strong relationships with both TSMC and ASE, ensuring that CSR's customers benefit from an operational capability focused on world-leading quality, delivery and performance.

3.5 ***Enhance sales, marketing and technical support organisations.***

CSR is committed to maintaining the high level of technical support it currently provides to its customers, as well as pursuing new markets. CSR believes that this enables customers to efficiently and effectively integrate CSR's solutions into their devices. CSR provides this application and engineering support to customers at global locations to best support its customers.

3.6 ***Leverage expertise in next generation wireless markets.***

CSR believes that the evolution of existing wireless standards and the introduction of new standards, with differing performance characteristics that enable new applications, provides a substantial medium term opportunity for CSR. CSR's single chip, radio frequency and software

design expertise, combined with CSR's knowledge of the integration of wireless solutions with its customers' products, puts CSR in a favourable position to pursue such future opportunities as they arise.

4. Products

CSR is a leading provider of innovative highly integrated single-chip solutions that enable wireless connectivity for mobile phones and other portable consumer electronics devices. In addition to its Bluetooth, CSR has and is developing a range of wireless connectivity technologies, such as:

- BlueCore – a single-chip, microcontroller-equipped solution for Bluetooth. CSR offers variants for every Bluetooth application, including its latest generation—BlueCore7830, which combines Bluetooth with FM Transmit, FM Receive, Bluetooth low energy and GPS capability. CSR expects that its BlueCore variant 7820 will be shipped to its lead customer in the third quarter of 2009.
- UniFi – a single-chip solution for Wi-Fi design requirements with universal 802.11a/b/g and n technology capability, low power consumption, antenna diversity processing and Bluetooth coexistence technology. UF6026 is CSR's third generation embedded Wi-Fi product family, which added 802.11n technology capability and offers the smallest chip size of any comparable product together with ultra low cost. By combining UF6026 with BC7830, CSR has recently launched a new product, CSR9000, CSR's combination Bluetooth/FM/Wi-Fi/GPS device all within 27 mm^2 of silicon area.
- MusiCore – a high performance product aimed at improved audio quality for music phones. MusiCore adds audio to Bluetooth, allowing people to experience up to 100 hours of high quality playback via their mobile phone headset. It also provides CSR's customers with significant bill of materials savings.
- CSR Synergy – CSR's new approach to wireless system software. CSR Synergy builds on the success of CSR's BlueCore Host Software, which is a widely used embedded Bluetooth software stack, present in many handsets incorporating Bluetooth, and provides CSR's customers with the means to seamlessly integrate Bluetooth into their devices. CSR believes CSR Synergy enhances this capability for the Connectivity Centre, allowing customers to adopt CSR's growing complement of wireless connectivity technologies. CSR Synergy has been ratified to the new Bluetooth V3.0 standard.
- GPS – CSR offers a software-based eGPS solution that provides a GPS receiver capable of detecting and measuring signals received from the mobile phone network. CSR's GPS solution allows accelerated acquisition of a location fix, as well as permitting, when GPS signals are unavailable, fall-back to a fix made solely from the measurements available through connection to the cellular network. CSR's GPS solution provides customers with an extremely low cost location solution for mass market cell phones and PNDs.

5. Competition

The markets in which CSR operates are highly competitive and are characterised by rapid technological change, evolving industry standards and declining prices and costs. In addition, the markets for CSR's products are significantly affected by new product introductions and other market activities of industry participants. CSR's primary competitors include Broadcom, STMicroelectronics N.V. and Texas Instruments.

While CSR believes its strategy will allow it adequately to manage risks to its business, it expects to experience increasing competition, which may result in declining prices and volumes on sales of existing products. CSR continues to invest in the development of next generation products. However, it may not always be able to compete successfully against its current or future competitors.

CSR believes that the key competitive factors in the markets in which it operates are the ability to provide low cost fully integrated solutions that incorporate all the technologies that comprise the Connectivity Centre and combine leading edge functionality in a small size with low power consumption, whilst also being capable of operating in conjunction with other features on the customers devices, without a degradation in performance or user experience.

6. Manufacturing and Assembly

CSR is a "fabless" semiconductor company. CSR operates on a fabless model to focus its resources mainly on product design and research and development and eliminate the costs involved in owning and operating its own fabrication facility. All wafer fabrication, assembly, testing and shipping is subcontracted to TSMC and ASE. TSMC is the largest wafer manufacturer in the world, offering the leading technologies in wafer fabrication. ASE is the largest packaging and testing company in the world with significantly greater capability and capacity than any other supplier. Because CSR uses independent fabrication facilities to manufacture its products, it may face risks such as lack of manufacturing capacity and limited control over delivery schedules, quality issues, increase in production costs and reduction in manufacturing yields.

During 2008, CSR expanded its assembly manufacturing base by qualifying ASE's facility in Shanghai, China for manufacturing low cost packages. In addition, CSR extended its WLCSP capability by transitioning new products from 8" wafers to ASE's new 12" wafer manufacturing line. Although CSR believes it can achieve adequate production capacity to support its current sales levels, it intends to continue to work with its existing fabrication facilities to obtain adequate production capacity, and it may qualify new facilities to provide additional production capacity and technology.

7. Research & Development

CSR invests a significant proportion of its resources in R&D in order to enable it to provide innovative wireless connectivity solutions to its customers. CSR has an R&D team of approximately 644 staff as of 22 June 2009 (the latest practicable date prior to the publication of this document). The majority of CSR's staff responsible for R&D are based in Cambridge, U.K. with teams in Aalborg, Denmark; Stockholm, Sweden; Dallas and Detroit, United States; Sophia Antipolis, France; and Bangalore, India.

The key projects that CSR has identified all form major parts of the Connectivity Centre or are key parts of the ecosystem around the Connectivity Centre. CSR has focused its recent R&D efforts on its latest Bluetooth and FM device (BlueCore7830), Musicore (Bluetooth plus Audio Codec), CSR's next generation Wi-Fi solution (UniFi6000), and the development and integration of its software based GPS solution.

As a result of its R&D efforts and recent acquisitions, as of 22 June 2009 (the latest practicable date prior to the publication of this document), CSR (together with its subsidiary companies) had 234 granted patents and a significant number of further applications in process.

8. Sales and Marketing

CSR's sales and marketing function is centered in Cambridge, U.K with sales liaison offices in Dallas and Detroit, United States; Taipei, Taiwan; Seoul and Gumi, South Korea; Tokyo, Japan; and Shanghai and Shenzhen, China.

CSR markets to OEMs and ODMs, principally through its direct sales force and, in North America, through sales representatives. CSR also markets its products through a global network of distributors.

CSR's marketing efforts are supported by a team of applications engineers who provide technical support and assistance to existing and potential customers in designing, testing and qualifying systems that incorporate its products. This support is generally provided without charge to customers who have the potential to purchase large volumes of products.

An important part of CSR's marketing effort involves providing technical support to product developers to encourage them to design products using CSR's chips. For this purpose, CSR provides a range of development kits and tools. For a discussion of CSR's net revenue by product segment, see "Operating and Financial Review Relating to CSR—Segment Analysis" in Part V of this document. For a discussion of CSR's net revenues by geographic area, see "Operating and Financial Review relating to CSR—Geographical Analysis" in Part V of this document.

9. Raw Materials

CSR sole sources the manufacture of its silicon wafers from TSMC, and sole sources the final testing of wafers and packaging of its integrated circuits from ASE, who both have facilities spread across multiple locations, primarily in Asia. CSR also purchases flash memory from a sole supplier, SST, and certain other passive components from other suppliers. These passive components are standard components capable of being obtained through alternative sources, subject to the conduct of a product qualification process prior to adoption into manufacturing.

10. Intellectual Property

CSR's success depends on its ability to protect its intellectual property and trade secrets.

As of 22 June 2009 (the latest practicable date prior to the publication of this document), CSR (together with its subsidiary companies) had 234 patents granted worldwide. Of this total, CSR had 40 patents granted in the United States and 194 patents granted in foreign countries, with expiration dates ranging from 2012 to 2029, along with 79 pending patent applications in the United States and 261 pending foreign patent applications.

CSR's Bluetooth products use the Bluetooth trademark, which is owned by the Bluetooth SIG, or special interest group, a trade association of which CSR is a member. Any company incorporating Bluetooth wireless technology into products or services, or re-branding a product with Bluetooth technology, must become a member of the Bluetooth SIG. The Bluetooth trademark is licensed on a worldwide, royalty-free, non-exclusive non-transferable, personal basis for use by companies that are incorporating qualified Bluetooth wireless technology into their products. CSR is a member of the Bluetooth SIG and licensee of the Bluetooth trademark.

11. Seasonality

CSR has historically experienced increased net revenue in its second and third quarters primarily due to seasonal demand related to the holiday season and end of calendar year spending patterns in corporate budgets. Due to continued economic uncertainty and other factors, past historical patterns should not be considered a reliable indicator of CSR's future net revenue or financial performance and historical seasonal patterns may not recur.

12. Environmental Matters

CSR is committed to developing and supplying products that meet the highest standards in minimising the use of hazardous substances. CSR's products are manufactured and packaged in a variety of forms. Most of these products are already manufactured according to CSR's own "green" standards, which CSR developed as part of its continuous engagement with leading global companies that are customers of CSR and also with the support of CSR's suppliers. As a result of CSR's continuous improvement in this area, from 2009 all new product releases across all packaged forms will comply with CSR's "green" standard.

As part of its ongoing engagement with environmental compliance, CSR has dedicated internal resources to assist in the development of new products, review of existing product lines and the monitoring of established and pending legislation and standards published by national and international governments and agencies.

CSR's standard integrated circuits are fully compliant with existing European legislation, including the RoHS Directive, as well as equivalent legislation in other territories.

CSR works closely with customers and suppliers in developing products that reduce the use of hazardous materials and ensures ongoing compliance through testing and certification. For example, in preparing for the introduction of the EU Directive entitled REACH (Registration, Evaluation, and Authorisation of Chemicals), which governs the use of hazardous chemicals, CSR sent questionnaires to its key suppliers to assess compliance with the new standards. Based on the replies, CSR believes that its suppliers have appropriate awareness of the REACH Directive and that the Directive will not impact CSR's standard integrated circuits.

Although the WEEE Directive only applies to CSR in limited circumstances that represent a small part of its operations, CSR has implemented measures to comply with the WEEE Directive.

CSR selects and assesses key manufacturing partners based on standards necessary for certification to appropriate globally recognised standards, such as ISO9000-2008, ISO14001 and OHSAS18001, to ensure that its key suppliers have appropriate policies and practices. CSR also undertakes audits of its key suppliers' operations regularly to ensure that appropriate standards and certification exist.

In addition, CSR is undertaking preparatory work for the introduction of the Carbon Reduction Commitment, a mandatory carbon trading scheme in the United Kingdom that is due in 2010.

13. Property

CSR's corporate headquarters is located on the Cambridge Business Park, Cambridge, Cambridgeshire, England, where it occupies approximately 51,000 square feet under a lease expiring in September 2014. CSR also leases property (without major encumbrances) in the following areas, which serve as its research and development, sales and customer support and administration offices:

Location	*Square Feet*	*Lease Expiration*	*Purpose*
Unit 400, Cambridge Science Park, Cambridge, England	24,100	September 2016	Administration
Churchill House, Cambridge Business Park, Cambridge, England	51,000	September 2014	R&D
Selwyn House, Cambridge Business Park, Cambridge, England	7,000	September 2009	R&D
St John's House, St. Johns Innovation Park, Cambridge, England	33,100	August 2016	Sales and administration
Edinburgh, Midlothian, Scotland	1,400	November 2009	R&D
Richardson, Texas, USA	18,828	May 2016	Sales and administration
Detroit, Michigan, USA	9,400	January 2010	Sales and administration
Seoul, S Korea	10,861	November 2009	Sales and customer support
Gumi, S Korea	2,170	Rolling yearly contract	Sales and customer support
Stockholm, Sweden	5,167	September 2011	R&D and administration
Bangalore, India	26,516	June 2009	R&D and administration
Shanghai, China	12,121	April 2012	Sales and administration

Location	*Square Feet*	*Lease Expiration*	*Purpose*
Shenzhen, China	2,357	July 2011	Sales and administration
Tokyo, Japan	3,132	June 2009	Sales and administration
Aalborg, Denmark	3,184	Rolling monthly contract	Sales and administration
Taipei, Taiwan	4,800	Rolling yearly contract	Sales
Chungli, Taiwan	4,340	March 2011	Sales
Sophia Antipolis, France	7,513	February 2011	R&D

CSR is not aware of any environmental issues materially constraining the utilisation of any of its leased property.

14. Employees

As of January 2, 2009, CSR had 975 employees, of which 630 were allocated to R&D, 240 to sales and marketing and 105 to general and administrative.

15. Organisation Structure

CSR is the holding company of an international group of companies.

The following is a list of CSR's significant subsidiaries as of 22 June 2009 (the latest practicable date prior to the publication of this document):

Name	*Place of incorporation (or registration) and operation*	*Proportion of ownership interest %*	*Proportion of voting power held %*
Direct ownership			
Cambridge Silicon Radio Limited	England and Wales	100	100
UbiNetics (VPT) Limited	England and Wales	100	100
Cambridge Positioning Systems Limited	England and Wales	100	100
NordNav Technologies Aktiebolag	Sweden	100	100
Indirect ownership			
Cambridge Silicon Radio Inc.	Delaware	100	100
CSR China (Shanghai) Co. Limited	China	100	100
CSR KK	Japan	100	100
CSR Korea Limited	Korea	100	100
CSR Sweden AB	Sweden	100	100
Cambridge Silicon Radio Sarl	France	100	100
Cambridge Silicon Radio (U.K.) Limited	England and Wales	100	100
Cambridge Silicon Radio Holdings Inc.	Delaware	100	100
Clarity Technologies, Inc.	Michigan	100	100
CSR (India) Private Limited	India	100	100
UbiNetics Wireless Technologies (Shenzen) Company Limited	China	100	100
UbiNetics (Cayman Islands) Ltd	Cayman Islands	100	100
UbiNetics (Hong Kong) Limited	Hong Kong	100	100
UbiNetics (North America) Inc.	Delaware	100	100
UbiNetics (IP) Limited	England and Wales	100	100
UbiNetics 3G Limited	England and Wales	100	100
UbiNetics Module Limited	England and Wales	100	100
UbiNetics Technology Limited	England and Wales	100	100
UbiNetics Designs Limited	England and Wales	100	100
Coverage Limited	England and Wales	100	100
Cambridge Positioning Systems Ltd	England and Wales	100	100

16. Selected financial information

The financial information below has been extracted without material adjustment from the Group Financial Statements, for 2006, 2007 and 2008 and the unaudited results for the first quarters ended 3 April 2009 and 28 March 2008, prepared in accordance with IFRS. The information should be read together with the Financial Statements, which are incorporated into this document by reference as well as the financial information and information related thereto included elsewhere in this document, including the Operating and Financial Review relating to CSR set out in Part V of this document.

	Period ended				
	3 April 2009	*28 March 2008*	*2 January 2009*	*28 December 2007*	*29 December 2006*
	US$ in thousands, except per share data				
Consolidated Income Statement Data:					
Revenue	80,553	160,881	694,865	848,622	704,695
Gross profit	33,121	72,583	309,828	396,274	328,659
Operating profit (loss)	(21,162)	(46,192)	(8,515)	150,098	148,995
Profit (loss) before tax	(22,551)	(44,174)	(6,451)	155,599	154,397
Profit (loss) for the period	(11,280)	(41,948)	(6,939)	112,804	111,197
Earnings per share:					
Basic (loss) earnings per share	(0.09)	(0.32)	(0.05)	0.86	0.86
Diluted (loss) earnings per share	(0.09)	(0.32)	(0.05)	0.83	0.82

	3 April 2009	*2 January 2009*	*28 December 2007*	*29 December 2006*
	US$ in thousands			
Consolidated Balance Sheet Data:				
Cash and cash equivalents	91,905	180,898	193,311	117,494
Treasury deposits	171,000	81,000	52,065	30,000
Net current assets	303,815	307,810	267,717	269,000
Net assets	466,286	466,746	508,663	406,209
Total assets	565,556	591,681	669,830	500,750
Total equity	466,286	466,746	508,663	406,209
Other Information:				
Number of shares issued at fiscal period end (in millions)	133.4	132.9	132.1	130.2

17. Capitalisation and indebtedness

17.1 The following table shows the capitalisation and indebtedness of the Group (on an IFRS basis) as at 2 January 2009 and 3 April 2009. The financial information as at 2 January 2009 has been extracted without material adjustment from the Group 2008 Financial Statements prepared in accordance with IFRS and incorporated into this document by reference. The financial information as at 3 April 2009 had been extracted without material adjustment from the Group's unaudited accounting records as at 3 April 2009, prepared in accordance with IFRS.

(A) Capitalisation	*2 January 2009*	*3 April 2009*
	$'000	*$'000*
Total equity		
Share capital	238	238
Share premium account	91,448	91,523
Capital redemption reserve	950	950
Employee benefit trust reserve	(40,224)	(40,224)
Merger reserve	61,574	61,574
Hedging reserve	(25,260)	(14,272)
Share-based payment reserve	27,864	30,319
Tax reserve	35,770	33,072
Retained earnings	314,386	303,106
	466,746	466,286

(B) Indebtedness	*2 January 2009* *$'000*	*3 April 2009* *$'000*
Total current debt		
Unguaranteed and unsecured – finance lease obligations	1,057	301
Unguaranteed and unsecured – contingent consideration	753	753
	1,810	1,054
Total non-current debt		
Unguaranteed and unsecured – finance lease obligations	293	298
Unguaranteed and unsecured – contingent consideration	16,747	16,747
	17,040	17,045
Total indebtedness	18,850	18,099

17.2 The following table shows the net financial indebtedness of the Group (on an IFRS basis) as at 2 January 2009 and 3 April 2009. The financial information as at 2 January 2009 has been extracted without material adjustment from the Group 2008 Financial Statements prepared in accordance with IFRS and incorporated into this document by reference. The financial information as at 3 April 2009 had been extracted without material adjustment from the Group's unaudited accounting records as at 3 April 2009, prepared in accordance with IFRS.

(C) Net Indebtedness	*2 January 2009* *$'000*	*3 April 2009* *$'000*
Cash, cash equivalents and treasury deposits		
Cash and cash equivalents	180,898	91,905
Treasury deposits[(1)]	81,000	171,000
	261,898	262,905
Current debt		
Finance lease obligations	(1,057)	(301)
Contingent consideration	(753)	(753)
Net current financial indebtedness	260,088	261,851
Non-current debt		
Finance lease obligations	(293)	(298)
Contingent consideration	(16,747)	(16,747)
Net financial indebtedness	243,048	244,806

(1) Treasury deposits represent bank deposits with an original maturity of over three months

Derivatives

The Group held derivative financial instruments as at the reporting dates which are not reflected in the analysis above. The derivatives had the following fair values as at the balance sheet dates:

	2 January 2009 *$'000*	*3 April 2009* *$'000*
Current assets		
Derivative financial instruments	—	472
Current liabilities		
Derivative financial instruments	(32,062)	(20,507)
	(32,062)	(20,035)

18. Dividend policy

Historically CSR has not paid any dividends. CSR expects, in accordance with its stated policy, to retain future earnings for use in the operation and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future. Any payment of future dividends will be at the discretion of the CSR Board after taking into account various factors, including its financial condition, operating results, current an anticipated cash needs and plans for expansion.

PART IV

INFORMATION ON SiRF

1. Business Overview

SiRF is a leading supplier of GPS based location technology solutions designed to provide location awareness capabilities in high-volume mobile consumer and commercial applications. Location awareness capabilities allow a user to determine and use location information to gain access to applications and services, such as navigation or roadside assistance, and may be combined with wireless connectivity to enable a range of tracking and location applications, such as child and asset locators.

SiRF's products use GPS, which is a system of satellites designed to provide longitude, latitude and time information to GPS-enabled devices virtually anywhere in the world. SiRF offers a broad range of GPS chip sets, standalone and SoC chip sets and premium software products for high-volume GPS markets. SiRF's chip set product lines typically consist of two integrated circuits, a RF integrated circuit and a digital signal processing circuit, and standard embedded GPS software. The radio frequency integrated circuit is an analog semiconductor that detects and processes radio frequency signals from GPS satellites. The digital signal processing circuit is a semiconductor that helps process those signals to create data. The standard embedded GPS software searches satellite signals and uses satellite data to calculate location. In some of SiRF's products these integrated circuits are combined into a single package and, in others, into a single die. SiRF's SoC product line is designed to expand the function of the digital integrated circuit beyond GPS signal processing to perform additional host processing functions required by the device.

In addition to chip sets and standard embedded software, SiRF also provides premium software products, which are designed for specific customer platforms, such as mobile phones, consumer devices and automotive applications. SiRF markets and sells its products in four major markets: wireless handheld devices such as mobile phones; automotive electronic systems, including navigation and telematics systems; consumer electronics products such as recreational GPS handhelds, mobile gaming machines, digital cameras and wearable devices; and mobile computing systems, including personal digital assistants, notebook computers, universal mobile personal computers and mobile internet devices.

2. History and development of SiRF

SiRF is the holding company for SiRF Technology which develops and markets semiconductor products designed to enable location awareness in high-volume mobile consumer devices and commercial applications. SiRF Technology was incorporated in the state of California in February 1995 and reincorporated in the state of Delaware in September 2000. SiRF was incorporated in the state of Delaware in June 2001 when all of SiRF Technology's capital was exchanged for SiRF capital.

In expanding SiRF's product lines, it acquired Kisel, a privately held limited liability company based in Stockholm, Sweden in April 2005 and Centrality a privately-held company based in Redwood City, California in August 2007. Kisel, a company specialising in complex integrated transceiver designs, complements SiRF's existing RF engineering group as the design of RF transceivers is a critical core technology and is an essential element in complex multi-radio system solutions. The acquisition of Centrality, a developer of navigation processor solutions for portable navigation devices, was intended to enable SiRF to deliver end-to-end, multifunction location platforms employing SoC technology to location-enable a range of devices and services. The acquisition was intended to further expand SiRF's engineering capabilities to deliver cost-effective products that address the needs of emerging convergence mobile devices in the portable navigation, automotive, and consumer markets. On 24 November 2008, SiRF entered into a share purchase agreement whereby it sold 85 per cent. of its holdings in Kisel to certain former Kisel employees, for an aggregate of $1.0 million in cash and $2.2 million in promissory notes.

In June 2005, SiRF acquired the GPS chip set product line of Motorola, a Delaware corporation. The acquisition of Motorola's GPS chip set product line provided broader product offerings and better overall support infrastructure to serve Motorola and SiRF's other customers worldwide, through the acquisition of a team with a critical mass of GPS expertise, product lines that complement SiRF's existing products and a strong customer base.

3. Products

SiRF offers a broad range of GPS chip set and premium software products for high-volume GPS markets. Since 1996, SiRF has introduced following generations of product architecture:

- SiRFstarI, with a focus on automotive applications in 1996;
- SiRFstarII in both intellectual property, core and chip set forms in 1999; and
- SiRFstarIII, SiRF's third generation GPS architecture which may include embedded SiRFLoc client premium software, both in a chip set and IP core form in 2004.

In 2007, with the acquisition of Centrality, SiRF added navigation processor SoC products, SiRFatlas and SiRFtitan. In 2008, SiRF introduced several new products based on the SiRFstarIII product architecture, as well as SiRFatlasIII. Also in 2008, SiRF introduced the SiRFprima architecture, with flagship performance on a multifunction SoC platform: location, 3-D graphics, multimedia and application processors.

The following table summarizes SiRF's current products and related features:

Architecture	*Product*	*Description*
SiRFstarII	GSC2x	• Combines radio frequency integrated circuit and a digital signal processing circuit in a single package
SiRFstarIII	GSC3/LP	• Combines radio frequency integrated circuit and a digital signal processing circuit in a single 7 mm x 10 mm package
	GSC3/LPx	• An updated version of the 3/LP that is lower power and more RF flexible for multi-radio products
	GSC3/LPa	• An optimised version of the 3/LP for automotive functionality and packaging requirements
	GSC3LT	• SiRF's most power-efficient and the smallest version of SiRF's flagship SiRFstarIII architecture, ideal for a wide range of GPS enabled consumer mobile devices
	GSD3tw	• Single die, smallest footprint and highest performance implementation of SiRFstarIII architecture. Multimode satellite signal processor utilises host processor for low cost, low power system implementation targeting wireless applications
SiRFInstant	GSCi-2000	• Used in telematics applications
	GSCi-4x00	• Instant GPS, used in cellular handsets and public safety two-way radios
	GSCi-5000	• SiRF's extremely small multimode A-GPS chip, which is optimised to address the space and cost constraints of cellular handsets
SiRFtitan	SiRFtitan	• Powerful GPS and multifunction processor designed for performance navigation
SiRFatlas	SiRFatlas	• GPS and multifunction processor optimised for most cost-sensitive entry/value navigation
	SiRFatlasIII	• The most cost effective navigation processor for entry level portable navigation devices
SiRFprima	SiRFprima	• The next generation of navigation processor platform: fluid navigation experience with 3D graphics and high resolution multimedia encode and decode

During 2008, SiRF launched its SiRFprima™ multifunction platform. Additionally, SiRF began shipping the GSC3e/LPx and GSC3f/LPx, the latest versions of the SiRFstarIII™. In 2009, SiRF expects significant revenue contribution from the SiRFatlas and SiRFstarIII product architectures. Sales of SiRFatlas and SiRFstarIII product architectures represented 10 per cent. or more of SiRF's net revenue in 2008. Sales of SiRF's chip sets represented 96 per cent., 98 per cent. and 97 per cent. of its net revenue in 2008, 2007 and 2006, respectively.

In addition to chip sets and standard embedded software, SiRF also provides premium software products which are designed for specific customer platforms, such as mobile phones, consumer devices and automotive. The following table summarises the features of SiRF's premium software products:

Premium Software	*Description*
SiRFLoc	• Client and server software for wireless devices that provides enhanced location information using the capabilities of the wireless networks, as needed, for multimode GPS
SiRFXTrac	• Software designed to provide high-sensitivity satellite tracking in autonomous GPS applications for SiRFstarII platforms
SiRFDRive	• Software for automotive applications that enhances positioning by using sensors commonly found in automobiles, such as odometers
SiRFNav	• Software for automotive navigation systems that shares resources with the host processor
SiRFInstantFix	• Provides quick position fix and high-sensitivity satellite acquisition in occasionally connected GPS applications
SiRFInstantFixII	• Provides quick position fix and high-sensitivity satellite acquisition without any network connectivity
SiRFstudio	• A standards-based, end-to-end location services enabling platform designed to simplify and speed the development and deployment of location-aware applications across a broad range of mobile devices
SiRFDiRect	• Software for portable navigation devices, or PNDs, applications designed to enhance positioning by using external sensors, gyro and accelerometer, for enhanced location performance in difficult environments

SiRF has developed and continues to develop premium software products designed to enable SiRF's chip sets to be more easily integrated into specific applications. In most cases, SiRF charges a separate licensing royalty for these premium software products. SiRFLoc is premium software for multimode GPS created for wireless devices needing enhanced location information using the assistance capabilities of wireless networks, as well as in autonomous environments, where the assistance capability may not be available or needed. It has both client and server software aspects with the client software integrated into the user devices, such as handsets, and with the server core integrating into the wireless network systems, such as location servers. SiRFXTrac is premium software for PDA and consumer devices that runs on SiRF's SiRFstarII-based product lines and is designed to track signals in weak-signal environments without any assistance from wireless networks. Demand for SiRF's SiRFstarII with XTrac has reduced as customers have migrated to the newer SiRFstarIII platform, which provides greater weak signal performance. SiRFDRive is premium software for automotive applications, which uses inputs from the gyroscope, odometer and other sensors in the automobile to complement the GPS satellite signal and enhance the navigation experience. SiRFNav is premium software designed to enable the navigation function to be performed by the host processor, which can reduce the cost of the GPS sub-system. SiRFInstantFix is premium software designed to provide quick position fix and high-sensitivity satellite acquisition when a device is initially turned on. SiRFInstantFix data can operate for up to seven days for mobile systems that are disconnected from the network for an extended period of time. With the introduction of SiRFstudio, SiRF now provides a platform to accelerate end-to-end location based services with the ecosystem and specific tools to enable location aware applications for client and servers. SiRFDiRect is premium software for PNDs that utilises external sensors to achieve improved navigation performance typically found with in-vehicle navigation systems. In 2008, SiRF introduced SiRFInstantFixII™ technology, an autonomous version of SiRF's original SiRFInstantFix technology that is designed to improve the start-up times of PNDs and other mobile navigation devices without needing any network connectivity for assistance or updates. SiRFInstantFixII is designed to reduce the time to first position fix upon initial power-up of a PND in the typical situation from over half a minute to as little as five seconds.

SiRF's products have been integrated into mobile consumer devices such as mobile phones, automobile navigation and location-based systems, portable navigation systems, personal digital assistants, digital still cameras, digital video cameras, personal gaming devices, and GPS-based peripheral devices, and into commercial systems, such as fleet management and road-tolling systems.

SiRF's products are available to OEM customers in four forms: chip sets, modules, IP cores and premium software. For customers with high-volume requirements or unique system requirements, SiRF sells its products as chip sets. Customers that require GPS functionality to be added quickly to devices designed primarily for other functions may purchase complete GPS modules based on SiRF's chip sets from SiRF's value added manufacturer, customers. These modules consist of SiRF's chip sets mounted on a board that can be readily added to a device. For customers that have very high-volume, cost-sensitive applications such as mobile phones, SiRF also offers its technology in IP core form, consisting of the design code for SiRF's chip sets and the source code for the software embedded in the chip sets.

In addition to SiRF's chip sets and premium software products, SiRF provides two types of tool kits: evaluation kits and system development kits. Evaluation kits consist of a GPS module and software, enabling potential customers to evaluate the performance of SiRF's products for their specific environment and application. System development kits are designed to make it easier for SiRF's customers to incorporate SiRF's GPS technology into their products and reduce their time to market. System development kits consist of hardware reference design information, a software development platform and software tools to link SiRF's software to the customer's system software. SiRF also offers utility software to its customers to assist them in high-volume manufacturing and testing. These tool kits and utility software are currently not material to SiRF's total net revenue and are not expected to be a significant contributor to SiRF's future net revenue. Subsequent to the sale of SiRF's premium software products, SiRF has no obligation to provide any level of post-contract support, including modification, customisation, upgrades or enhancements.

SiRF has been involved in multiple pending legal proceedings with Broadcom and its predecessor in connection with disputes regarding patents. On 15 January 2009, the ITC issued its final determination in connection with the Broadcom patent infringement investigation. Certain software pertaining to SiRFstarIII hardware products and three of SiRF's premium software products, SiRFLoc, SiRFNav and SiRFInstantFix, are subject to the ITC Final Determination. SiRFInstantFixII is not subject to the ITC Final Determination. To comply with the ITC Final Determination, SiRF has released new software versions of SiRFLoc, SiRFNav, SiRFInstantFix and software pertaining to SiRFstarIII hardware products (as these are new versions of the software, the product names will not change). In addition, the GSCi-4100, GSCi-4200 and GSCi-5000 hardware products were found to be infringing by the ITC. As such, SiRF is prohibited from conducting certain activities in the United States with respect to these products, including selling, marketing or testing the products in the United States. SiRF has not sought approval from US Customs on any new versions of the GSCi-4100, GSCi-4200 and GSCi-5000 hardware products. Pursuant to a letter dated on 21 May 2009 and received by SiRF on 29 May 2009, United States Customs issued a determination and involving the redesigned software incorporated into the GPS devices subject to the limited exclusion order issued by the ITC in the ITC proceeding. United States Customs determined that SiRF has established by a preponderance of the evidence that its redesigned GPS chips fall outside of the scope of the exclusion order issued by the ITC. As a result of that ruling, United States Customs determined to issue instructions to United States ports not to exclude from entry into the United States the approved redesigned GPS chips and products containing the same from SiRF. Thus, United States Customs will allow the approved redesigned SiRF products, and products that contain the SiRF chips, to be imported for consumption and sale in the United States. See Section 19 of this Part IV for further information.

4. Technology

SiRF's SiRFstar GPS architectures are designed to rapidly acquire satellite signals to determine location, receive and process weak signals, use low amounts of power, generate low amounts of heat and provide greater accuracy in a cost-effective structure.

The following table summarises the key GPS architectural features implemented in many of SiRF's products:

Features	*Description*	*Customer Benefit*
SiRFLoc MultiMode Location	• Provides both autonomous and aided-GPS capability in wirelessly connected devices • Provides continuous location updates • Can calculate locations in either handsets or the network	• Rapid response time, continuous navigation and improved signal availability in highly degraded environments
SnapLock Signal Acquisition	• Reacquires satellite signals rapidly after emerging from an obstructed area, for example, when an automobile passes through a tunnel or parking garage • Re-establishes position quickly using re-acquired signal	• Rapid response time, providing more satellite positioning fixes in difficult environments, such as urban canyons
SnapStart Fast Start	• Obtains a position fix rapidly	• Significant power savings during idle with fast recovery to user request
SiRFDRive DR Enhanced Location	• Combines measurements from GPS system and dead reckoning devices, such as odometers and gyroscopes and MEMS accelerometer	• Improves accuracy and location information availability in obstructed environments such as urban canyons, tunnels and parking garages
FoliageLock Signal Sensitivity	• Detects signals with as low as 1 per cent. of normal strength • Continues operating in dense foliage with as low as 1/400th of original signal	• Improved signal availability and, therefore, improved navigation accuracy in wilderness areas having heavy signal degradation
SingleSat Positioning	• Enables automotive GPS applications to operate during short intervals when only one satellite is visible • Permits continued navigation in urban areas	• Improved availability of navigation solution from GPS in areas of severe signal blockage
Dual Multipath Rejection	• Reduces errors caused by reflected signals • Improves GPS accuracy in obstructed environments	• Improved accuracy in urban canyons
Differential GPS Support	• Corrects errors in standard GPS signals using supplementary signals • Supports Federal Aviation Administration's wide area augmentation system • Improves GPS accuracy to one to three meters	• Improved accuracy for demanding applications where differential signal is available

Features	*Description*	*Customer Benefit*
TricklePower and Adaptive Power Management	• Reduces power consumption and heat dissipation • Increases battery life and allows smaller device sizes	• Intelligent cycling of the GPS core provides lower power consumption in continuous navigation, thus improving battery life
Push-to-Fix Mode	• Reduces average power consumption for on-demand position applications such as E911 and personal locators	• Fast restart capabilities provide lower power consumption in infrequent positioning applications

4.1 ***Semiconductor Design Methodologies***

SiRF uses advanced design tools and manufacturing process technologies in its design methodology, which helps reduce die size, power consumption, heat generation and cost for certain functions. SiRF further integrates specialised tools to accelerate design and verification time and to reduce the number of modification iterations.

Several factors must be taken into account in the design of GPS-based semiconductors. Because the GPS satellite system employs a very high carrier frequency and very low signal strength, handling noise interference is difficult and requires custom semiconductor design that can handle these radio frequencies. In addition, reliability concerns, such as electrical static discharge and electromigration, further complicate the design considerations. SiRF has adopted a design approach, known as the customer-owned tooling approach, to address these issues. With customer-owned tooling, SiRF's engineers design the entire circuit and layout, which are delivered to one of the foundries that manufacture SiRF's products as a physical layout database. These foundries use the database to fabricate the wafers that they then send to SiRF. By designing the entire circuit and layout themselves, rather than using a third party, SiRF seek to manage these types of design problems.

For some of SiRF's digital baseband semiconductor solutions, SiRF uses the turnkey design approach, which takes advantage of existing IP cores and cell libraries offered by the foundries that manufacture SiRF's products. SiRF delivers to the foundries fully simulated netlists, which are instructions for using these IP cores and cell libraries, and SiRF receives fully tested and packaged parts.

4.2 ***Test Methodologies***

Because the GPS satellites are constantly in motion, continuous position fixes at the same physical location do not necessarily result in identical outputs. Moreover, different terrestrial environments affect the satellite signal in different ways. Consequently, navigation solutions require the collection of large amounts of data in various environments and sophisticated software to analyze these inputs to ensure the best performance across a variety of potential user platforms. Laboratory test environments cannot reliably simulate all possible scenarios, making comprehensive automated testing for GPS products difficult. Over the last ten years, SiRF has developed extensive test methodologies, including laboratory simulation, road testing, virtual road laboratory testing, pedestrian applications, indoor positioning and aided acquisitions, to assure the quality of its products. These proprietary test methodologies include hundreds of separate tests, which generate large amounts of real-time data that is automatically collected and analyzed. CSR believes this test system is a key to SiRF's ability to release high-quality products in a timely manner.

5. Customers

SiRF markets and sells its products worldwide through a combination of direct sales, independent sales representatives and distributors. SiRF also sells to VAMs, which incorporate SiRF's chip sets into modules. In addition, many of SiRF's direct customers in turn sell to branded OEMs which sell products

using SiRF's chip sets. SiRF targets four major markets: wireless handheld devices such as mobile phones; automotive electronic systems, including navigation and telematics systems; consumer electronics products such as recreational GPS handhelds, mobile gaming machines, digital cameras and wearable devices; and mobile computing systems, including personal digital assistants, notebook computers, universal mobile personal computers and mobile internet devices. In 2008, two customers, Promate and Elcoteq, represented 10 per cent. or more of SiRF's net revenues. In 2007, two customers, Promate and Garmin, each represented 10 per cent. or more of SiRF's net revenues. In 2006, three customers, Promate, Garmin and Gateway/Foretek, each represented 10 per cent. or more of SiRF's net revenues. In 2005, two customers, Promate and Gateway, each represented 10 per cent. or more of SiRF's net revenues. In 2004, four customers, Promate, Leadtek, Gateway and Motorola, each represented 10 per cent. or more of SiRF's net revenues.

International sales accounted for 81 per cent., 88 per cent. and 85 per cent. of SiRF's net revenue in 2008, 2007 and 2006, respectively. SiRF faces risks in conducting business internationally, including increases in trade restrictions, potentially reduced protection for its IP and failure by SiRF or its customers to obtain the requisite regulatory approvals. In addition, under the ITC Final Determination, certain of SiRF's customers are prohibited from importing and selling in the United States SiRF's products that may be found to infringe certain Broadcom patents. While SiRF has developed new versions for its software that were approved by US Customs and should comply with the ITC Final Determination, demand for SiRF's products may decrease and adversely affect its net revenue. SiRF has not sought approval from US Customs on any new versions of the GSCi-4100, GSCi-4200 and GSCi-5000 hardware products. For a discussion of SiRF's net revenue by geographic region, see Note 13, *Segment and Geographical Information*, of Part IX of this document. See also paragraph 19 below for further information related to the ITC Final Determination.

Certain of SiRF's customer contracts contain "change of control" or similar clauses. To the extent that the Merger triggers any such clause and a consent is not obtained, CSR and SiRF do not believe that any such event, individually or in the aggregate, will materially adversely affect the Combined Company.

6. Manufacturing

(A) *Fabrication*

SiRF uses independent semiconductor manufacturers to fabricate its semiconductors. By contracting its manufacturing, SiRF is able to focus more of its resources on product design and eliminate the high cost of owning and operating a semiconductor fabrication facility. This fabless business model also allows SiRF to take advantage of the research and development efforts of leading manufacturers and to maintain flexibility in choosing suppliers that meet SiRF's technology and cost requirements. SiRF's products are manufactured using CMOS, bipolar, or BiCMOS process technologies, which includes the silicon germanium process technology.

SiRF designs its products to be compatible with industry standard manufacturing processes, allowing SiRF to work with multiple manufacturers. SiRF's primary foundries are IBM in the United States, Samsung in South Korea, STMicroelectronics in Italy and France and TSMC in Taiwan. Each foundry currently manufactures several of SiRF's semiconductors. In 2007, with its acquisition of Centrality, SiRF began using Global Uni Chip, a design foundry in Taiwan, to provide turnkey solutions for some of its SoC products. SiRF pre-qualifies each manufacturing plant that it intends to use and continuously monitors their process and quality control processes. SiRF maintains an operations and quality engineering group that manages manufacturing engineering which includes test, product, package engineering, supply chain management, logistics, including product planning, work-in-progress control, shipping and receiving and its relationships with contractors. SiRF intends to continue to work with its existing foundries to maintain adequate production capacity, and it may qualify new foundries to provide additional production capacity and advanced technology. Because SiRF uses independent foundries to manufacture its semiconductor products, it may face risks such as lack of manufacturing capacity and limited control over delivery schedules, quality issues, increase in production costs and reduction in manufacturing yields.

(B) ***Assembly and Test***

Independent manufacturing plants worldwide conduct SiRF's assembly, testing and finish operations. These manufacturing plants include Amkor in Taiwan and China, ASE in Taiwan, IBM in the United States, Samsung in South Korea, StatsChipPac in Korea, Malaysia and Singapore, and STMicroelectronics in Malaysia. All testing is performed on standardized equipment using proprietary programs developed by SiRF's test engineering groups in collaboration with its manufacturing partners. SiRF uses standard packages for most of its products.

(C) ***Quality Assurance***

SiRF focuses on product reliability from the initial stage of the design cycle through each specific design process. SiRF reviews quality and reliability data from its foundries and assembly and tests subcontractors through each stage of the production cycle. SiRF closely monitors foundry production to enhance product quality reliability and yield levels. SiRF uses its testing methodology in an effort to continuously improve the quality and reliability of its products. SiRF also has a quality assurance and reliability organisation. SiRF is certified at its headquarters location in San Jose, CA by the International Standards Organisation quality standard called ISO9001-2000, and SiRF actively monitors and complies with emerging quality standards as required for its products and by its customers.

(D) ***Sales and Marketing***

SiRF markets and sells its products worldwide though a combination of direct sales, independent sales representatives and distributors. SiRF refers customers who want modules that incorporate SiRF's chip sets to its VAM customers. SiRF has direct sales offices in China, Germany, India, Japan, South Korea, Taiwan, the United Kingdom and the United States. SiRF also has distributors and independent sales representatives in the United States, Europe and the Asia-Pacific region. SiRF has a number of marketing programs to support the sale of its products and to increase brand awareness, including participation in industry tradeshows, technical conferences and technology seminars, sales training, advertising, co-branding agreements and public relations. SiRF provides its distributors with price protection rights, which grant distributors the right to credit on future purchases in the event of declines in the price of its products on existing inventory held by the distributors.

7. Research and Development

SiRF devotes a substantial portion of its resources to developing new products and strengthening its technological expertise in the GPS/location market. SiRF's engineering team has expertise in architecture design, wireless communication algorithms, wireless and GPS system engineering, digital signal processing circuit design, radio frequency integrated circuit design and software engineering. SiRF has dedicated engineering teams for systems design, digital signal processing circuit design, radio frequency integrated circuit design and software design. SiRF has design centers in San Jose, CA, Santa Ana, CA, Cedar Rapids, IA, Phoenix, AZ, Shanghai, China and Noida, India. SiRF's research and development expenditures under US GAAP were approximately $108.7 million in 2008, $96.7 million in 2007, $75.1 million in 2006, $37.7 million in 2005 and $22.3 million in 2004. Differences between these amounts and those recorded under IFRS are attributable to non-cash share option charges.

8. Government Regulation

GPS technology is restricted and its export is controlled. The United States government may restrict specific uses of GPS technology in some applications for security or other reasons. Although the United States government has stated it will not block the civilian GPS signal at any time, it does have the ability to do so. In addition, although the stated policies of the United States government include the use of GPS without charge, this may change. The growth of the GPS market could be limited by government regulation or other action. These regulations or actions could interrupt or increase SiRF's cost of doing business. For example, the former President of the United States authorised a new national policy in December 2004 that established guidance and implementation actions for space-based positioning, navigation, timing programs, augmentations and activities for United States national and homeland security, civil, scientific and commercial purposes. To date, government regulation has not materially

impacted SiRF's business. However, SiRF cannot be certain that the United States government will remain committed to the operation and maintenance of GPS satellites over a long period, although it is currently committed to do so. Other United States government agencies may become involved in the administration or the regulation of the use of GPS signals. Any of the foregoing factors could affect the willingness of buyers of SiRF's products to select GPS-based systems instead of products based on competing technologies.

GPS technology uses radio frequency bands that are globally allocated for radio navigation satellite services. International allocations of radio frequency bands are made by the International Telecommunications Union, a specialised technical agency of the United Nations. These allocations are also governed by radio regulations that have treaty status and are subject to modification every three to four years by the World Radio Communication Conference. Reallocation of radio frequency bands, including frequency band segmentation or spectrum sharing, may negatively affect the utility and reliability of GPS-based products. Further, the Federal Communications Commission, or FCC, continually receives proposals for new technologies and services that may seek to operate in, or across, the radio frequency bands currently used by GPS and other public services. Adverse decisions by the FCC that result in harmful interference to the delivery of GPS signals could harm the utility and reliability of GPS-based products.

9. Competition

The market for SiRF's products is highly competitive and rapidly evolving. SiRF expects increased competition throughout the market for location technology products. This increased competition will likely result in price reductions, reduced margins or loss of market share. SiRF may be unable to compete successfully against current or future competitors.

Some of SiRF's customers are also its competitors. Within each of its markets, SiRF faces competition from public and private companies, as well as its customers' in-house design efforts. For chip sets, SiRF's main competitors include Atheros Communications, Atmel, Broadcom, Infineon, MediaTek, QUALCOMM, Sony, ST-Ericsson (the newly formed joint venture between Ericsson Mobile Platforms and ST-NXP Wireless), Texas Instruments, Trimble and u-blox. Some large semiconductor companies may acquire private GPS companies to gain access to their technology and become serious competitors to SiRF in a short time. For modules based on SiRF's products, the main competitors are Furuno, JRC, Sony, Trimble and u-blox. For licensed IP cores, SiRF's competitors include Ceva, QUALCOMM and several private companies. Licensees of intellectual property from SiRF's competitors may also compete against SiRF. SiRF also competes against suppliers of software-based GPS solutions. SiRF expects new competitors to enter the commercial market for GPS semiconductors as demand for GPS systems continues to grow.

In the wireless market, SiRF also competes against products based on alternative location technologies that do not rely on GPS, such as wireless infrastructure-based systems. These systems are based on technologies that compute a caller's location by measuring the differences of signals between individual cellular base stations and/or Wi-Fi positioning. If these technologies become more widely adopted, market acceptance of SiRF's products may decline. Competitors in these areas include Andrew, Polaris and TruePosition. SiRF plans to actively participate in Galileo, which is being developed by European governments, and other Global Navigation Satellite System development through international and industry groups as appropriate.

CSR believes that the following key competitive factors are important in order to compete successfully in the markets SiRF targets:

- the cost-effectiveness of the location technology;
- performance in terms of availability, navigation accuracy and time required to fix a location;
- low power consumption;
- high integration to reduce the size of the product;
- robustness of the products to operate in a variety of environments;

- system development tool kits and design support to enable rapid time to market;
- the ability to provide products in the form of chip sets, modules and licensed intellectual property;
- a strong portfolio of GPS and location-based technology patents; and
- the ability to ship products in high volumes.

Many of SiRF's competitors have significantly greater financial, technical, manufacturing, marketing, sales and other resources than SiRF. CSR believes that SiRF's success depends on its ability to establish and maintain relationships with established system providers and industry leaders. SiRF's failure to establish and maintain these relationships, or any interference with these relationships by its competitors, could harm its ability to penetrate emerging markets.

10. Raw Materials

SiRF purchases components from a number of suppliers. In some cases, SiRF purchases certain critical components, such as NOR flash memory technology, from a single supplier. The materials, parts and supplies essential to SiRF's business are generally available at present, and CSR believes that such materials, parts and supplies will be available in the foreseeable future. Certain raw materials and technology processes used in the manufacturing of SiRF's integrated circuits are available only from a limited number of suppliers. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials.

11. Seasonality

SiRF has historically experienced increased net revenue in its third and fourth quarters due primarily to seasonal demand related to the holiday season and end-of-calendar year spending patterns in corporate budgets. However, due to macroeconomic conditions and other factors, SiRF did not experience an increase in net revenue in the third and fourth quarters. Due to continued economic uncertainty and other factors, past historical seasonal patterns should not be considered a reliable indicator of SiRF's future net revenue or financial performance.

12. Inventory and Working Capital

SiRF's management focuses considerable attention on managing its inventories and other working-capital-related items. SiRF manages inventories by communicating with its customers and then using its industry experience to forecast demand on a product-by-product basis. SiRF then places manufacturing orders for its products that are based on forecasted demand. The quantity of products actually purchased by SiRF's customers as well as shipment schedules are subject to revisions that reflect changes in both the customers' requirements and in manufacturing availability. SiRF generally maintains substantial inventories of its products because the semiconductor industry is characterised by short lead time orders and quick delivery schedules. As a result, changes in customer demand or rapid technological change can cause the value of SiRF's inventory to rapidly decline.

13. Backlog

SiRF's backlog of orders was $34.8 million at 27 December 2008, as compared to $56.0 million at 31 December 2007. The decrease in backlog was primarily due to increased market competition and continuing weakness in consumer demand. A substantial number of orders are shipped during the quarter in which they are received. SiRF defines backlog as of a particular date as firm purchase orders with a customer-requested delivery date within a maximum length of time not to exceed 180 days. As customer requirements and industry conditions change, orders may be, under certain circumstances, subject to cancellation or modification of terms such as pricing, quantity or delivery date. Customer order placement practices continually evolve based on customers' individual business needs and capabilities, as well as industry supply and capacity considerations. As a result, the amount of backlog will vary from year to year.

14. Intellectual Property

As of 27 December 2008, SiRF had 330 patents granted worldwide. Of this total, SiRF has 201 patents granted in the United States and 129 patents granted in foreign countries, with expiration dates ranging from 2011 to 2027, along with 173 pending patent applications in the United States and 202 pending foreign patent applications. SiRF's success depends on its intellectual property. SiRF's patent applications may not provide protection for all competitive aspects of its technology or may not result in issued patents. Any patents issued may provide only limited protection for SiRF's technology and the rights that may be granted under any future patents that may be issued may not provide competitive advantages to SiRF. In addition, patent protection in foreign countries may be limited or unavailable where SiRF needs this protection. It is possible that competitors may independently develop similar technologies or design around SiRF's patents and competitors could also successfully challenge any issued patent. SiRF may also choose not to pursue all instances of patent infringement.

From time to time, as part of its established procedures, any patent granted by the US Patent Office may be subject to re-examination by the US Patent Office based upon a third party request. Presently, six of SiRF's US patents, none of which are at issue in any litigation, are in the early stages of re-examination by the US Patent Office based upon ex-parte requests filed by Broadcom.

SiRF intends to continue to assess appropriate occasions for seeking patent protection for those aspects of its technology that may provide significant competitive advantages. Although SiRF files patents to protect its inventions, its revenue is not dependent on any particular patent. SiRF does not believe the expiration or loss of any particular patent would materially harm its business. Additionally, SiRF is an inaugural member of the Ocean Tomo 300 Patent Index, a market-equity stock index priced and published by the NYSE Alternext US, formerly the American Stock Exchange, representing a diversified portfolio of 300 companies that own the most valuable patents relative to their book value as determined by Ocean Tomo LLC.

SiRF's success also depends on its other rights in proprietary technology. SiRF relies on a combination of trademark, copyright and trade secret laws, and contractual restrictions, such as confidentiality agreements and licenses, to establish and protect its proprietary rights. SiRF's ability to compete and grow its business could suffer if these rights are not adequately protected. SiRF seeks to protect its source code for its software and design code for its chip sets, documentation and other written materials under trade secret and copyright laws. SiRF licenses its software and IP cores under signed license agreements, which impose restrictions on the licensee's ability to utilise the software and IP cores. SiRF also seeks to avoid disclosure of its intellectual property by requiring employees and consultants with access to its proprietary information to execute confidentiality agreements. SiRF generally requires its customers to enter into confidentiality and nondisclosure agreements before it discloses any sensitive aspects of its products, technology or business plans. Despite SiRF's efforts to protect its proprietary rights through confidentiality and license agreements, unauthorized parties may attempt to copy or otherwise obtain and use its products or technology. It is difficult to monitor unauthorized use of technology, particularly in foreign countries where the laws may not protect SiRF's proprietary rights as fully as those in the United States. In addition, SiRF's competitors may independently develop technology similar to its own. These precautions may not prevent misappropriation or infringement of SiRF's intellectual property.

Third parties could infringe or misappropriate SiRF's copyrights, trademarks and similar proprietary rights. In addition, other parties may assert infringement claims against SiRF and SiRF's products may be found to infringe one or more issued patents. In addition, because many pending patent applications in the United States are not publicly disclosed by the United States Patent and Trademark Office until the patent is issued, applications may have been filed by others which relate to SiRF's products of which SiRF has no knowledge. SiRF may be subject to legal proceedings and claims in the ordinary course of its business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties. SiRF may also be required to resort to litigation to enforce its intellectual property rights. Intellectual property litigation is expensive and time-consuming and could divert management's attention away from running SiRF's business. This litigation could also require SiRF to develop non-infringing technology or enter into royalty or license agreements. These royalty or license agreements, if required, may not be available on acceptable terms, if at all, in the event of a successful claim of infringement. SiRF's failure or inability to develop non-infringing technology or license the

proprietary rights on a timely basis would harm its business. Please refer to Note 21, *Commitments and Contingencies*, of Part IX of this document for further information. See also paragraph 19 below for further information regarding SiRF's current litigation.

15. Employees

As of 27 December 2008, SiRF had 571 active, permanent employees, including 408 in research and development, 69 in sales and marketing, 48 in operations and 46 in general and administrative. None of SiRF's employees are covered by a collective bargaining agreement. CSR believes that SiRF's relations with its employees are good.

16. Environmental Matters

While SiRF is a fabless semiconductor supplier who relies on subcontractors to manufacture its products, SiRF monitors the environmental impact of its products. Due to environmental concerns, the need for lead-free solutions in electronic components and systems is receiving increasing attention within the semiconductor industry and many companies are moving towards becoming compliant with the RoHS Directive, the European legislation that restricts the use of a number of substances, including lead. In 2008, SiRF began managing its compliance towards the new European Registration, Evaluation and Authorisation of Chemicals legislation.

17. Available Information

SiRF is subject to the informational requirements of the US Exchange Act. SiRF therefore files periodic reports, proxy statements and other information with the SEC. Such reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549, or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

SiRF's Internet address is www.sirf.com. SiRF makes available, free of charge, through its Internet website, copies of its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, if any, or other filings filed or furnished pursuant to Section 13(a) or 15(d) of the US Exchange Act, as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Information contained on SiRF's website is not incorporated by reference unless specifically referenced herein.

18. Properties

SiRF's corporate headquarters are located in San Jose, California, where it occupies approximately 48,000 square feet under leases expiring on 30 November 2009. SiRF's San Jose, California headquarters is also used for engineering, product development and sales. SiRF also leases property (without major encumbrances) in the following areas, which serve its engineering and product development locations, regional headquarters and direct sales offices:

Location	*Square Feet*	*Lease Expiration*	*Description*
Phoenix, Arizona[1]	26,300	July 2012	Engineering and Product Development
Cedar Rapids, Iowa	7,400	April 2013	Engineering and Product Development
Santa Ana, California	15,400	December 2009	Engineering and Product Development
Noida, India[2]	9,200	March 2014	Engineering and Product Development
Bangalore, India	27,000	June 2009	Engineering and Product Development
Shanghai, China	7,100	August 2010	Regional Headquarters and Engineering and Product Development

(1) SiRF leases two properties in Phoenix, Arizona, with lease expirations dated July 2010 and July 2012.

(2) SiRF may terminate this lease upon 6 months' notice.

SiRF leases additional facilities in various locations expiring on various dates through 2013. CSR believes SiRF's leased space is adequate for its current operations. However, SiRF may require additional space in the future which may not be available on commercially reasonable terms or in the location it desires. SiRF is not aware of any environmental issues materially constraining the utilisation of any of its leased property.

19. Legal Proceedings

SiRF may be subject to legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of its business. During the 12 months immediately preceding the date of this document, SiRF was a party to the following material legal proceedings:

19.1 On 15 December 2006, SiRF's subsidiary, SiRF Technology, filed a patent infringement complaint against Global Locate and its United States distributor, SBCG, Inc. d/b/a Innovation Sales Southern California, in the United States District Court for the Central District of California. The complaint alleged infringement by Global Locate and SBCG of four patents assigned to SiRF Technology and sought both monetary damages and an injunction to prevent further infringement. On 8 January 2007, Global Locate answered the aforementioned complaint and filed counterclaims alleging infringement by SiRF Technology of four patents and sought monetary damages and an injunction to prevent further alleged infringement. On 30 January 2007, Global Locate filed an amended answer with additional counterclaims alleging violations by SiRF Technology of the Sherman Antitrust Act and of the California Business and Professions Code. On 3 October 2007, the District Court stayed both parties' claims and counterclaims in their entirety pending resolution of the two ITC investigations described below.

Furthermore, on 8 February 2007, SiRF Technology filed a complaint under Section 337 of the Tariff Act of 1930, as amended, in the ITC, requesting that the ITC commence an investigation into the unlawful sale for importation into the United States, importation into the United States, and/or sale within the United States after importation, of certain GPS chips or chip sets, associated software, and systems made for or by or sold by or for Global Locate, and products containing the same. As a result, on 8 March 2007, the ITC instituted an action entitled "In the Matter of Certain GPS Chips, Associated Software and Systems, and Products Containing Same," ITC Investigation No. 337-TA-596. During the third quarter of 2007, Global Locate was acquired by Broadcom. Broadcom subsequently was added as an additional respondent to the investigation. A hearing was held from 13 March 2008 through 19 March 2008, and the Administrative Law Judge's (the "**ALJ**") Final Initial and Recommended Determination (the "**ID**"), was filed 13 June 2008. The ID upheld the validity of SiRF's U.S. patent No. 6,304,216, but found Broadcom did not infringe the patent. The ID further found SiRF's U.S. patent No. 7,043,363 invalid and not infringed. On 27 June 2008, the parties submitted to the ITC Petitions for Review of the ID. On 14 August 2008, a Notice of Commission Decision Not to Review a Final Determination Finding No Violation of Section 337 was issued, whereby the ITC determined not to review the ID. On 13 October 2008, SiRF Technology filed a Notice of Appeal with the United States Court of Appeals for the Federal Circuit, appealing the ITC's decision and all underlying orders, rulings, and findings, including the ID. On 24 March 2009, SiRF Technology filed an uncontested request to withdraw the appeal, and, on 25 March 2009, the Federal Circuit granted SiRF Technology's request and ordered the appeal withdrawn.

Also, on 2 April 2007, Global Locate filed a complaint under Section 337, requesting that the ITC commence an investigation, or the Investigation, of certain GPS devices and products made for, by, or sold by or for SiRF Technology and the customers named in the investigation, E-TEN Information Systems Co., Ltd., Mio Technology Ltd, USA, MiTAC International Corp. and Pharos Science & Applications, Inc. (the "**Named Respondents**"). As a result, on 7 May 2007, the ITC instituted an action titled "In the Matter of Certain GPS Devices and Products Containing Same," ITC Investigation No. 337-TA-602. Upon its acquisition of Global Locate, Broadcom was subsequently added as an additional complainant to the Investigation. The ITC hearing commenced on 28 April 2008 and ended on 13 May 2008.

On 8 August 2008, the ALJ issued a Notice regarding the Initial Determination in this matter. This Notice contained conclusions of law that all six of the asserted Broadcom patents (1) had an existing domestic industry, (2) were valid, and (3) were infringed by certain of SiRF Technology's products. On 22 August 2008, the ALJ issued a Recommended Determination on Remedy and Bonding in this matter, which recommended to the ITC that, if a violation of Section 337 has occurred (1) those of SiRF Technology's products that are accused products in the Investigation, if found to infringe a patent at issue in the Investigation, should be excluded from the United States, (2) a Limited Exclusion Order should be issued prohibiting the importation into the United States of products containing any of such SiRF Technology's products (i.e., "downstream" products) that may be found to infringe, and (3) Cease and Desist Orders should be issued prohibiting SiRF Technology and the United States Named Respondents from importing or selling in the United States those of SiRF Technology's products that may be found to infringe any asserted patent. On 25 August 2008, SiRF Technology filed a Petition to Review the Initial Determination with the ITC. In addition to SiRF Technology's Petition, the ITC's Office of Unfair Import Investigations also independently filed a Petition for Review of the Initial Determination.

On 9 October 2008, the ITC issued a Notice indicating that it had determined to review in part the Initial Determination. Specifically, the ITC determined to review (1) the ALJ's finding that Global Locate has standing to assert U.S. Patent No. 6,606,346, a patent that was asserted by Global Locate against a low-volume SiRF Technology hardware product that does not impact SiRFStarII, SiRFStarIII or SoC portfolio; (2) the ALJ's finding that SiRF Technology directly infringes claim 1 of U.S. Patent No. 6,704,651 (asserted against certain SiRF Technology software) through its commercial activities; and (3) the ALJ's finding that SiRF Technology directly infringes claim 1 of U.S. Patent No. 6,651,000 (also asserted against certain SiRF Technology software) through its commercial activities. Since the date of the initial determination and before the final determination, SiRF Technology released new versions of its software. The ITC determined not to review the remaining issues presented by SiRF Technology and by the Office of Unfair Import Investigations in their respective Petitions for Review, including issues related to the ALJ's finding of infringement of U.S. Patent Nos. 6,417,801, 6,937,187, and 7,158,080 (each of which was also asserted against certain SiRF Technology software); the ALJ had found that each of those patents was infringed by SiRF Technology's commercial activities. With respect to the scope of remedy, the United States Court of Appeals for the Federal Circuit on 14 October 2008 in Kyocera Wireless Corp. v. ITC held that the ITC has no statutory authority to issue a Limited Exclusion Order against downstream products of parties who are not named as respondents in an ITC case. The vast majority of SiRF Technology's customers were not named as respondents in Broadcom's ITC case against SiRF Technology. In view of Kyocera Wireless Corp. v. ITC, and because the ALJ had not yet issued a public version of the Recommended Determination on Remedy and Bonding, on 21 October 2008, the ITC extended the deadline for submissions on remedy, the public interest, and bonding until 27 October 2008 and extended the target date of the Investigation by 30 days, until 8 January 2009.

The ITC issued its Final Determination on 15 January 2009. The ITC modified certain of the ALJ's findings, but determined on the basis of its modified findings that Global Locate has standing to assert U.S. Patent No. 6,606,346 and that SiRF Technology directly infringes U.S. Patent No. 6,704,651 and U.S. Patent No. 6,651,000 through its commercial activities. The ITC issued a Limited Exclusion Order against the Named Respondents. The ITC also issued Cease and Desist Orders against SiRF Technology and the United States Named Respondents. In light of Kyocera Wireless, the ITC determined to limit the scope of the Limited Exclusion Order to products that are manufactured abroad or imported by, or on behalf of, the Named Respondents and that are covered by the asserted patent claims, and the ITC denied Global Locate's request to extend the Exclusion Order to "downstream" articles of non-respondents that incorporate such covered products. The Limited Exclusion Order prohibits SiRF Technology from the unlicensed entry of the infringing products into the United States by or on behalf of SiRF or the Named Respondents. The ITC issued Cease and Desist Orders prohibiting SiRF and the United States Named Respondents from importing or selling in the United States any of SiRF Technology's products that may be found to infringe any asserted patent. In 2008, the Named Respondents collectively represented approximately 7 per cent. of SiRF's net revenues. In the first quarter of

2009, the Named Respondents collectively represented approximately 2 per cent. of SiRF's net revenues. On 27 May 2009, SiRF received a letter from one of the Named Respondents seeking compensation from SiRF for approximately $10.3 million in alleged losses and damages it claims to have sustained as a result of the limited exclusion order. While SiRF does not believe that such alleged losses or damages are payable by SiRF, SiRF intends to pursue an amicable resolution of the claim with the customer.

The Limited Exclusion Order and the Cease and Desist Orders (together the "**Orders**"), provided that, subject to posting a bond in the amount of 100 per cent. of the imported value per unit for covered products, SiRF Technology could continue any conduct prohibited by the Orders during the 60-day Presidential review period, during which the ITC's determination is subject to review by the United States Trade Representative as delegated by the President of the United States. The President, acting through the United States Trade Representative, did not find any compelling circumstances to disapprove the Orders, and the 60-day Presidential review period therefore expired on 16 March 2009. On 1 May 2009 SiRF Technology filed its opening appeal brief in the United States Court of Appeals for the Federal Circuit seeking review of the ITC's orders and determinations in this Investigation. Pursuant to a letter dated 21 May 2009 and received by SiRF on 29 May 2009, US Customs issued a determination involving the redesigned software incorporated into GPS devices subject to the limited exclusion order issued by the ITC in the ITC proceeding, that SiRF had established by a preponderance of the evidence that SiRF's redesigned GPS chips fall outside of the scope of the exclusion order issued by the ITC.

19.2 On 14 May 2008, Broadcom filed a patent infringement complaint against SiRF Technology in the United States District Court for the Central District of California. The complaint alleges infringement of four patents purportedly assigned to Broadcom and seeks both monetary damages and an injunction. On 4 June 2008, SiRF Technology answered the aforementioned complaint and filed counterclaims seeking declaratory judgment of non-infringement and invalidity of all four patents. In addition, SiRF Technology has filed with the US Patent Office, a Request for Ex-Parte Reexamination of each of the four patents, or the Reexamination Requests. Through SiRF Technology's Reexamination Requests and questions of patentability raised by prior art that may not have been previously considered in full by the US Patent Office, SiRF Technology has sought review and invalidation of all four of the Broadcom patents-in-suit. The US Patent Office granted each of SiRF Technology's requests for reexamination with respect to the four patents and has ordered their reexamination. In the first preliminary Office Action, dated 5 March 2009, the US Patent Office rejected all 33 claims of one of the four patents. On 6 May 2009, Broadcom added 50 new proposed claims to this patent. The Patent Office has not yet issued a determination on those claims. In a second preliminary Office Action, dated 24 April 2009, the US Patent Office confirmed six claims and rejected the other 16 claims of a second patent on the basis of non-statutory obviousness-type double-patenting. In a notice dated 8 May 2009, the US Patent Office stated that Broadcom had filed an approved terminal disclaimer and that all claims of this patent were therefore confirmed. In an Office Action dated 4 May 2009, the US Patent Office confirmed all claims of a third patent. Finally, in a fourth preliminary Office Action, mailed on 15 May 2009, the Patent Office rejected all claims of the fourth patent asserted by Broadcom. On 15 September 2008, the Honorable James V. Selna denied SiRF Technology's motion to stay proceedings in the district court action pending the outcome of reexamination, without prejudice to any subsequent motion to stay proceedings. On 1 May 2009, SiRF filed a renewed motion to stay proceedings pending reexamination, which motion is pending and scheduled to be heard on 17 July 2009. The case has been scheduled for trial in November 2010. This litigation is in its early stages and, based on SiRF's analysis of the facts of the case to date, SiRF believes the likelihood that a loss may have been incurred is remote. No assurance can be made that Broadcom will not seek to commence additional litigation against SiRF Technology, or that the pending litigation with Broadcom will not have a material adverse effect on its business.

19.3 In February 2008, multiple putative class action lawsuits were filed in the United States District Court for the Northern District of California against SiRF and certain of its officers and directors (including the Proposed Directors). These complaints allege that SiRF, and certain of its officers and directors, made misleading statements and/or omissions relating to its business and operating

results in violation of the federal securities laws. These cases have been consolidated and a consolidated amended complaint was filed on 28 July 2008. On 26 September 2008, SiRF filed a motion to dismiss all claims asserted in the consolidated amended complaint. The motion has been fully briefed.

19.4 In February 2008, two shareholder derivative lawsuits were filed in the Superior Court of the State of California, Santa Clara County, against certain of SiRF's officers and directors. These complaints allege breach of fiduciary duties, waste of corporate assets, unjust enrichment and violations of the California Corporations Code. These cases were consolidated, and an amended complaint was filed on 18 November 2008. On 21 January 2009, the parties submitted a stipulation to the court adjourning defendants' response to derivative complaint pending resolution of SiRF's motion to dismiss the securities litigation pending in the Northern District of California.

19.5 On 13 February 2009, a complaint regarding a purported class action lawsuit, Diaz v. Banatao, et al., was filed in the Superior Court of California, Santa Clara County, against SiRF and SiRF's board of directors (including the Proposed Directors) in connection with the Merger Agreement. The complaint alleges, among other things, that (1) SiRF's board of directors violated its fiduciary duties to SiRF's stockholders by approving the Merger and certain terms set forth in Section 5.4 of the Merger Agreement related to SiRF's ability to solicit, consider or accept alternative proposals, (2) SiRF aided and abetted its board of directors' alleged breach of fiduciary duty and (3) the merger consideration is unfair for reasons including, but not limited to, a temporarily low share price and that the book value of a share of stock allegedly exceeds the merger consideration per share. The complaint seeks, among other things, an injunction prohibiting SiRF and CSR from consummating the Merger, rescission of the Merger if the Merger is consummated prior to the entry of final judgment by the court, an accounting by the defendants to the plaintiffs for all damages caused by them and an accounting for all profits and any special benefits obtained by the defendants as a result of any breach of fiduciary duty and attorneys' fees and expenses.

19.6 On 20 February 2009, a complaint regarding a purported class action lawsuit, Reich v. SiRF Technology Holdings, Inc. et al., was filed in the Superior Court of California, Santa Clara County, against SiRF and SiRF's Board in connection with the Merger Agreement. The complaint alleges that, in approving the Merger, SiRF's board of directors (including the Proposed Directors) breached their fiduciary duties of loyalty, good faith, due care and disclosure by, among other things, (i) agreeing to sell SiRF without first taking steps to ensure that SiRF Shareholders would obtain adequate, fair, and maximum consideration under the circumstances and (ii) engineering the Merger to benefit themselves and/or CSR without regard for SiRF Shareholders. The complaint further alleges that SiRF aided and abetted SiRF's board of directors' breaches of fiduciary duty. The complaint seeks, among other things, to enjoin the Merger, to compel SiRF's board of directors to properly exercise their fiduciary duties to SiRF Shareholders, to impose a constructive trust, in favour of the plaintiffs, upon any benefits improperly received by SiRF's board of directors as a result of their wrongful conduct and to award the plaintiffs the costs and disbursements of the class action, including reasonable attorneys' and experts' fees.

19.7 On 27 February 2009, plaintiffs in the above-referenced derivative litigation filed an amended, consolidated complaint, which added a purported class action claim against the SiRF Board in connection with the Merger Agreement. The class action allegations asserted in the consolidated amended complaint are substantially similar to the allegations set forth in the Diaz and Reich actions, although the class action allegations asserted in the consolidated amended complaint contain the additional allegation that the SiRF Board entered into the Merger Agreement for the purpose of evading alleged liability relating to the derivative claims. Plaintiffs also seek to compel certain changes in SiRF's corporate governance.

19.8 On 27 March 2009, the court ordered the *Diaz* and *Reich* actions consolidated with the shareholder derivative lawsuit, and affirmed its prior appointment of co-lead plaintiffs' counsel in the consolidated action. The court further directed plaintiffs to submit a second amended consolidated complaint within 45 days of its order of consolidation. On 22 May 2009, SiRF, the other named defendants and the plaintiffs in this consolidated action executed a memorandum of

understanding to settle this consolidated action. The settlement, which remains subject to negotiation of final documentation, confirmatory discovery, court approval, final SiRF board approval and consummation of the transactions contemplated by the Merger Agreement, provides that the litigation will be dismissed with prejudice with respect to all defendants. While SIRF and the other defendants to this litigation denied and continue to deny that they committed or intended to commit any violations of law or breaches of duty to SiRF or its stockholders or otherwise, SiRF has agreed, pursuant to the settlement, to make certain supplemental disclosures concerning the Merger in the Proxy Statement/Prospectus. In addition, the settlement provides that SiRF will pay plaintiffs' attorneys fees and expenses, as awarded by the court, in an amount not to exceed $385,000. Although SiRF believes that the additional disclosure is not required under applicable law, SiRF agreed to settle the litigation in order to avoid costly litigation and eliminate the risk of any delay to the closing of the Merger.

19.9 The outcome of any litigation is uncertain and either favourable or unfavourable outcomes could have a material impact. Regardless of the outcome, litigation may be time-consuming and expensive and could divert SiRF's management's attention from SiRF's business.

20. Subsidiaries

The following is a list of SiRF's significant subsidiaries as of 22 June 2009 (the latest practicable date prior to the publication of this document):

Name	*Place of incorporation (or registration) and operation*	*Proportion of ownership interest %*	*Proportion of voting power held %*
SiRF Technology, Inc.	Delaware	100	100
SiRF Technology GK	Japan	100	100
SiRF Technology GmbH	Germany	100	100
SiRF Technology (India) Pvtd. Ltd.	India	100	100
SiRF Technology (Cayman) Ltd.	Cayman	100	100
SiRF Technology Singapore Pte. Ltd.	Singapore	100	100
SiRF International LLC	Delaware	100	100
SiRF Technology China Holdings LLC	Delaware	100	100
Centrality LLC	Korea	100	100
Shanghai Centrality Communications Co. Ltd	People's Republic of China	100	100
Centrality Limited	Cayman	100	100

21. Selected Financial Information

The financial information below relating to the periods ended 31 December 2006, 31 December 2007 and 27 December 2008 has been extracted without material adjustment from the historical financial information relating to SiRF included in Part IX of this document, which has been prepared in accordance with IFRS.

The unaudited financial information below relating to the periods ended 31 March 2008 and 28 March 2009, which has been prepared in accordance with IFRS, has been reconciled by CSR from the US GAAP information in each Form 10-Q filed by SiRF with the SEC for those periods.

The results of SiRF's acquired companies have been included in SiRF's consolidated financial statements since their acquisition dates.

	Period Ended				
	28 March 2009	*31 March 2008*	*27 December 2008*	*31 December 2007*	*31 December 2006*
	(U.S.$ in thousands, except per share amounts)				
Consolidated Statements of Operations Data:					
Net revenue	34,248	61,976	232,452	329,380	247,680
Gross profit	13,752	26,385	84,514	167,100	135,463
Operating profit (loss)	(20,104)	(36,260)	(414,516)	(16,404)	6,029
Loss for the period	(12,906)	(43,628)	(443,042)	(14,101)	(133)
Net income (loss) per share:					
Basic	(0.21)	(0.72)	(7.18)	(10.25)	(0.00)
Diluted	(0.21)	(0.72)	(7.18)	(10.25)	(0.00)

	28 March 2009	*27 December 2008*	*31 December 2007*	*31 December 2006*
	(U.S.$ in thousands)			
Consolidated Balance Sheet Data:				
Cash and cash equivalents	75,578	85,840	100,963	133,817
Treasury deposits and investments	33,967	29,950	38,446	36,391
Total assets	166,608	173,992	616,330	396,264
Long-term obligations, less current portion	1,935	1,695	1,421	509
Total stockholders' equity	127,619	133,362	554,652	351,518

22. Capitalisation and indebtedness

22.1 The following table shows the capitalisation and indebtedness of the SiRF Group (on an IFRS basis) as at 27 December 2008 and 28 March 2009.

The financial information as at 27 December 2008 has been extracted without material adjustment from the historic financial information relating to SiRF included in Part IX of this document, which has been prepared in accordance with IFRS.

The unaudited financial information as at 28 March 2009, which has been prepared in accordance with IFRS, has been reconciled by CSR from the US GAAP information in the Form 10-Q filed with the SEC for the period then ended.

(A) Capitalisation	*27 December 2008 $'000*	*28 March 2009 $'000*
Total equity		
Share capital	6	6
Share premium account and other reserves	621,877	629,030
Retained earnings	(488,521)	(501,619)
	133,362	127,417

(B) Indebtedness	*27 December 2008 $'000*	*28 March 2009 $'000*
Total current debt		
Unguaranteed and unsecured – finance lease obligations	—	—
Unguaranteed and unsecured – contingent consideration	—	—
	—	—
Total non-current debt		
Unguaranteed and unsecured – finance lease obligations	—	—
Unguaranteed and unsecured – contingent consideration	—	—
	—	—
Total indebtedness	—	—

22.2 The following table shows the net financial indebtedness of the SiRF Group (on an IFRS basis) as at 27 December 2008 and 28 March 2009.

The financial information as at 27 December 2008 has been extracted without material adjustment from the historic financial information relating to SiRF included in Part IX of this document, which has been prepared in accordance with IFRS.

The unaudited financial information as at 28 March 2009, which has been prepared in accordance with IFRS, has been reconciled by CSR from the US GAAP information in the Form 10-Q filed with the SEC for the period then ended.

(C) Net Indebtedness	*27 December 2008* *$'000*	*28 March 2009* *$'000*
Cash, cash equivalents and treasury deposits		
Cash and cash equivalents	85,840	75,578
Treasury deposits[1]	29,950	33,967
	115,790	109,545
Current debt		
Finance lease obligations	—	—
Contingent consideration	—	—
Net current financial indebtedness	115,790	109,545
Non-current debt		
Finance lease obligations	—	—
Contingent consideration	—	—
Net financial indebtedness	115,790	109,545

(1) Treasury deposits represent bank deposits with an original maturity of over three months

Derivatives

The SiRF Group held no derivative financial instruments as at the reporting dates.

23. Dividend Policy

SiRF has not declared or paid any cash dividends on its common stock. SiRF presently intends to retain its future earnings, if any, to fund the development and growth of its business and, therefore, does not have plans to pay any cash dividends in the near future.

PART V

OPERATING AND FINANCIAL REVIEW RELATING TO CSR

The following operating and financial review of the CSR Group is intended to convey management's perspective on the operating performance and financial condition of the CSR Group, in each case as measured in accordance with IFRS. The information below should be read together with the Group 2006 Financial Statements, the Group 2007 Financial Statements and the Group 2008 Financial Statements, incorporated by reference into this document as set out in Part XIV. The Company is required to comply with IFRS-EU, and its accounting policies have been established accordingly.

References in this operating and financial review of the CSR Group to "2008", "2007" and "2006" refer to the years ended 2 January 2009, 28 December 2007 and 29 December 2006, respectively.

1. Overview

CSR is a leading designer and supplier of integrated circuits, also called ICs or silicon chips, for use in wireless devices. Through its BlueCore range of products, CSR is a market leader in the supply of single chip solutions for Bluetooth wireless voice and data communications, providing low cost, high performance integrated circuits to manufacturers of a wide range of electronic devices. These include items such as mobile phones, headsets, laptop personal computers, personal computers peripherals, games consoles, stereo headphones, MP3 players and automotive-based systems. CSR is a world leader in the Bluetooth market, a position it has held since 2004. CSR is also extending its technologies beyond Bluetooth to be able to bring a broader range of short-range wireless technologies to the market, including Wi-Fi, GPS, FM radio, UWB, NFC, and Bluetooth low energy.

CSR's revenue is generated principally from the sale of its products to OEMs and ODMs serving the retail consumer market. Approximately 98 per cent. of CSR's revenue is derived from sales to customers that produce products serving the retail consumer market, and over 95 per cent. of its revenue in 2008 was derived from the supply of Bluetooth products.

For the purpose of internal reporting and reporting its financial and business performance, CSR, in the 2008 and 2007 fiscal years, operated in two business segments: Cellular, which includes mobile phones and headsets; and Non-Cellular, which includes applications beyond the mobile phone, such as personal computer, automotive and consumer applications. CSR identified its business segments based on internal reporting and chose to aggregate those business segments that meet the aggregation criteria specified in IFRS 8 for disclosure of reportable segments. In 2008, approximately 80 per cent. of CSR's revenues was derived from the Cellular segment and approximately 20 per cent. was derived from the Non-Cellular segment. In 2006, CSR operated in a single business segment.

2. Market overview and factors that impact CSR's operations

CSR's results of operations over the 2006-2008 period were materially affected by the convergence of several trends and developments, both positive and negative, several of which are likely to continue into 2009 and beyond. These include:

- the growth in the market for short-range wireless voice and data communications, particularly those connected with CSR's core strength in Bluetooth;
- general economic conditions, which have a direct impact on the level of demand in the retail consumer market, to which approximately 98 per cent. of CSR's product sales are ultimately directed, and thus on the needs of its direct customers;
- CSR's degree of success, through its research and development efforts, in bringing to market innovative integrated circuits solutions that meet the connectivity needs of the consumer markets, and thus CSR's customers, with high levels of technical reliability and at competitive price levels;
- the shape and duration of the product life cycles of CSR's key product offerings;
- competition, both in product quality and capabilities and in price;

- cyclical trends in the semi-conductor industry generally; and
- fluctuations in currency exchange rates, which can affect both CSR's costs in light of the global nature of its business.

The market for short-range wireless connectivity products has grown very quickly over the last few years. Even allowing for the current economic uncertainties, CSR estimates that the market for these solutions may grow from around $3.5 billion in 2007 to between $5 billion and $7 billion by 2012. At the heart of this growth are several connectivity technologies that CSR believes will progressively converge onto a single piece of silicon in mobile phones and other portable consumer electronics products, forming what CSR has defined as the Connectivity Centre. This trend is already being reflected by requests from CSR's customers for product designs that combine multiple short-range wireless communication technologies. CSR believes that all the principal technologies that CSR believes will be potential elements of the Connectivity Centre either are in production by CSR or are in CSR's current research and development pipeline. Bluetooth is at the core of the Connectivity Centre due to its high adoption rate, and CSR's Connectivity Centre chips normally include a combination of Bluetooth with other technologies and functionality.

CSR believes that the rate of adoption into mobile devices, or the attach rate, for Bluetooth in handsets was between 50 per cent. and 60 per cent. in 2008, which represented an increase of approximately 5 per cent. compared to 2007. Based on market reports and discussions with customers, CSR believes a further overall increase in the Bluetooth attach rate for its target markets during 2009, as more devices that provide wireless connectivity are launched. CSR also expects the attach rate for Bluetooth to continue growing in 2009 in the Non-Cellular segment. While CSR expects global demand for cars to be impacted by the general economic slowdown, for example, it believes a greater proportion of those cars built will include Bluetooth functionality as manufacturers offer higher specification levels in order to make their products more attractive to consumers.

Offsetting CSR's belief in the increasing adoption of Bluetooth and other wireless technologies, however, is the impact of the global economic downturn, which has particularly affected the consumer-oriented markets into which CSR's customers sell. The global economic recession that intensified in the later part of 2008 and continuing uncertainties for the near term economic environment, coupled by market competition, negatively impacted CSR's results of operations in 2008. The current worldwide economic contraction is expected to affect all markets, including the handset, headset and consumer electronic markets, which are forecast to experience a decline in sales in 2009.

CSR expects the global economic recession to persist, and therefore expects the market for short-range wireless connectivity solutions in 2009 to contract compared with 2008. In the face of these adverse market conditions, CSR believes that its products will provide strong technical and performance differentiation from alternative solutions, enabling it to compete effectively in securing and maintaining market share.

R&D is at the heart of CSR's strength in the products and solutions that CSR is able to offer to its customers, and CSR believes underpins and sustains CSR's ability to compete effectively. As a result, CSR's commitment of resources to R&D, and the success of its efforts, are likely to have a material impact on CSR's results of operations.

A core objective of CSR's R&D efforts is to bring to market new integrated circuits to replace existing integrated circuit products that may be nearing the end of their product lifecycle. Product lifecycles vary – in some cases they can extend to several years, while in others the rate of technological innovation may compress the lifecycle. Product average selling prices generally decline over the product life cycle.

The markets where CSR operates are becoming more competitive and are characterised by rapid technological change, evolving industry standards and declining prices and costs.

CSR's operations are affected by the well recognised growth and constriction cycle experienced by the semiconductor industry, which is characterized by wide fluctuations in product supply and demand. This cyclicality could cause CSR's operating results to decline dramatically from one period to the next.

3. Other Developments for the Periods Presented

3.1 *Cost containment efforts*

In response to the current economic recession, CSR implemented a cost reduction program in the fourth quarter of 2008 with the aim of reducing ongoing annualised operating expenses by $20 million in 2009. This has been completed, and is expected to deliver actual annualised savings of more than $25 million with the initial benefit of the savings commencing in the first quarter of 2009. The implementation of the cost reduction program resulted in a one-off restructuring charge of $14.4 million in the fourth quarter of 2008.

CSR reduced its headcount from 1,062 at the end of 2007 to 975 at 2 January, 2009, a reduction of 8 per cent. This was primarily due to implementation in the final quarter of 2008 of headcount reductions as part of the cost reduction program described above and which reversed a growth in headcount in the first two quarters of 2008. Approximately 100 employees left CSR as part of the cost reduction program, spread through all functions, mostly in the United Kingdom, United States and Sweden. The headcount reductions were implemented following careful consideration of the long-term strategic objectives and shorter term targets for 2009.

3.2 *Impairment charge*

As a result of an operational strategy assessment conducted through the first part of 2008, in May 2008, CSR decided to cease ongoing investment in the UbiNetics protocol stack, which had been acquired with the software business of UbiNetics in August 2005. The main reason for the acquisition was to expand CSR's footprint in the handset for which a protocol stack was necessary. As a result of the subsequent evolution of the market, however, CSR took the view, now shared by most of the industry, that the integration of Bluetooth and other technologies into the baseband is unlikely to happen. CSR therefore decided to focus its resources on its capabilities in the Connectivity Centre. This resulted in CSR taking a non-cash impairment charge of $52.9 million, which included $36.9 million in relation to goodwill arising on the acquisition of UbiNetics (VPT) Limited, $9.6 million for acquisition related intangible assets and $6.4 million for certain tangible and intangible fixed assets that are no longer required for ongoing development activities.

3.3 *Settlement of infringement case*

During 2007, CSR reached an agreement with the WRF, to settle its patent infringement suit issued against 12 of CSR's customers. While CSR believed that WRF's infringement suit against CSR's Bluetooth chips was without merit, it believed that an early resolution of the claim was both in its own and in its customers' best interests and accordingly, settled the matter with the payment of $15.0 million in April 2007. In connection with this settlement, CSR obtained an undertaking from WRF not to sue CSR, its suppliers, customers or end users for the alleged infringement by CSR products of the patents asserted in the suit.

4. Critical Accounting Policies

CSR's significant accounting policies and estimates are described in Notes 3 and 4 to the Group 2008 Financial Statements. CSR believes that its most critical accounting policies include revenue recognition, impairment of purchased goodwill and intangible assets, inventory valuation, accounting for share-based payments, accounting for income taxes, provisions for returns and warranty claims and hedge accounting for financial instruments.

The preparation of CSR's consolidated financial statements requires CSR to make estimates and judgments that affect the reported amount of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, CSR evaluates estimates, including those related to uncollectible accounts receivable, inventories, investments, intangible assets, income taxes, financing operations, warranty obligations and contingencies and litigation. CSR's estimates are based on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Because this can vary in each situation, actual results may differ from the estimates under different assumptions and conditions.

4.1 ***Revenue recognition***

Revenue represents sales of integrated circuits to customers, sales of services to customers and royalty income from products sold under a royalty earning license net of any estimated provisions for credit notes and returns. Only a negligible percentage of CSR's revenues comes from sales of services and royalties.

Sales are recognised when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control has ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to CSR and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

This requires CSR to assess at the point of delivery whether these criteria have been met. When management determines that such criteria have been met, revenue is recognised. CSR records estimated reductions to revenue for pricing agreements, price protection and other volume based rebates. Estimated sales adjustments for volume based discount programs are based largely on shipment information.

4.2 ***Goodwill and intangible assets***

Goodwill represents the excess of the fair value of the consideration paid on acquisition of a business over the fair value of the assets, including any intangible assets identified and liabilities acquired. At 2 January, 2009, the carrying amount of goodwill was $106.3 million as compared to $144.2 million as of 28 December 2007.

Goodwill is not amortized but is instead tested for impairment at least annually. Annual impairment reviews in 2008 and 2007 determined, primarily with reference to cash flow forecasts, that there was no indication of impairment with respect to goodwill. Identifiable intangible assets acquired as part of a business combination are capitalised and amortized over an estimate of the time that CSR expects to benefit from them. This is currently over periods between 4 and 5 years.

During 2008, a non-cash impairment charge of $52.9 million was recorded as a result of the decision to discontinue investment in the UbiNetics' protocol software development program following the recommendations of an operational assessment. During the assessment, CSR looked at its market in great detail and consulted widely to review the opportunities for winning in the global market for wireless solutions. CSR undertook in-depth discussions with its customers on all continents, and asked the leading customers where they anticipated the most growth. CSR also carried out an analysis of its own capabilities and identified strengths and weaknesses to determine its future strategy.

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

CSR assesses on an annual basis the carrying value of identifiable intangible assets, long-lived assets and goodwill, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that CSR considers important, which could trigger an impairment review, include the following:

- significant underperformance relative to historical or projected future results;
- significant changes in the manner of CSR's use of the acquired assets or the strategy for its overall business; and
- significantly negative industry or economic trends.

When CSR determines that the carrying value of intangible assets, long-lived assets or goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, CSR measures any impairment based on discounted projected cash flows.

This review is based solely upon CSR's projections of anticipated discounted future cash flows. The most significant variables in determining cash flows are discount rates, the number of years for which estimates of cash inflows and outflows can be reasonably projected and the terminal value.

The pre-tax discount rate used is calculated using the Capital Asset Pricing Model using assumptions applicable to CSR and taking account of CSR's business model and industry. CSR believes that the discount rate is applicable to all of its cash-generating units being evaluated as they operate in the same industry and are in a similar stage of their business life cycle. The pre-tax discount rate for 2008 and 2007 was approximately 9 per cent. Whilst the risk free rate has declined by more than 1 per cent. during 2008, this was more than offset by the increased risk premium expected by investors in CSR Ordinary Shares.

For all cash generating units, the cash flow forecasts are based upon the most recent financial budget for the next year and for the following four years on the long range plan approved by management. The long range plans are based on recent reports on the markets we operate in produced by independent analysts. CSR uses this information together with internal and customer specific information to produce its cash flow projections.

Until 2008, the projection of anticipated discounted future cash flows was limited to five years. In 2008, a terminal value was included for the period beyond five years. CSR made this change to its models because it believes that significant value exists after the five-year forecasting period and inclusion of a terminal value assumption is common practice. The terminal growth rate used is based on recent reports on the markets we operate in produced by independent analysts combined with internal and customer specific information.

In its goodwill impairment assessment at 2 January 2009, the following four sensitivities were considered:

- a one percentage point increase in the discount rate;
- a 20 per cent. reduction in forecasted growth in the first year followed by zero growth for the following four years;
- a one percentage point reduction of the terminal growth assumption from 2.5 per cent. to 1.5 per cent. and
- the elimination of the terminal value from the valuation.

None of these sensitivities individually would lead to an impairment of the goodwill of any of CSR's cash-generating units as at 2 January 2009. CSR does not believe that a sensitivity analysis considering all four of the factors above combined would be a likely scenario as it does not consider adequately the interaction between the various key assumptions.

While CSR believes its assumptions are appropriate, such amounts estimated could differ materially from what will actually occur in the future.

Note 12 to the Group 2008 Financial Statements provides further disclosures on the assumptions underlying the impairment review and the allocation of goodwill by reportable segments.

4.3 ***Inventory valuation***

Inventories are stated at the lower of cost and net realisable value. Provisions for excess or obsolete inventory are recorded based upon assumptions about future demand and market conditions. The level of inventory provisioning required is sensitive to changes in the forecast sales of particular products, which is dependent on changes in conditions in CSR's markets. If changes in actual market conditions are less favourable than those projected, additional inventory provisions may be required. If changes in actual market conditions are more favourable than CSR predicts, it may be able to release a proportion of the inventory provision.

4.4 ***Accounting for share-based payments***

(A) *Share options granted before 7 November 2002 or granted after 7 November 2002 and vested before 1 January 2005*

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received and allocated between share capital and share premium.

(B) *Share options and awards granted after 7 November, 2002 and vested after 1 January, 2005*

IFRS 2 "Share-based payments" is effective in respect of options and share awards granted after 7 November 2002, and which had not vested as of 1 January 2005. CSR issued equity-settled share-based payments to certain employees. Equity settled share-based payments are measured at the fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on CSR's estimate of the number of share options that will eventually vest. The fair value of the majority of options granted is measured by use of a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. In case of certain share awards that include total shareholder return related conditions, the fair value is estimated through the use of a Monte-Carlo simulation.

The amount recognised as an expense is adjusted to reflect the actual number of shares that vest. Non-market vesting conditions are included in assumptions about the number of shares that are expected to become exercisable. The estimates of the number of share options and awards that are expected to become exercisable are reviewed at each balance sheet date. The impact of the revision of original estimates, if any, is recognised in the income statement and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium (the balance) when the option or awards are exercised.

In 2008, $7.6 million of share based compensation expense was recognised and in 2007, $9.3 million was recognised, which represented an increase when compared to $7.8 million in 2006.

(C) *Share options and taxation*

In the United Kingdom and the United States, CSR is entitled to a tax deduction for amounts treated as compensation on the exercise of certain employees' share options under each jurisdiction's tax rules. This gives rise to a temporary difference between the accounting and tax bases and hence a deferred tax asset is recorded. This asset is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the share price at the balance sheet date) with the share-based payment expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of share-based payment expense at the statutory rate, the excess is recorded directly in equity, against retained earnings.

No share-based payment expense is recorded in respect of options granted before 7 November 2002. Nevertheless, tax deductions have arisen and will continue to arise on these options. The tax effects in relation to these options are recorded directly in equity against retained earnings.

Note 30 to the Group 2008 Financial Statements provides details on the valuation assumptions made for each grants of share options and awards during the period.

4.5 ***Income taxes***

CSR is subject to the income tax laws of the various tax jurisdictions in which it operates, principally the United Kingdom. These laws are complex and subject to different interpretations by taxpayers and tax authorities. When establishing income tax provisions, CSR therefore makes a number of judgments and interpretations about the application and interaction of these laws. Changes in these tax laws or CSR's interpretations of these laws and the resolution of future tax audits could significantly impact CSR's effective tax rate and the results of operations in a given period.

CSR estimates its income taxes in each of the jurisdictions in which it operates. This process involves estimating its current tax liability together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in the recognition of deferred tax assets and liabilities, which are included within the consolidated balance sheet (deferred tax assets are only included to the extent that CSR believes they are recoverable).

In recognising deferred tax assets, CSR considers profit forecasts including the effect of exchange rate fluctuations on sales and external market conditions. Where it is probable that a position may be successfully challenged by revenue authorities, a tax provision is created for the tax on the probable adjustment. Management's judgment is required in determining the provision for income taxes, deferred tax assets and liabilities. Deferred tax assets have been recognised where management believes there are sufficient taxable temporary differences or other convincing evidence that sufficient taxable profit will be available in the future to realise deferred tax assets.

Although the deferred tax assets that have been recognised are considered realisable, actual amounts could be reduced if future taxable income is lower than expected. This can materially affect CSR's reported net income and financial position.

4.6 ***Provisions for returns and warranty claims***

CSR provides for the estimated cost of returns and product warranties at the time revenue is recognised. CSR's products are covered by product warranty plans of varying periods, depending on local practices and regulations. While CSR engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers, its warranty obligations are affected by actual product failure rates (field failure rates) and by material usage and service delivery costs incurred in correcting a product failure.

CSR's warranty provision is established based upon its best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. As CSR continuously introduces new products that incorporate complex technology, and as local laws, regulations and practices may change, it will continue to be difficult to anticipate product failure rates, the length of warranty periods and repair costs. While CSR believes that its warranty provisions are adequate and that the judgments applied are appropriate, the ultimate cost of product warranty could differ materially from its estimates. When the actual warranty cost of CSR's products is lower than it originally anticipated, it releases an appropriate proportion of the provision, and if the warranty cost is higher than anticipated, it increased the provision.

The carrying amount of the provision for returns and warranty claims at 2 January 2009 was $2.8 million compared to $2.1 million at 28 December 2007.

4.7 ***Hedge accounting for financial instruments***

The financial instruments that are used in hedging transactions are assessed both at inception and quarterly thereafter to ensure they are effective in offsetting changes in or cash flows of the related underlying exposures. Hedge accounting is used for foreign currency risk exposures and for firm commitments to hedge foreign currency risk exposures. Management's judgment is required to determine whether a future transaction is probable. External market data is applied in measuring the hedge effectiveness of financial instruments. Hedge ineffectiveness is recognised immediately in the income statement. Note 32 to the Group 2008 Financial Statements provides further details of the hedging relationships as well as the impact of the hedge on the pre-tax profit or loss for the period.

5. Adoption of New and Revised Standards

In 2008, two interpretations issued by the International Financial Reporting Interpretations Committee are effective for the period. These are: *IFRIC 11 IFRS2 – Group and Treasury Share Transactions*, which was early adopted by CSR in 2006, and IFRIC 14 '*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*,' the adoption of which has not led to any change in CSR's accounting policies.

CSR adopted IFRS 8 *Operating Segments* in advance of its effective date with effect from 30 December 2006.

The following standards and interpretations, which have not yet been applied in CSR's Financial Statements, were in issue but not yet effective:

IFRS 1 (amended)/IAS 27 (amended)	*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 2 (amended)	*Share-based payment – Vesting Conditions and Cancellations*
IFRS 3 (revised 2008)	*Business Combinations*
IAS 1 (revised 2007)	*Presentation of Financial Statements*
IAS 23 (revised 2007)	*Borrowing Costs*
IAS 27 (revised 2008)	*Consolidated and Separate Financial Statements*
IAS 32 (amended)/IAS 1 (amended)	*Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC 12	*Service Concession Arrangements*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*

Improvements of IFRSs (May 2008)

CSR believes that, other than described below, the adoption of these standards and interpretations will have no material impact on its future consolidated financial statements.

CSR anticipates that the adoption of IFRS 3 (revised) may have a significant impact on the profit (loss) before tax and effective tax rate in future years. The adoption of the standard removes the requirement to adjust goodwill after the normal 12-month period following the business combination, when recognising a deferred tax asset for pre-acquisition losses of an acquired subsidiary in certain circumstances. CSR has significant unrecognised tax losses that may become recognisable in future periods after the adoption of this standard. CSR is reviewing when it will adopt this standard and notes that the earliest date of application is for periods commencing on or after 1 July 2009.

6. Results of Operations

The following table summarises CSR income statement data:

	2008	*2007*	*2006*
		$ million	
Revenue	694.9	848.6	704.7
Cost of sales	(385.0)	(452.3)	(376.0)
Gross profit	309.9	396.3	328.7
Research and development expenses	158.2	147.5	109.3
Sales, marketing and administrative expenses	160.2	98.6	70.4
Operating (loss) profit	(8.5)	150.1	149.0
Investment income	6.1	7.9	6.1
Finance costs	(4.1)	(2.4)	(0.7)
(Loss) profit before tax	(6.5)	155.6	154.4
Tax	(0.5)	(42.8)	(43.2)
(Loss) profit for the period	(6.9)	112.8	111.2

The following table presents revenue, cost of sales, gross profit, research and development expenses and sales, marketing and administrative expenses, all in absolute terms and as a percentage of revenue, for 2008 and 2007:

	2008		*2007*			
	Amount $ million	*% of Revenue*	*Amount $ million*	*% of Revenue*	*Increase/ (decrease) $ million*	*% change*
Revenue	694.9	100	848.6	100.0	(153.7)	(18.1)
Cost of sales	385.0	55.4	452.3	53.3	(67.3)	(14.9)
Gross profit	309.9	44.6	396.3	46.7	(86.4)	(21.8)
Research and development expenses	158.2	22.8	147.5	17.4	10.7	7.1
Sales, marketing and administrative expenses	160.2	23.1	98.6	11.7	61.6	62.5

The following table presents revenue, cost of sales, gross profit, research and development expenses and sales, marketing and administrative expenses, all in absolute terms and as a percentage of revenue, for 2007 and 2006:

	2007		*2006*			
	Amount $ million	*% of Revenue*	*Amount $ million*	*% of Revenue*	*Increase $ million*	*% change*
Revenue	848.6	100	704.7	100.0	143.9	20.4
Cost of sales	452.3	53.3	376.0	53.4	76.3	20.3
Gross profit	396.3	46.7	328.7	46.6	67.6	20.6
Research and development expenses	147.5	17.4	109.3	15.5	38.2	34.9
Sales, marketing and administrative expenses	98.6	11.7	70.4	10.0	28.2	40.0

6.1 ***Revenue.*** CSR's revenue for 2008 fell to $694.9 million, an 18.1 per cent. decrease from 2007 revenue of $848.6 million. This was principally due to a reduction in the volume-weighted average selling price of 13.8 per cent. year on year, which reflected a combination of the trend to lower prices over a product life-cycle and competitive pressures in the low-cost headset and other markets, coupled with lower shipment volume, as a result of a sharp decline in demand from customers at the end of 2008. Volumes fell by 5 per cent. from 2007 to 2008, largely as a consequence of the previously reported loss of a Bluecore5 FM device program with CSR's largest customer and the decline in demand at the end of 2008.

The loss of the BlueCore5 FM program resulted in the revenue CSR derived from that customer as a proportion of CSR's total revenues declining from 29 per cent. in 2006 to 26 per cent. in 2007 and to 19 per cent. in 2008. CSR has, however, maintained its strong relationship with this customer and, based on the development of its next generation Bluetooth device BlueCore variant 7820, anticipates regaining market share with this customer in the second half of 2009.

CSR's revenue for 2007 represented a 20.4 per cent. increase over revenue of $704.7 million in 2006. This reflected a reduction in the volume weighted average selling price of 23 per cent. due to an increase in the proportion of sales to handset customers coupled with an increased shipment volume of 59 per cent. The increase in volume was mainly due to a substantial increase in the mobile phone handset market (estimated 13 per cent. increase), coupled with increasing attach rates (estimated 12 per cent. increase).

Segment analysis. The following table presents CSR's segmental revenue for 2008, 2007 and 2006.

	2008 ($ million)	*2007 ($ million)*	*2008 vs. 2007 % change*	*2006 ($ million)*	*2007 vs. 2006 % change*
Cellular	552.8	660.6	(16)	584.5	13
Non-Cellular	142.1	188.0	(24)	120.2	56
Total	694.9	848.6	(18)	704.7	20

(A) *Cellular segment.* Cellular segment revenue, which represented 80 per cent. of CSR's total revenue in 2008, decreased 16 per cent. compared to 2007. This was due to a combination of the decline in revenue from CSR's largest handset customer, noted above, and competitive pressures in the market for headsets.

CSR's Cellular segment revenue, which represented 78 per cent. of CSR's total revenue in 2007, increased 13 per cent. compared to 2006. This was primarily due to higher attach rates for Bluetooth in mobile phones, with the continued success of CSR's BlueCore4 ROM device and strong performance in the headset segment where CSR retained a market share of more than 80 per cent. of headset sales worldwide.

CSR's BlueCore4 ROM device was again CSR's largest shipping product in 2008. BlueCore4 ROM started shipping in volume in 2005 and was CSR's largest selling product in each of 2006, 2007 and 2008.

(B) *Non-Cellular segment.* Non-Cellular segment revenue, which represented 20 per cent. of CSR's total revenue in 2008, decreased by 24 per cent. compared to 2007. This was in large part due to a decline in revenue from PC customers, where CSR lost market share.

Non-Cellular segment revenue, which represented 22 per cent. of CSR's total revenue in 2007, increased by 56 per cent. compared to 2006. This was in large part due to the increase in revenues from the games console sector, growth in the adoption of Bluetooth in the automotive market and continued strength in the PC sector, which also experienced growth in the Bluetooth attach rate over 2006.

(C) *Geographical analysis.* CSR operates in four principal geographical areas – the U.K., Europe, the Americas and Asia. The table below provides, for the periods indicated, CSR's revenue from external customers by geographical location, on the basis of customers' manufacturing location:

	Revenue from external customers		
	2008 $ million	*2007 $ million*	*2006 $ million*
U.K.	1.0	1.8	2.2
Rest of Europe			
Finland	6.3	15.4	10.8
Hungary	36.5	46.3	31.1
Other	20.0	11.5	18.7
USA.	34.6	54.0	58.0
Americas (excluding USA.)	10.6	13.3	10.4
Asia			
China and Hong Kong	232.7	298.9	194.1
Taiwan	100.0	127.8	133.4
Korea	96.0	104.8	73.4
Japan	121.8	159.6	161.7
Other Asia Pacific	35.4	15.2	10.9
Total	694.9	848.6	704.7

(D) *Major Customers*

Sales to CSR's largest customer accounted for approximately 19 per cent. of CSR's revenue, or approximately $135.0 million in 2008, as compared to 26 per cent. of revenue, or $220.1 million, in 2007 and 29 per cent. of revenue, or $201.4 million, in 2006. In 2008, sales to CSR's second largest customer contributed 11 per cent. of revenue (approximately $75.6 million). In 2007 and 2006, only CSR's largest customer exceeded 10 per cent. of revenue in the period. Revenue from the top five customers represented 50 per cent. of revenues, as compared to 53 per cent. in 2007 and 61 per cent. in 2006.

6.2 ***Gross profit.*** Gross profit consists of revenue less cost of sales. CSR's gross profit for 2008 fell to 44.6 per cent. of revenue from 46.7 per cent. of revenue in 2007. In absolute terms, gross profit fell to $309.9 million from $396.3 million in 2007, a decrease of 22 per cent. This decrease was due to the lower level of revenue, coupled with the decline in gross margin explained below. CSR's gross profit increased to $396.3 million in 2007 from $328.6 million in 2006, an increase of 21 per cent., mainly due to the higher level of revenue.

As noted above, the ratio of CSR's revenues to CSR's gross profit, or CSR's gross margin, for 2008 fell to 44.6 per cent. from 46.7 per cent. in 2007. This decline resulted in part from increased competition and pressure on margins and also from a change in the mix of end market demand towards handset related sales, which generally have lower margins and feature the basic Bluetooth devices, and away from shipments to the higher margin headset and PC sectors.

The effects of this shift were partially offset by reductions in production costs exceeding selling price reductions, which had a beneficial effect on gross margins. The overall lower level of revenue also impacted gross margins since those elements of largely fixed overheads recorded in cost of sales do not reduce. CSR expects continuing competitive pressure on its product average selling prices, particularly given the current economic climate.

CSR's gross margin for 2007 increased to 46.7 per cent. from 46.6 per cent. in 2006. This increase was due to average product costs declining by more than average selling prices. Costs of sales increased to $452.3 million in 2007 from $376.0 million in 2006, which was due to the increase in revenue as described above.

6.3 ***Research and development.*** R&D expense consists of other R&D, and amortization of acquired intangible assets. Other R&D consists primarily of staff costs, engineering costs and depreciation. The following table sets forth the primary components of R&D expenses during the 2008 and 2007 fiscal years:

	2008		*2007*		*2008 vs. 2007*	
Research and development	*Amount $ million*	*% of Revenue*	*Amount $ million*	*% of Revenue*	*Increase/ (decrease) $ million*	*2008 vs. 2007 % change*
Other research and development	152.7	22	140.9	16.6	11.8	8.4
Amortization of acquired intangible assets	5.5	0.8	6.6	0.8	(1.1)	(16.7)
Total	158.2	22.8	147.5	17.4	10.5	7.1

In 2008, R&D costs were $158.2 million, a 7.1 per cent. increase from the $147.5 million of R&D expenditure in 2007. The increase reflected a 4 per cent. average increase in the number of R&D personnel in the first three quarters of 2008, which was reversed in the fourth quarter, and a 6 per cent. increase in the exchange rate at which CSR converted its Sterling costs into US Dollars (2008: $1.98 = £1.00, 2007: $1.86 = £1.00).

The following table sets forth the primary components of R&D expenses during the 2007 and 2006 fiscal years:

	2007		2006		2007 vs. 2006	
Research and development	*Amount $ million*	*% of Revenue*	*Amount $ million*	*% of Revenue*	*Increase $ million*	*2007 vs. 2006 % change*
Other research and development	140.9	16.6	107.2	15.2	33.7	31.4
Amortization of acquired intangible assets	6.6	0.8	2.1	0.3	4.5	214.3
Total	147.5	17.4	109.3	15.5	38.2	34.9

In 2007, R&D costs were $147.5 million, a 34.9 per cent. increase from the $109.3 million of R&D expenditure in 2006. The increase reflected a $4.5 million increase in the amortization of acquired intangible assets, resulting from the acquisitions of CPS and NordNav on 12 January 2007, an increase in the number of R&D personnel with related higher salary costs (24 per cent. increase in average headcount) resulting from the acquisitions of CPS and NordNav and a 6 per cent. increase in the exchange rate at which CSR converted its Sterling costs into US Dollars (2007: $1.86=£1.00, 2006: $1.80=£1.00).

CSR expects to continue to invest heavily in technological innovation, with a focus on technologies that form key parts of the Connectivity Centre.

6.4 ***Selling, General & Administrative.*** SG&A consists of other sales, marketing and administrative expenses, asset impairment, restructuring expenses and patent dispute settlement.

The following table presents the components of SG&A during the 2008 and 2007 fiscal years:

	2008		2007		2008 vs. 2007	
Components of SG&A	*Amount $ million*	*% of Revenue*	*Amount $ million*	*% of Revenue*	*Increase/ (decrease) $ million*	*2008 vs. 2007 % change*
Other sales, marketing and administrative expenses	92.8	13.4	83.6	9.9	9.2	11.0
Asset impairment	52.9	7.6	—	—	52.9	100.0
Restructuring	14.4	2.1	—	—	14.4	100.0
Patent dispute settlement	—	—	15.0	1.8	(15.0)	(100.0)
Total	160.2	23.1	98.6	11.7	61.6	62.5

SG&A costs in 2008 were $160.2 million, representing a 62.5 per cent. increase from $98.6 million in 2007, mainly due to the charges described below.

As a result of the operational strategy assessment, in May 2008 CSR decided to cease ongoing investment in the UbiNetics protocol stack. This had been acquired with the software business of UbiNetics in August 2005. The main reason for the acquisition had been to expand CSR's footprint in the handset for which a protocol stack was necessary. As a result of the subsequent evolution of market however, CSR took the view, shared by most of the industry, that the integration of Bluetooth and other technologies into the baseband was unlikely to happen. CSR, therefore, focused its resources on its capabilities in the Connectivity Centre. This resulted in a non-cash impairment charge of $52.9 million, which included the write down of the goodwill relating to the UbiNetics acquisition ($36.9 million) and certain assets which will not be used in future development activities ($16.0 million).

In response to the current economic environment, a cost reduction programme was implemented in the fourth quarter of 2008, with the aim of reducing ongoing annualised operating expenses by $20 million in 2009. CSR believes that this programme has been successfully completed, and expects the programme to deliver savings commencing in the first quarter of 2009. This programme resulted in a charge of $14.4 million.

During 2007, CSR reached an agreement with WRF to settle its patent infringement suit issued against twelve of CSR's customers. CSR remained of the view that WRF's infringement suit against its Bluetooth chips was without merit. Notwithstanding this, CSR believed that an early resolution of the claim was both in its own and in its customers' best interests and accordingly, a settlement payment of $15.0 million was made in April 2007. In connection with this settlement, CSR obtained an undertaking from WRF not to sue CSR, its suppliers, customers or end users for the alleged infringement by CSR products of the patents asserted in the suit.

Other sales, marketing and administrative expenses were $92.8 million representing an 11 per cent. increase over 2007 sales, marketing and administrative expenses of $83.6 million. This increase resulted from a combination of a 3 per cent. average increase in headcount in the first three quarters of 2008 (before the restructuring exercise) and a 6 per cent. increase in the exchange rates that CSR used to record its Sterling-denominated costs. There was a further increase in exchange losses of $0.9 million, due to translation differences on un-hedged, non-US Dollar denominated assets and liabilities, following the volatility on international foreign currency markets. Other sales, marketing and administrative expenses also reflect expenditures of approximately $2 million on independent consultants retained in connection with CSR's operational assessment described above.

The following table presents the components of SG&A during the 2007 and 2006 fiscal years:

	2007		*2006*		*2007 vs.*	
Components of SG&A	*Amount $ million*	*% of Revenue*	*Amount $ million*	*% of Revenue*	*2006 Increase $ million*	*2007 vs. 2006 % change*
Other sales, marketing and administrative expenses	83.6	9.9	70.4	10.0	13.2	18.8
Patent dispute settlement	15.0	1.8	—	—	15.0	100.0
Total	98.6	11.7	70.4	10.0	28.2	40.1

Other sales, marketing and administrative expenses were $83.6 million in 2007 representing an 18.8 per cent. increase over 2006 sales, marketing and administrative expenses of $70.3 million, which predominantly resulted from a 24.4 per cent. increase in the average SG&A headcount.

6.5 ***Investment income.*** CSR's investment income primarily represents interest earned on its cash and cash equivalents. During 2008, CSR had a monthly average of $231.1 million in cash, cash equivalents and treasury deposits, an increase of 40 per cent. from the monthly average in 2007. Investment income decreased to $6.1 million in 2008 compared to $7.9 million in 2007, however, as a result of significantly lower UK and US interest rates.

Investment income increased to $7.9 million in 2007 compared to $6.1 million in 2006 as a result of increased levels of cash and cash equivalents and treasury deposits.

6.6 ***Finance costs.*** Finance costs consist of interest expense and similar charges, unwinding of discount on contingent consideration, interest payable on acquisition loan notes and foreign exchange losses. CSR's finance costs amounted to $4.1 million in 2008, a 71 per cent. increase compared to $2.4 million in 2007. This increase was primarily due to foreign exchange losses.

CSR's finance costs amounted to $2.4 million in 2007, a 243 per cent. increase compared to $0.7 million in 2006. This increase was primarily due to unwinding of discount on contingent consideration resulting from the NordNav acquisition.

6.7 ***Tax.*** The tax charge for 2008 was $0.5 million, a sharp decline from $42.8 million in 2007 as a result of CSR's operating loss. The major items that affected the tax charge were the non-deductible goodwill impairment of $36.9 million related to UbiNetics and the enhanced tax deduction allowed for R&D expenditure. In 2007, when CSR had profit before tax of $155.6 million, the tax charge was $42.8 million, reflecting a marginal tax rate on corporate earnings of 27.5 per cent. In 2006, when CSR had a profit before tax of $154.4 million, the tax

charge was $43.2 million, reflecting a marginal tax rate on corporate earnings of 28.0 per cent. This is below the 2007 statutory rate of 30.0 per cent. principally due to the availability of enhanced tax relief on R&D expenditure.

6.8 ***Net (loss) income.*** CSR suffered a net loss of $6.9 million in 2008, compared to net income of $112.8 million in 2007. This reduction was mainly due to the lower level of revenue and gross profit, along with the impairment charge of $52.9 million and the restructuring charge of $14.4 million, which was partially offset by the reduction in patent dispute settlement costs of $15 million. There was a smaller impact from increases in operating expenses.

CSR achieved net income of $112.8 million in 2007, compared to net income of $111.2 million in 2006.

7. Liquidity and Capital Resources

CSR's primary source of liquidity is its cash flow from operations. At present, CSR does not rely on third party financing for any operational cash requirements and therefore liquidity risk is not considered a significant risk.

CSR manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasted and actual cash flows and matching the maturity of financial assets and liabilities.

Cash Flows

	2008	*2007*	*2006*
	$ million	*$ million*	*$ million*
Operating cash flows before movements in working capital	89.7	155.2	139.6
Working capital	6.6	97.2	(56.1)
Taxation	(30.0)	(29.8)	(17.8)
Interest paid	(0.3)	(0.4)	(0.2)
R&D tax credit received	0.3	—	—
Net cash from operating activities	66.3	222.2	65.5
Treasury management[1]	(22.7)	(14.3)	1.1
Acquisitions of subsidiaries	(11.7)	(82.0)	—
Capital expenditure	(22.7)	(29.5)	(45.7)
Other financing activities	1.2	(0.1)	(2.3)
Purchases of own shares	(20.2)	(20.0)	—
Net cash (outflow) inflow	(9.8)	76.3	18.6

(1) Represents the aggregate of interest received and treasury deposits.

Cash, cash equivalents and treasury deposits increased to $261.9 million at 2 January, 2009, from $245.4 million on 28 December, 2007, an increase of $16.5 million. The difference compared to the outflow of $9.8 million shown in the table above is due to amounts placed on treasury deposit of $28.9 million (deposits with an initial term of greater than 90 days, which are shown separately from cash and cash equivalents on CSR's consolidated balance sheet), and a foreign exchange loss of $2.6 million from retranslation of non-US Dollar cash balances.

During 2008, there was a net cash outflow of $9.8 million, as compared with an inflow of $76.3 million in 2007. Operating cash flow before movements in working capital contributed $89.7 million, as compared with $155.2 million in 2007, with movements in working capital resulting in a cash inflow of $6.6 million, as compared with inflow of $97.2 million in 2007. In 2007, there was a substantial benefit from working capital movements in the year, mainly due to timing of purchases from subcontractors and receipt of cash from customers at the 2007 year end, compared to the 2006 year end. This pattern was not repeated in 2008.

Cash, cash equivalents and treasury deposits increased to $245.4 million at 28 December 2007 from $147.5 million at 29 December, 2006, an increase of $97.9 million.

During 2007 there was net cash inflow of $76.3 million, as compared with an inflow of $18.6 million in 2006. Operating cash flow before movements in working capital contributed $155.2 million, as compared with $139.6 million in 2006, with movements in working capital resulting in a cash inflow of $97.2 million, as compared to an outflow of $56.1 million in 2006. This decrease in working capital reflected management of inventory holding levels from approximately 15 weeks of historic cost of sales at the end of 2006 down to 8 weeks in 2007.

Cash outflows on acquisitions of subsidiaries of $11.7 million during 2008 related to payments of deferred consideration on the NordNav acquisition and the repayment of the loan notes related to the CPS acquisition. Cash outflows on acquisitions of $82.0 million during 2007 related to payments of approximately $34 million for the CPS acquisition, and approximately $48 million for NordNav acquisition (which included $8 million for contingent consideration).

During 2008, there was a cash outflow of $20.2 million for the purchase of shares in CSR by the CSR Employee Benefit Trust, as compared to $20.0 million in 2007.

8. Capital Expenditure

The table below summarises additions to fixed assets in CSR's last three fiscal years. The amounts differ from the cash outflow on capital expenditure due to movements in payables and accruals.

	2008 $ million	*2007 $ million*	*2008 vs. 2007 in %*	*2006 $ million*	*2007 vs. 2006 in %*
Other intangible assets	3.8	7.1	(46.9)	16.6	(57.2)
Property, plant and equipment	19.3	24.6	(21.7)	34.1	(27.9)
Total	23.1	31.7	(27.3)	50.7	(37.5)

CSR's capital expenditure declined by 27.3 per cent. from 2007 to 2008. During 2007, capital expenditure was particularly high as CSR expanded into an additional office in Cambridge, incurring significant fit out costs. These costs totalled $2.9 million in the aggregate, and did not recur in 2008. In order to reduce manufacturing costs, and to secure sufficient testing capacity, CSR purchases production test equipment and consigns it to its subcontractors' sites in Taiwan. CSR owns 18 consigned production testers each costing around $1.5 million when purchased. In 2008, CSR purchased three additional testers, as compared to three testers in 2007.

CSR's capital expenditure on intangible assets in 2006 included $3.2 million on NFC licensing, $4.6 million on an ARM license and $8.8 million on design tools. Additions to property, plant and equipment in 2006 included $13.7 million on nine consigned production testers, $11.0 million on other test equipment and $5.3 million on computer equipment.

Due to current economic conditions, CSR expects a further significant reduction in capital expenditure in 2009.

9. Taxation and Financing

CSR's net tax paid in 2008 was $30.0 million, the majority of which was actually relating to prior periods. This tax paid compared to the $29.8 million paid in 2007, as compared to $17.8 million in 2006. CSR would expect cash outflows from taxation to be lower in 2009. There was a cash inflow from other financing of $1.2 million, principally due to the proceeds on issues of shares upon exercise of share options by employees under CSR's various share option plans, while in 2007 CSR had an outflow of $0.1 million, which was principally due to the repayment of obligations under finance leases offsetting the proceeds on issues of shares, as compared to an outflow of $2.3 million in 2006.

10. Hedge Accounting

Substantially all CSR's sales and costs of sales are denominated in US Dollars, its functional currency. Approximately 40 per cent. of CSR's operating costs are denominated in Sterling.

In order to reduce the volatility of CSR's earnings due to exchange rate fluctuations, CSR enters into forward foreign exchange contracts to fix an exchange rate for its future Sterling-denominated expenditures. It commits to forward contracts between 11 and 15 months in advance, according to its treasury policy. These contracts are accounted for as cash flow hedges and will not affect profit or loss until the period in which the related transaction is recorded or CSR concludes that it is no longer probable that the hedged transaction will occur. These contracts also form hedges against exchange gains or losses on the related pounds Sterling liabilities.

As of January 2 2009, forward contracts were in place that gave an average Sterling: Dollar exchange rate of 1.93 for the coming 11 to 15 months. Historically, the average forward contract rate was as follows: 2008: 1.98; 2007: 1.89; and 2006: 1.80. CSR expects that with the contracts in place as of January 2, 2009, CSR's Sterling denominated expenditures will cost around 2.5 per cent. less in US Dollar terms in 2009.

The fair value liability of the contracts in place as of January 2 2009 was $32.1 million, of which $25.3 million of the related expense was deferred in hedging reserves. The difference of $6.8 million has already impacted the income statement because $3.3 million was recorded as part of the restructuring charge, as this related to forward contracts no longer required following the cost reduction exercises. The remaining difference of $3.5 million had been recorded as expense in the income statement as the related transactions had been recorded.

11. Capital Management and Treasury Policy

CSR's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence as well as to sustain future development of the business.

CSR's main forms of liquid investments in 2008 were bank and money market deposits. CSR intends to reinvest cash balances in the business either through higher levels of investment in working capital and fixed assets or through mergers and acquisitions activity, to support its long-term ambitions.

CSR's issued share capital as of 2 January 2009 was 132,890,821 Ordinary Shares of 0.1 pence each, only slightly changed from the 132,073,576 Ordinary Shares issued in 2007. As a result of the funds raised through CSR's initial public offering in March 2004 and its subsequent positive operating cash flows, CSR had a total of $261.9 million of treasury deposits, cash and cash equivalents at January 2 2009, an increase of 7 per cent. from the $245.4 million CSR held at 28 December 2007.

Neither CSR nor any of its subsidiaries is subject to any externally imposed capital requirements.

CSR holds its cash and liquid investments in accordance with the counterparty and settlement risk limits of the treasury policy approved by its board of directors. CSR maintains a policy in the placement of cash deposits and investments with counterparties such that at any one time cash is placed with at least three approved financial institutions. No counterparty with a credit rating of less than Aa3 will be approved.

The finance and treasury functions increased the frequency of their review of the financial stability and associated risk of the counterparties used as the level of financial market risk has increased during 2008. CSR's internal auditors review the internal control environment regularly.

12. CSR Employee Benefit Trust (EBT)

From time to time, the CSR EBT purchases CSR Ordinary Shares in the stock market. The timing of these purchases is subject to compliance with the listing rules of the U.K. Listing Authority, agreement between CSR and the Trustee of the EBT and on prevailing market prices. The shares are intended to be used for satisfying obligations to deliver shares on the exercise by employees of share options under CSR's share option programs, thereby reducing dilution and pressure against institutional investor dilution guidelines.

During 2008, the EBT purchased 3,222,813 CSR ordinary shares, as compared to 1,466,767 shares in 2007, for a total cash consideration of $20.2 million, as compared to $20.0 million in 2007.

13. Off-Balance-Sheet Arrangements

As of 2 January, 2009, CSR did not have any significant off-balance-sheet arrangements.

14. Contractual Obligations and Commitments

As of 2 January 2009, CSR's principal contractual obligations and commitments consisted of amounts payable under finance leases, operating leases, trade and other payables and outstanding purchase obligations.

The following table summarises CSR's contractual obligations and commitments as of January 2 2009:

	Total	*Less than 1 Year*	*1 to 3 Years*	*3 to 5 Years*	*More than 5 Years*
			($ million)		
Finance leases	1.4	1.1	0.3	—	—
Operating leases	17.8	8.8	8.8	0.2	—
Trade and other payables	62.2	62.2	—	—	—
Purchase obligations	10.3	10.3	—	—	—

The table above excludes contingent consideration of $17.5 million relating to milestone payments for the NordNav acquisition. The consideration will be settled in installments if certain performance criteria are achieved before September 2010.

The table above excludes tax contingencies of $1.9 million because CSR is unable to make reasonably reliable estimates of the period of cash settlement associated with these obligations with the respective taxing authorities.

15. 2009 Outlook

15.1 ***Cellular segment.*** CSR believes that the rate of adoption in mobile devices, or the "attach rate," for Bluetooth in handsets was between 50 per cent. and 60 per cent. in 2008, which represented an increase of approximately 5 per cent. compared to 2007. Based on market reports and discussions with customers, CSR expects a similar overall increase in the Bluetooth attach rate for its target markets during 2009, as more devices are launched that provide wireless connectivity. Offsetting the increase in the adoption of Bluetooth and other wireless technologies, however, is the impact of the global economic downturn, which has particularly affected the consumer-oriented markets into which CSR's customers sell products. CSR expects the market for short-range wireless connectivity solutions in 2009 to contract compared with 2008.

Product roll-outs include the following:

- CSR expects its next-generation Bluetooth chip, BlueCore7830, which combines Bluetooth with FM Transmitter, FM Receiver, Bluetooth low energy and GPS capability, to enter mass production during the third quarter of 2009, along with BlueCore 7820, a non-GPS derivative.
- CSR expects its combination Bluetooth and Audio Codec chip, MusiCore, to start generating revenue at the end of the second half of 2009.
- UniFi – a single-chip solution for Wi-Fi design requirements with universal 802.11a/b/g and n technology capability, low power consumption, antenna diversity processing, and Bluetooth coexistence technology. UF6026 is CSR's third generation embedded Wi-Fi product family, which added 802.11n technology capability and offers the smallest chip size of any comparable product together with ultra low cost.

15.2 ***Non-Cellular segment.*** In the Non-Cellular segment, CSR expects the attach rate for Bluetooth to continue growing in 2009 in certain applications. CSR is working with its customers to integrate Bluetooth in a range of new consumer electronic devices. These include products such as Hi-Fi units, a wider range of games consoles and televisions where wider adoption is expected to occur. Offsetting the increase in the adoption of Bluetooth and other wireless technologies,

however, is the impact of the global economic downturn, which has particularly affected the consumer-oriented markets into which CSR's customers sell products. CSR expects the market for short-range wireless connectivity solutions in 2009 to contract compared with 2008.

The automotive market continues to provide growth opportunities as Bluetooth connectivity is incorporated into a growing range of newly built cars and attach rates continue to increase. While CSR expects global demand for cars to be impacted by the general economic slowdown, it believes a greater proportion of those cars built will include Bluetooth functionality, as manufacturers offer higher specification levels in order to make their products more attractive to consumers.

CSR has a significant presence in the gaming segment where low-latency is a key requirement from customers. CSR's Fast Stream™ software ensures that the audio and video are synchronised to enhance the realism of the computer game and, therefore, the user enjoyment. CSR is seeing a trend in having multiple simultaneous uses for Bluetooth in gaming and the management expects consumers to see this in the market in 2009.

Personal navigation devices are an important market and CSR's RoadTunes product benefits from having an easy to integrate reference design.

2008 was a challenging year in the personal computer sector and CSR suffered market share loss. CSR continues to develop products aimed at this market. CSR's partnership with Intel has provided personal computers customers and equipment manufacturers with the ability to offer their customers a saving on battery life of 30 minutes. To ensure ease of integration, CSR has launched a new personal computer "Slim module" design with a new read only memory (or ROM) device that incorporates the CSR / Intel advanced power management functionality. CSR expects to ship devices with this functionality in 2009.

16. Quantitative and Qualitative Disclosures about Market Risk

CSR's exposure to market risks relates to the risk that changes in market prices, including foreign currency exchange rates and interest rate risk, will affect its income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. CSR uses sensitivity analysis to measure its market risk exposures.

16.1 *Foreign currency risk*

Substantially all of CSR's sales and costs of sales are denominated in US Dollars, which is its functional currency. A significant portion of CSR's fixed costs are denominated in Sterling. This exposure to different currencies would result in gains or losses with respect to movements in foreign exchange rates and the impact of such fluctuations could be material to CSR. Accordingly, CSR enters into hedging transactions pursuant to which it purchases Sterling under forward purchase contracts to cover the majority of its Sterling exposure.

CSR does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the CSR's policies approved by CSR's board of directors, which provides written principles on the use of financial derivatives. CSR's policy is to hedge between 75 per cent. and 90 per cent. of forecast Sterling-expenditure for the following 11 to 15 months.

The carrying amounts of CSR's Sterling denominated monetary assets and liabilities as of 2 January 2009 and 28 December 2007 are as follows:

	Liabilities		*Assets*	
	2 January 2009	*28 December 2007*	*2 January 2009*	*28 December 2007*
	£ million		*£ million*	
Sterling	(9.1)	(9.1)	3.8	7.7

The decrease in Sterling-denominated assets between the years 2007 and 2008 was due to a reduction in the levels of cash balances in Sterling held by CSR as of 2 January 2009.

The following significant exchange rates applied during the period are as follows:

	Weighted average forward contract rate (contracts maturing in the period)		*Period end spot rate*	
US Dollars	*2 January 2009*	*28 December 2007*	*2 January 2009*	*28 December 2007*
Sterling	1.9830	1.8877	1.4521	1.9905

The weighted average forward contract rate represents forward foreign exchange contract maturing during such period. The increase between 2007 and 2008 was due to a strengthening in the Sterling to US Dollar exchange rate in the period when the forward contracts were placed.

16.2 ***Foreign currency sensitivity analysis***

CSR believes that a 10 per cent. appreciation of the US Dollar against the Sterling would have decreased equity and profit or increased loss after tax by the amounts shown in the table below as of 2 January 2009 and 28 December 2007. In the opinion of CSR, this decrease is a reasonably possible change given current market conditions. Although fluctuations in the US Dollar to Sterling rate have been significantly greater than this percentage for the year ended 2 January 2009, CSR believes 10 per cent. is likely to be representative of future movements. This analysis assumes that all other variables, in particular interest rates and other foreign currencies, remain constant. The analysis is performed on the same basis for the year ended 28 December, 2007.

2 January 2009	*Equity $ million*	*Profit or loss*
GBP	(5.6)	(0.7)

28 December 2007	*Equity $ million*	*Profit or loss*
GBP	(10.9)	(1.1)

A 10 per cent. depreciation of the US Dollar against the Sterling would have had, in CSR's opinion, the equal but opposite effect, on the basis that all the other variables remain constant.

A 30 per cent. appreciation of the US Dollar against the Sterling as of 2 January 2009 would result in a $16.9 million decrease in equity and a $2.7 million increase in loss for the period. Although CSR believes that a 10 per cent. movement is the most representative movement in the US Dollars to Sterling rate, but given market conditions, a 30 per cent. movement has been described to aid understanding of CSR's market risk.

The movement in profit for the period is mainly attributable to the CSR's exposure to exchange movements in Sterling denominated monetary assets and liabilities. The movement in equity is mainly as a result of the changes in fair value of forward foreign exchange contracts.

16.3 ***Forward foreign exchange contracts***

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur:

Cash flow hedges	*Carrying Amount $'000*	*Expected cash flows $'000*	*3 months or less $'000*	*3-6 months $'000*	*6-12 months $'000*	*More than one year $'000*
2 January 2009						
Forward foreign exchange contracts $'000	(29,597)	120,979	31,602	30,752	53,319	5,306
Forward foreign exchange contracts £'000	—	63,500	16,000	16,000	28,000	3,500
28 December 2007						
Forward foreign exchange contracts $'000	(384)	178,628	35,853	35,636	71,568	35,571
Forward foreign exchange contracts £'000	—	90,090	18,090	18,000	36,000	18,000

CSR considers the periods in which the cash flows associated with the derivatives that are cash flow hedges are expected to occur approximate the periods when the cash flows associated with those cash flows are likely to impact profit or loss.

16.4 ***Interest rate risk***

CSR has no significant direct exposure to fluctuations in interest rates other than those on interest-bearing cash balances. The majority of cash balances are held at fixed rates of interest and the effective rate of interest on those cash balances in 2008 was 4.67 per cent., as compared to 5.16 per cent. in 2007.

PART VI

OPERATING AND FINANCIAL REVIEW RELATING TO SiRF

The following discussion of SiRF's financial condition and results of operations should be read together with the consolidated financial statements and related notes in this document. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. These risks and uncertainties may cause actual results to differ materially from those discussed in the forward-looking statements.

1. Overview

SiRF is a leading semiconductor supplier of GPS based location technology solutions designed to provide location awareness capabilities in high-volume mobile consumer and commercial applications. SiRF's products have been integrated into mobile consumer devices such as mobile phones, automobile navigation systems, personal digital assistants, portable navigation devices and GPS-based peripheral devices, and into commercial systems such as fleet management and road-tolling systems.

SiRF markets and sells its products to OEMs and ODMs in four major markets: wireless handheld devices, such as mobile phones; automotive electronics systems, including navigation and telematics systems; consumer electronics products such as recreational GPS handhelds, mobile gaming machines, digital cameras and wearable devices; and mobile computing systems, including personal digital assistants, notebook computers, universal mobile personal computers and mobile internet devices. As SiRF supplies products that support multiple applications within these four major markets, it does not have the ability to discretely track separate financial information for each of these markets. Additionally, SiRF markets and sells its products to VAM customers which typically provide GPS modules or sub-systems to certain OEMs, and through intellectual property partners, which integrate its core technology into their products. Intellectual property partners are typically large semiconductor companies.

As usage of GPS technology for high volume applications is still in the early stages of deployment, it is difficult to predict market growth or growth drivers reliably. While some of the applications, such as OEM automotive navigation systems, are well developed, most high-growth applications are just starting to emerge. LBS are offered by some wireless network operators as a way to send information to cell-phone subscribers based on their current location. While the LBS market for wireless operators is in its early stages, SiRF expects it to continue to be a growth driver for its business. SiRF's long-term growth depends on maintaining a leadership position in such markets and enabling multiple growth drivers across its target platforms. SiRF is currently focusing significant effort on enabling the end-to-end platform for successful LBS deployment by wireless operators and for other consumer applications. Successful alliances with wireless operators and service providers, mobile phone vendors, location based content providers and wireless platform providers are critical to SiRF's success in this emerging market.

SiRF's markets are becoming more competitive resulting in increased pricing pressure on its products. SiRF's ability to compete and maintain current product margin levels depends on its technological leadership, fast design cycle time, low product-cost-structure and the outcome of the ITC Final Determination, as defined below. SiRF also continues to enhance its efficiencies in logistics management and work with its semiconductor fabrication, packaging and testing vendors to reduce product costs, in an effort to maintain its overall cost structure.

In addition to the sale of chip sets, SiRF's business depends on the volume of production by its technology licensees, which in turn depends on the current and anticipated market demand for semiconductors and products that use semiconductors.

On 15 January 2009, the ITC issued its Final Determination in connection with the Broadcom Corporation patent infringement investigation. Certain software pertaining to SiRFstarIII hardware products and three of SiRF's premium software products. SiRFLoc, SiRFNav, and SiRFInstantFix, are subject to the ITC Final Determination. To comply with the ITC Final Determination, SiRF has released new software versions of SiRFLoc, SiRFNav, SiRFInstantFix and software pertaining to SiRFstarIII hardware products. Pursuant to letter dated 21 May 2009, and received by SiRF on 29 May 2009,

US Customs issued a determination involving the redesigned software incorporated into the GPS devices subject to the limited exclusion order issued by the ITC. US Customs determined that SiRF has established by a preponderance of the evidence that its redesigned GPS chips fall outside of the scope of the exclusion order issued by the ITC. As a result of that ruling, US Customs determined to issue instructions to United States ports not to exclude from entry into the United States the approved redesigned GPS chips and products containing the same from SiRF. Thus, US Customs will allow the approved redesigned SiRF products, and products that contain the SiRF chips, to be imported for consumption and sale in the United States. However, the ITC proceedings may still have a material adverse effect on SiRF, including, for example, if Broadcom challenges the US Customs ruling and prevails. In addition, the GSCi-4100, GSCi-4200 and GSCi-5000 hardware products were found to be infringing by the ITC. As such, SiRF is prohibited from conducting certain activities in the United States with respect to these products, including selling, marketing or testing the products in the United States. SiRF has not sought approval from US Customs on any new versions of the GSCi-4100, GSCi-4200 and GSCi-5000 hardware products. See Section 19 of Part IV (Information on SiRF) of this document for further information.

In addition, SiRF's operations are directly impacted by cyclicality in the semiconductor industry, which is characterised by wide fluctuations in product supply and demand. This cyclicality could cause SiRF's operating results to decline dramatically from one period to the next. Additionally, SiRF's results are impacted by its customers' ability to predict end-user, or consumer, demand for the devices they sell utilising its products, as well as the consumer demand. The economic recession that began in 2007 and continuing uncertainties in the global economic environment, which affect consumer demand, coupled by intensifying market competition, have negatively impacted SiRF's result of operations in the recent quarters (as further described below under "Assets Impairment and Restructuring"), and may continue for the near future and beyond.

2. Recent Developments

2.1 *Agreement and Plan of Merger*

On 9 February 2009, SiRF entered into the Merger Agreement with CSR and Merger Sub. Pursuant to the Merger Agreement and subject to the conditions set forth therein, Merger Sub will merge with and into SiRF with SiRF surviving as a wholly-owned subsidiary of CSR. Under the terms of the Merger Agreement, SiRF Shareholders will receive 0.741 of a New Ordinary Share for each SiRF Share they own (subject to anti-dilution adjustments). For additional information regarding the Merger Agreement and the terms and conditions of the Merger, see Part II (The Merger Agreement) of this document.

2.2 *Assets Impairment and Restructuring*

Beginning in February 2008, SiRF continued to experience a significant decline in its share price, resulting in its market capitalisation falling below its net book value. In addition, during the second quarter of 2008, SiRF's product demand outlook rapidly deteriorated due to increased competitive pressure within certain of its markets, as well as macroeconomic uncertainty which translated to a general decline in the demand for devices utilising its technology. In addition, litigation has continued to be a significant expense in 2008, at $20.4 million. See paragraph 19 of Part IV (Information on SiRF) of this document for further information. As a result, in the second quarter of 2008, SiRF significantly reduced its forecasted revenue, gross margin and operating profit.

These factors outlined above triggered an impairment analysis of SiRF's goodwill and acquisition-related intangible assets in the second quarter of 2008. SiRF also performed impairment analyses of its deferred tax assets and note receivable. Based upon the impairment analyses in 2008, the following non-cash charges have been recorded in 2008:

- Acquisition-related intangible assets impairment of $82.3 million, $12.8 million of which was recorded under cost of sales and the remainder under SG&A in SiRF's consolidated income statement. See Note 29, *Impairment of assets*, of Part IX of this document for further information, as well as further discussion below under the caption *Results of Operations*.

- Goodwill impairment of $231.1 million, which was recorded under sales, marketing and administrative expenses of SiRF's consolidated income statement. See Note 29, Impairment of assets, of Part IX of this document for further information, as well as further discussion below under the caption *Results of Operations*.

- Provision against deferred tax assets of $62.6 million included as part of the provision for income taxes of SiRF's consolidated income statement. See Note 11, *Taxation* and Note 20, *Deferred tax*, of Part IX of this document for further information, as well as further discussion below under the caption *Results of Operations*.

SiRF also evaluated the recoverability of its note receivable and determined it was no longer probable that the principal amount under the note receivable was fully recoverable based on information received related to the business prospects of the noteholder. Accordingly, SiRF recorded impairment charges of $11.8 million in 2008. See Note 17, *Notes receivable*, of Part IX of this document for further information, as well as further discussion below under the caption *Results of Operations*. On 9 February 2009, SiRF settled the note receivable and entered into a contingent loan assignment and assumption agreement with the borrower and a third party for the assignment by SiRF of the note receivable which had an outstanding balance of $13.5 million. Under the terms of the loan assignment and assumption agreement, in the event of a change of control of the borrower with the third party, on or before 24 July 2009, SiRF will receive $9.0 million, plus interest from 31 January 2009. On 24 February 2009, SiRF received $9.0 million, plus interest from 31 January 2009, as payment in full under the contingent loan assignment and assumption agreement. See Note 37, *Events after the balance sheet date*, in Part IX of this document for further information.

Additionally, in response to continuing economic uncertainties and to better align SiRF's cost structure with the deteriorating demand outlook, it announced corporate restructuring plans throughout 2008. As part of the restructuring, SiRF reduced its workforce through a combination of immediate lay-offs, elimination of non-essential positions and attrition, closure of certain offices and termination of development in the mobile TV and Bluetooth technology. These restructuring activities have resulted in charges related to severance for terminated employees and other exit-related costs arising from contractual and other obligations, including leased facilities and impairment of long-lived assets.

While it is difficult to determine whether deteriorating demand outlook, increased competitive pressure and the uncertainties related to macroeconomic environment and the outcome of the ITC Final Determination (See Note 36, *Contingent liabilities*, to Part IX of this document) will continue, CSR believes that these factors will continue to negatively impact SiRF's business.

2.3 *New Product Offerings and Developments*

SiRF's ability to develop and deliver new products successfully depends on a number of factors, including its ability to predict market requirements, anticipate changes in technology standards, and develop and introduce new products that meet market needs in a timely manner. CSR believes there is significant demand in the market for low power and small size GPS functionality. SiRF's ability to meet these market requirements is a key element for its revenue growth.

In 2008, SiRF introduced SiRFInstantFixII™ technology, new versions of SiRFstarIII™ architecture and its SiRFprima™ multifunction platform.

2.4 *Litigation*

SiRF is currently involved in material litigation. See paragraph 19 of Part IV (Information on SiRF) of this document for further information.

3. Critical Accounting Policies and Estimates

The discussion and analysis of SiRF's financial condition and results of operations are based on the Historical Financial Information relating to SiRF included at Part IX of this document. The directors of CSR ("the Directors") are responsible for preparing this information, which has been prepared in accordance with IFRS as issued by the IASB. The preparation of these consolidated financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets,

liabilities, revenue and expenses. The Directors base their estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used or changes in the accounting estimate that are reasonably likely to occur could materially change the financial statements. SiRF's critical accounting policies include: (1) revenue recognition, which impacts the recording of revenue; (2) inventory valuation, which impacts cost of sales and gross margin; (3) accounting for share based payment, which impacts cost of sales, gross margin and operating expenses, as well as SiRF's footnote disclosures; (4) impairment of goodwill, intangible assets and long lived assets, the potential impairment of which impacts cost of product revenue and operating expenses; (5) income taxes which impact provision for income taxes and the valuation of SiRF's deferred tax assets and liabilities; (6) contingent and deferred consideration, which impacts on compensation expense recorded in the income statement; and (7) contingent liabilities, which impacts the footnote disclosures and potential provisions and income statement charges. SiRF also has other key accounting policies that are less subjective, and therefore, their application would not have a material impact on its reported results of operations. The following is a discussion of SiRF's critical accounting policies, as well as the estimates and judgments involved.

3.1 ***Revenue recognition.*** Revenue is recognised when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to SiRF and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This requires SiRF to assess at the point of delivery whether these criteria have been met. When the SiRF Group determines that such criteria have been met, revenue is recognised.

SiRF defers the recognition of revenue and the related cost of revenue on shipments to distributors that have rights of return and price protection privileges on unsold products until the products are sold by the distributor to its customers. Price protection rights grant distributors the right to a credit in the event of declines in the price of SiRF's products. Also, several of SiRF's distributors purchase products at a standard gross price and receive price reductions for sales to certain end customers. In these circumstances, SiRF's accounts receivable and deferred revenue balances represent the gross invoice price of shipments to those distributors. Upon product sell-through, these distributors may receive a credit to adjust the gross price to the applicable net price for those sales.

3.2 ***Inventory valuation.*** Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

SiRF provides for inventories that have become obsolete or are in excess of anticipated demand or net realisable value. SiRF performs a detailed review of inventory each period that considers multiple factors including demand forecasts, market conditions, product life cycle status, product development plans and current sales levels. Demand forecasts involve estimates, such as customer product demand projections based on SiRF's historical experience, timing of new product introductions, timing of customer transitions to new products and sell through of products at different average selling prices. If future demand or market conditions for SiRF's products or the consequences of the ITC Final Determination (see note 36, *Contingent liabilities* in Part IX of this document) are less favourable than forecasted or if unforeseen technological changes negatively impact the utility of component inventory, SiRF may be required to record additional provisions which could reduce gross margins in that accounting period.

If actual market conditions are more favourable, SiRF may record higher gross margins when products incorporating inventory that was previously provided for are sold.

3.3 ***Accounting for share-based payments.*** IFRS 2 'Share-based payments' has been applied in relation to the accounting for share-based payments in respect of options and share awards granted after 7 November 2002 and which had not vested as at 1 January 2006, in accordance with IFRS 1. Under IFRS 2, the share-based compensation is measured at the grant date, based on the estimated fair value of the award, and is recognised as an expense over the employee's requisite service period.

The fair value of the options granted is measured by use of a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The expected life used in the model has been adjusted, based on the Directors' best estimate for the effects of non-transferability, exercise restrictions and, behavioural considerations. The volatility used in the model is based on movements in SiRF's share price for a period matching that of the exercise period of the options. The risk-free interest rate used is the implied yield currently available on United States Treasury zero-coupon issues with an equivalent expected term.

The amount recognised as an expense is adjusted to reflect the actual number of shares that vest. Non-market vesting conditions are included in assumptions about the number of shares that are expected to become exercisable.

The estimates of the number of share options and awards that are expected to become exercisable are reviewed at each balance sheet date. The impact of the revision of original estimates, if any, is recognised in the income statement and a corresponding adjustment to equity. Note 31 Share-based payments in Part IX of this document provides detail on the valuation assumptions made for each grant of share options and awards during the period.

Share options and Taxation

In some jurisdictions SiRF is entitled to a tax deduction for amounts treated as compensation on exercise of certain employees' share options under each jurisdiction's tax rules. This gives rise to a temporary difference between the accounting and tax bases and hence a deferred tax asset is recorded. This asset is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the share price at the balance sheet date) with the share-based payment expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of share-based payment expense at the applicable statutory tax rate, the excess is recorded directly in equity, against other reserves.

No share-based payment expense is recorded in respect of options granted before 7 November 2002 as per the IFRS 1 transitional exemption adopted by SiRF. Nevertheless, tax deductions have arisen and will continue to arise on these options. The tax effects in relation to these options are recorded directly in equity against other reserves.

3.4 ***Impairment of goodwill, intangible assets and long-lived assets.*** SiRF assesses the carrying value of goodwill, identifiable intangible assets and long-lived assets annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors considered important, which could trigger an impairment review, include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of SiRF's use of the acquired assets;
- significant negative industry trends; and
- significant decline in SiRF's market capitalisation.

When it is determined that the carrying value of identified intangible assets or long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, assets are reviewed for impairment by comparing the carrying amount to the recoverable value, which is defined as the higher of fair value less costs to sell and value in use. Any excess of carrying value over the recoverable amount is recorded as an impairment. The value in use calculation involves discounting the expected future cash flows to be generated by the asset.

Impairment of goodwill is tested at the cash generating unit ("CGU") level by comparing the CGU's carrying value, including goodwill, to the fair value of the CGU. The fair value of the CGU is estimated using a combination of quoted market prices adjusted for a control premium and the income or discounted cash flow approach. If the carrying amount of the CGU exceeds its fair value, goodwill is considered impaired and an impairment loss is recorded. The SiRF Group performs an impairment review at the entity level as it has only one operating segment, which is its sole CGU.

In determining fair value, SiRF considers various factors, including SiRF's market capitalisation, estimates of control premiums, estimates of future market growth and trends, forecasted revenue and costs, discount rates, expected periods over which its assets will be utilised and other variables. SiRF bases its fair value estimates on assumptions believed to be reasonable, but which are inherently uncertain. Should actual results differ significantly from current estimates, the amount of impairment charges recorded could be different or future impairment charges may be required. For example, while SiRF has fully written down the value of its previously recorded goodwill, a further variance in its forecasted revenue and costs could have had a significant impact on the value of the acquisition-related intangible asset impairment charges recorded in 2008. Additionally, a variance in its forecasted revenue may materially impact its future recoverability assessment of the remaining intangible and long-lived assets value.

Note 29, Impairment of assets in Part IX of this document provides further disclosures on the assumptions underlying the impairment review.

3.5 ***Income taxes.*** SiRF is subject to the income tax laws of the various tax jurisdictions in which it operates, principally the United States of America. These laws are complex and subject to different interpretations by taxpayers and tax authorities. When establishing income tax provisions, a number of judgments and interpretations are made about the application and interaction of these laws. Changes in these tax laws or our interpretations of these laws and the resolution of future tax audits could significantly impact our effective tax rate and the results of operations in a given period. Where it is probable that a position may be successfully challenged by revenue authorities, a tax provision is created for the tax on the probable adjustment. The Directors' judgment is required in determining the provision for income taxes, deferred tax assets and liabilities. Deferred tax assets have been recognised where the Directors believe there are sufficient taxable temporary differences or convincing other evidence that sufficient taxable profit will be available in future to realise deferred tax assets. Although the deferred tax assets which have been recognised are considered realisable, actual amounts could be reduced if future taxable income is lower than expected. This could materially affect SiRF's reported net income and financial position.

SiRF estimates its income taxes in each of the jurisdictions in which it operates. This process involves estimating its current tax liability together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in the recognition of deferred tax assets and liabilities, which are included within the consolidated balance sheet to the extent that the Directors believe they are recoverable.

SiRF does not recognise deferred tax assets if they are not considered more likely than not to be recovered. In assessing recoverability SiRF considers all available positive and negative evidence including profit forecasts including the effect of exchange rate fluctuations on sales and external market conditions.

3.6 ***Contingent and deferred consideration.*** In the year ended 31 December 2006, SiRF acquired TrueSpan Inc. Part of the consideration included contingent payments to certain former TrueSpan employees contingent upon their continued employment with SiRF. These contingent payments resulted in compensation expense amortised on a straight-line basis over the related two-year service period (see note 34, Acquisition of subsidiaries in Part IX of this document).

3.7 ***Contingent liabilities.*** SiRF is currently involved in material patent litigation with Broadcom Corporation before the United States International Trade Commission and federal court, and is subject to a limited exclusion order prohibiting the unlicensed entry into the United States of certain of SiRF's products deemed to be infringing on Broadcom patents by or on behalf of SiRF or the customers named in the investigation and is also subject to cease and desist orders against it and its

named domestic customers that were named in the investigation. If SiRF is unable to obtain approvals from US Customs for the importation of its products or those of its customers, its business may be materially adversely affected.

No provision has been made in these financial statements as the Directors do not consider that there is any probable material financial loss (see note 36, *Contingent liabilities in Part IX of this document for additional information*).

3.8 ***Adoption of new and revised standards.*** Previously SiRF's financial statements were prepared in accordance with generally accepted accounting principals in the United States of America ("US GAAP"). These financial statements have been prepared in accordance with IFRS as issued by the IASB for the first time. The disclosures required by IFRS 1 *'First-time Adoption of International Financial Reporting Standards'* concerning the transition from US GAAP to IFRS are given in note 38.

The rules for first time adoption of IFRS are set out in IFRS 1. IFRS 1 requires use of the same accounting policies in the IFRS transition balance sheet and for all periods presented thereafter.IFRS 1 generally requires that first-time adopters apply all effective IFRS standards retrospectively from the date of transition, being 1 January 2006 ("the Transition Date"). IFRS 1 provides for certain optional exemptions and mandatory exceptions to this general principle. The following optional exemptions under IFRS 1 have been applied by the Directors as follows:

- Business combinations – The Directors have elected not to apply IFRS 3 '*Business Combinations*' retrospectively to business combinations that occurred prior to the Transition Date. Consequently, business combinations that were recognised before the Transition Date have not been restated. Any goodwill arising on such business combinations before the Transition Date was not adjusted from the carrying value previously determined under US GAAP as a result of applying this exemption.

- Share-based payments – The Directors have elected to apply the exemption provided under IFRS 1 and apply IFRS 2 '*Share-based Payments*' for all equity instruments granted after 7 November 2002 that had not vested by the Transition Date.

In addition the estimates previously made by SiRF under US GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

The impact on net (loss) profit and shareholders' equity of the differences between US GAAP and the IFRS accounting policies is quantified and described in note 38 Explanation of transition to IFRS in Part IX of this document.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not yet been applied in these financial statements were in issue but not yet effective:

IFRS 1 (amended)/IAS 27 (amended)	*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 2 (amended)	*Share-based payment – Vesting Conditions and Cancellations*
IFRS 3 (revised 2008)	*Business Combination*
IAS 1 (revised 2007)	*Presentation of Financial Statements*
IAS 23 (revised 2007)	*Borrowing Costs*
IAS 27 (revised 2008)	*Consolidated and Separate Financial Statements*
IAS 32 (amended)/IAS 1 (amended)	*Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC 12	*Service Concession Arrangements*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*

Improvements of IFRSs (May 2008)

The Directors anticipate that, other than detailed below, the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of SiRF.

The Directors anticipate that the adoption of IFRS 2 (amended) may have a significant impact on the profit (loss) before tax in future years. The SiRF Group is reviewing when it will adopt this standard, but notes that the earliest date of application is for periods commencing on or after 1 January 2009.

4. Results of Operations

4.1 *Net Revenue*

The following table sets forth SiRF's revenue for 2008, 2007 and 2006 (US Dollars in thousands):

	Year Ended					
	27 December 2008		*31 December 2007*		*31 December 2006*	
		% of Net Revenue		*% of Net Revenue*		*% of Net Revenue*
Product revenue	$222,922	96%	$323,128	98%	$239,243	97%
License royalty and service revenue	9,530	4%	6,252	2%	8,437	3%
Net revenue	$232,452		$329,380		$247,680	
Increase (decrease), period over period	$ (96,928)		$ 81,700			
Percentage increase (decrease), period over period	(29)%		33%			

Product revenue decreased in 2008 compared to 2007 due to the declines in unit shipments of 15 per cent. and in average selling prices of 19 per cent. The decline in unit shipments was a result of increased market competition and continuing weakness in consumer demand. In general, average selling prices are expected to decline over time within a given product line due to market competition and the general nature of the semiconductor industry. Combined average selling prices will be affected by this, but will also vary depending on product and customer mix, as well as the introduction of new products.

Product revenue increased in 2007 compared to 2006 primarily due to a 75 per cent. increase in unit shipments of chip sets. The increase in unit shipments of chip sets was due to increased sales of SiRF's product lines based on its SiRFstarIII architecture. Also, in August 2007 with the acquisition of Centrality, SiRF added two navigation processor architectures, SiRFtitan and SiRFatlas, which also contributed to the increase in product revenue compared to a year ago. Increased sales volumes in 2007 were driven by continued growth in the automotive market, especially in portable navigation devices, and in the wireless market. The increase in unit shipments was partially offset by a 23 per cent. decline in average selling prices in 2007 as compared to 2006.

License royalty and service represented 4 per cent., 2 per cent. and 3 per cent. of SiRF's net revenue in 2008, 2007 and 2006, respectively. The increase in license royalty and service revenue in 2008 compared to 2007 was primarily due to one customer ramping up production of a product utilising SiRF's technology. The decrease in license royalty and service revenue in 2007 compared to 2006 was primarily due to a decline in SiRF's licensed intellectual property revenue as a result of unit volume decreases for license royalty.

Starting in the fourth quarter of 2006, SiRF determined that, due to business circumstances, it could no longer reliably estimate royalty revenue from its estimated licensees. As such, SiRF began recognising all royalty revenue based solely on royalties reported by licensees during such quarter. This change in the timing of recognising royalty revenue was made prospectively and had an initial one-time effect of reducing royalty revenue recorded in the fourth quarter of 2006. The effect of not recording fourth quarter royalty revenue in 2006 was a reduction of approximately $1.2 million, or 14 per cent., of SiRF's license royalty revenue.

Net revenue from international sales was approximately 81 per cent., 88 per cent. and 85 per cent. of SiRF's net revenue in 2008, 2007 and 2006, respectively. Net revenue from international sales to the Asia-Pacific region accounted for approximately 63 per cent., 81 per cent. and 79 per cent. of net revenue in 2008, 2007 and 2006, respectively. International sales to the Asia-Pacific region decreased as a percentage of net revenue in 2008 compared to 2007 due to weaker demand from several of SiRF's customers in that region. Additionally, SiRF experienced an increase in sales from a customer outside of the Asia-Pacific region, which contributed to the decline in sales to the Asia-Pacific region as a percentage of net revenue. International sales increased as a percentage of total net revenue in 2007 compared to 2006, due primarily to higher international sales to the Asia-Pacific region associated with increases in unit shipments of chip sets and in the number of customers and, to a lesser extent, SiRF's acquisition of Centrality, which had a large concentration of customers in the Asia-Pacific region. Although a large percentage of SiRF's sales are made to customers in the Asia-Pacific region, CSR believes that a significant amount of the systems designed and manufactured by these customers are subsequently sold through to OEMs outside of the Asia-Pacific region. All of SiRF's sales are denominated in US Dollars.

In 2008, 2007 and 2006, SiRF's 10 largest customers collectively accounted for 70 per cent., 76 per cent. and 87 per cent. of its net revenue, respectively. In 2008, two of SiRF's customers, Promate and Elcoteq, each represented 10 per cent. or more of SiRF's net revenues. In 2007, two customers accounted for 32 per cent. and 13 per cent. of net revenue. In 2006, three customers accounted for 48 per cent., 10 per cent. and 10 per cent. of net revenue. No other customer accounted for more than 10 per cent. of net accounts receivable.

SiRF's revenue growth depends in large part on the consumer demand for GPS products. Due to the continuing uncertainties in the global economic environment, intensifying market competition, and the ITC Final Determination, which may affect consumer demand, SiRF's revenue may be negatively impacted for the near future and beyond. In addition, SiRF's revenue may be impacted by SiRF's pending Merger with CSR, by the outcome of litigation or other factors outside of SiRF's control. See Note 36, *Contingent liabilities,* to Part IX of this document for further information.

4.2 ***Gross Profit***

Gross profit consists of net revenue, less other cost of sales, including non-cash expenses related to the estimated fair value of employee stock-based compensation expense, amortisation of intangible assets and impairment of intangible assets. Other cost of sales consists primarily of finished units or silicon wafers and costs associated with the assembly, testing and inbound and outbound shipping of SiRF's chip sets, costs of personnel and occupancy associated with manufacturing-related overhead functions, such as manufacturing support and quality assurance, as well as write-downs for inventory losses, all of which are associated with product revenue. As SiRF does not have long-term, fixed supply agreements, its unit or wafer costs are subject to change based on the cyclical demand for semiconductor products. There was no cost of license royalty revenue for the periods reported.

Other cost of sales for the periods reported was as follows:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
	(Dollars in thousands)		
Other cost of sales	$123,156	$154,966	$110,337
Percentage of net revenue	53%	47%	45%
Increase (decrease), period over period	$ (31,810)	$ 44,629	
Percentage increase (decrease), period over period	(21)%	40%	

Amortisation of intangible assets, presented as a component of cost of sales for the periods reported was as follows:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
	(Dollars in thousands)		
Amortisation of intangible assets	$11,964	$ 7,314	$1,880
Impairment of intangible assets	12,818	—	—
Total amortisation and impairment of intangible assets	$24,782	$ 7,314	$1,880
Percentage of net revenue	11%	2%	1%
Increase, period over period	$17,468	$ 5,434	
Percentage increase, period over period	239%	289%	

Gross profit and gross margin for the periods reported were as follows:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
	(Dollars in thousands)		
Gross profit	$ 84,514	$167,100	$135,463
Gross margin	36%	51%	55%
Increase (decrease), period over period	$(82,586)	$ 31,637	
Percentage increase (decrease), period over period	(49)%	23%	

Product gross margin for the periods reported was as follows:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
Product gross margin [(1)]	34%	50%	53%

(1) The product gross margin calculation includes amortisation of intangible assets and impairment of intangible assets (if applicable). The product gross margin calculation excludes license royalty and service revenue.

The decrease in cost of sales in 2008 compared to 2007 correlates with the decrease in SiRF's net revenue and unit shipments during the same period. This decrease was partially offset by increased write-downs and scrap of excess and obsolete inventory of $4.7 million. The increases in cost of sales and gross profit in 2007 compared to 2006 correlate with the increase in net revenue and unit shipments during the same period.

The increase in amortisation of intangible assets in 2008 compared to 2007 was due to amortisation expense associated with intangible assets acquired as part of SiRF's acquisition of Centrality in August 2007. The increase in amortisation of intangible assets in 2007 compared to 2006 was also due to SiRF's acquisition of Centrality in August 2007.

Cost of product revenue includes stock-based compensation expense of $1.4 million, $2.0 million and $1.0 million in 2008, 2007 and 2006, respectively.

The decreases in gross profit and gross margin in 2008 compared to 2007 were driven by continued declines in average selling prices driven by competitive pressures and changes in SiRF's product mix, as well as amortisation of intangible assets and increased write-downs and scrap of excess and obsolete inventory of $4.7 million. In addition, gross margin in 2008 was impacted by impairment of intangible assets recorded in the second quarter of 2008. These declines were partially offset by an increase in SiRF's license royalty revenue, which has no cost of sale, representing a larger percentage of revenue compared to the prior year. Gross profit and gross margin decreased in 2007 compared to 2006 primarily due to declines in average selling prices driven by competitive pricing pressures and changes in SiRF's product mix, as well as amortisation of intangible assets. In addition, fair value adjustments related to inventory acquired as part of SiRF's acquisition of Centrality in August 2007, which was subsequently sold to end customers in the third and fourth quarters of 2007 contributed to the decline in gross margin compared to the prior year. Gross margin in 2007 was also impacted by SiRF's license royalty revenue, which has no cost of sale, representing a smaller percentage of total net revenue compared to the prior year.

In the future, SiRF's gross margin may be affected by increased competition and related decreases in average selling prices, changes in the mix of products sold, including the mix of semiconductor products and the markets or customers they are sold to, as well as the extent of license royalty revenue, the availability and cost of products from its suppliers, manufacturing yields, particularly on new products, increased volume and related volume price breaks, timing of volume shipments of new products and potential delays in introductions of new products. Furthermore, continuing uncertainties in the global economic environment and consequences of the ITC Final Determination may affect consumer demand for GPS products. As a result, SiRF may experience declines in demand or average selling prices of its existing products, and its inventories on hand may become impaired, resulting in write-offs either for excess quantities, lower of cost or market considerations or impairment of intangible assets. Such write-offs, when determined, could have a material adverse effect on gross margins and results of operations. See Note 36, *Contingent liabilities*, to Part IX of this document for further information.

4.3 *Operating Expenses*

SiRF's results of operations include non-cash expenses related to the estimated fair value of employee share-based payment awards. The following table provides the amounts recorded within operating expenses for employee share-based payment expense during 2008, 2007 and 2006:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
		(in thousands)	
Share-based payment expense included within operating expenses:			
Research and development	$20,816	$28,162	$22,989
Sales, marketing and administrative	$14,672	$20,691	$12,119

4.4 ***Research and Development***

Research and development expense consists of amortisation of intangible assets and other research and development expense. Other research and development expense consists primarily of salaries, bonuses, benefits and stock-based compensation expense for engineering personnel, depreciation of engineering equipment, amortization of intellectual property assets, costs of outside engineering services from contractors and consultants and costs associated with prototype wafers and mask sets. Some of SiRF's development costs are offset by income from engineering services arrangements with certain customers. Engineering services income was $0.3 million, $0.9 million and $0.6 million in 2008, 2007 and 2006, respectively. Other research and development expense for the periods reported was as follows:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
		(Dollars in thousands)	
Other research and development	$105,445	$103,378	$79,805
Percentage of net revenue	45%	31%	31%
Increase, period over period	$ 2,067	$ 23,573	
Percentage increase, period over period	2%	30%	

Amortisation of intangible assets, presented as a component of research and development expenditure for the periods was as follows:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
		(Dollars in thousands)	
Amortisation of intangible assets	15,104	9,602	6,586
Percentage of net revenue	6%	3%	3%
Increase over period	5,502	3,016	
Percentage increase, period over period	57%	46%	

The increase in other research and development expense in 2008 compared to 2007 was primarily due to SiRF's acquisition of Centrality in August 2007, which led to increases in product development related costs of $5.5 million, compensation-related expenses of $6.4 million, software and equipment expense of $2.1 million and facility-related cost of $0.7 million. This increase was partially offset by decreases in professional consulting costs of $2.2 million due to cost cutting measures, decreases in acquisition-related contingent payments of $2.3 million, and a reduction in share-based payment expense of $7.3 million.

The increase in other research and development expense in 2007 compared to 2006 was primarily due to an increase in headcount, which resulted in increases in compensation-related expenses of $11.5 million and higher share-based payment expense of $5.2 million. The increase in SiRF's headcount was primarily attributed to its acquisition of Centrality, as well as the overall growth of its business. The increase in other research and development expense was also impacted by increases in facility-related costs, product development costs and consulting expenses as a result of an overall increase in its research and development activities.

The increase in amortisation of intangible assets in 2008 compared to 2007 and the increase in amortisation of intangible assets in 2007 compared to 2006 was primarily due to SiRF's acquisitions of Truespan in March 2006 and Centrality in August 2007, and the recognition on these acquisitions of certain intangible assets which is discussed below. SiRF expects amortisation of intangible assets to decrease in the future due to the impairment of intangible assets taken in 2008.

In connection with the acquisition of Centrality in 2007, the Directors, based on a prior SiRF valuation, allocated approximately $13.9 million of the purchase price to intangible assets. In connection with the acquisition of TrueSpan in 2006, the Directors allocated approximately $13.3 million of the purchase price to intangible assets. In calculating the value of the acquired intangible assets, SiRF, with the assistance of an independent appraiser, used established valuation techniques accepted in the technology industry. This calculation gave consideration to relevant market size and growth factors, expected industry trends, the anticipated nature and timing of new product introductions by SiRF and its competitors, product sales cycles, and the estimated life of the

product derived from the underlying technology. The value of the acquired intangible assets reflects the relative value and contribution of the acquired research and development. SiRF considered the stage of completion, the complexity of the work completed to date, the difficulty of completing the remaining development, costs already incurred, and the expected cost to complete the project in determining the value assigned to the acquired intangible assets.

As of the acquisition date, Centrality was in the process of developing its next generation of processor with enriched specifications. At the date of the acquisition, the next generation processor was expected to be released in mid-2008. As of 31 December 2007, the next generation processor was successfully taped-out. Samples of the new product were made available in January 2008 for quality assurance testing. In 2008, the samples underwent laboratory testing for functionality and compliance with technological standards and SiRF continued testing its firmware and software integration. During this process some minor issues were uncovered which required a partial mask re-spin. Samples of the product resulting from the mask re-spin were made available in September 2008. Those samples also underwent laboratory testing for functionality and compliance with technological standards. The product is expected to complete full production qualification in the first quarter of 2009 and to begin shipping in volume thereafter. There has been no material variation associated with the next generation processor development.

As of the acquisition date, TrueSpan was in the process of performing technology verification for its DVB and RF chips. The design for the chips was believed to be near completion, but significant risks and uncertainties in the design still existed and diagnosis of verification errors required debugging. Both of these chips were expected to be released in late 2007 at the time of the acquisition. TrueSpan was also working on proprietary software for the functionality of the DVB chip in consumer products, with completion expected in late 2006 at the time of the acquisition. TrueSpan was expected to begin benefiting from both products in 2007. In 2008, the next generation processor was successfully taped-out and samples of the new product were under-going laboratory testing for functionality and compliance with technological standards. However, in July 2008, as part of SiRF's restructuring activities, this project has been cancelled.

SiRF is not currently aware of any other material variations between projected results and actual results, nor any new risks or uncertainties associated with completing development within a reasonable period of time of its original estimates. If SiRF does not complete development on these projects or if it does not achieve market acceptance in a timely manner, its results of operations and financial condition could be adversely affected.

As a result of SiRF's restructuring activities as described elsewhere herein, SiRF expects its other research and development expense to decrease in absolute US Dollar amount in the near future. In addition, due to the challenging macroeconomic environment and competitive pressure, research and development expenses as a percentage of revenue may also decrease.

4.5 *Sales, Marketing and Administrative*

Sales, marketing and administrative expenses consist of other sales, marketing and administrative expenses, asset impairment (discussed in section 4.6 below) and restructuring expense (discussed in section 4.7 below).

Other sales, marketing and administrative expense consists primarily of salaries, bonuses, benefits, share-based payment expenses and related costs for sales and marketing personnel, sales commissions, customer support, public relations, tradeshows, advertising, other marketing activities as well as outside service expenses including legal, accounting and recruiting. Other sales, marketing and administrative expense for the periods reported was as follows:

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
		(Dollars in thousands)	
Other sales, marketing and administrative	$75,883	$70,153	$42,725
Percentage of net revenue	33%	21%	17%
Increase (decrease), period over period	$ 5,730	$27,428	
Percentage increase (decrease), period over period	8%	64%	

The decrease in other sales, marketing and administrative expense in 2008 compared to 2007 was primarily due to incremental ongoing litigation activities and other legal expenses of $13.9 million, partially offset by a decrease in share-based payment expense of $6.0 million and a decrease in compensation-related expense of $1.1 million, which resulted from lower average headcount during the period related to the reduction in force in July and December 2008. Additionally, in 2008, outside professional services and facilities-related costs decreased by $0.9 million due to SiRF's cost-cutting efforts.

The increase in other sales, marketing and administrative expense in 2007 compared to 2006 was primarily due to ongoing litigation activities and legal expenses of $8.2 million, increased share-based payment expense of $8.6 million and increased compensation-related expenses of $5.4 million. This increase was impacted by increase in sales and marketing activities, travel and entertainment expense, facility-related costs, increases in accounting and professional services and consulting services. See Note 36 *Contingent liabilties* of Part IX of this document for a discussion of material legal proceedings during 2008.

4.6 ***Asset Impairment***

Asset impairment, which is a component of sales, marketing and administrative expense, consists of impairment of intangible assets of $69.5 million and impairment of goodwill of $231.1 million.

In the second quarter of 2008, SiRF performed an impairment analysis over intangible assets due to the significant decline in its stock price and its deteriorating demand outlook due to increased competitive pressures within certain of its markets, as well as macroeconomic uncertainty which translated to a general decline in the demand for devices utilising its technology. Based on this impairment analysis over intangible assets, the Directors have written off $30.8 million relating to customer relationships, $30.0 million relating to developed and core technology, $3.9 million relating to patents and trademarks, $1.2 million relating to non-compete agreements and $3.6 million relating to intellectual property assets. Due to the impairment write-downs recorded on acquisition-related intangible assets, SiRF expects the future amortisation expense to decrease as compared to prior year. See Note 14, *Other Intangible Assets*, to Part IX of this document for further information. SiRF did not have acquisition-related intangible asset impairment in 2007 or 2006.

Beginning in February 2008, SiRF experienced a significant decline in its stock price, resulting in its market capitalisation falling below its net book value. In addition, during the second quarter of 2008, SiRF's demand outlook rapidly deteriorated due to increased competitive pressure within certain of its markets, as well as macroeconomic uncertainty which translated to general softness in the demand for devices utilising its technology. As a result, SiRF significantly reduced its forecasted revenue, gross margin and operating profit. These factors are considered indicators of impairment under SiRF's critical accounting policy as outlined in Note 4, *Critical accounting judgements and key sources of estimation and uncertainty*, in Part IX of this document, and as a result, SiRF performed an interim goodwill analysis as of 30 June, 2008. Based on the results of this goodwill analysis, the Directors wrote off the entire goodwill balance and recognised goodwill impairment charges of $231.1 million. See Note 13, *Goodwill* to Part IX of this document for further information. SiRF did not write-off any goodwill in 2007 or 2006.

4.7 ***Restructuring Expense***

SiRF had restructuring charges of $2.0 million in 2008 related to severance, asset impairment and excess lease charges resulting from the various corporate restructuring plans approved on 21 March, 2008, 24 July, 2008 and 8 December, 2008. SiRF did not have restructuring charges in 2007 or 2006.

4.8 ***Other Income and Expense***

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
		(in thousands)	
Interest income	$ 3,031	$8,095	$6,875
Finance costs	(807)	(187)	(124)
Other gains	6,859	17	—
Note receivable impairment	(11,800)	—	—
Total other income and expense	$ (2,717)	$7,925	$6,751

The decrease in interest income in 2008, as compared to 2007, was due to lower invested balances at lower interest rates. The increase in interest income in 2007, as compared to 2006, was primarily due to higher invested balances maintained during 2007 prior to SiRF's acquisition of Centrality and higher returns earned on invested amounts.

Finance costs in 2008, were primarily related to foreign currency losses of $0.6 million. Finance costs were higher in 2007 compared to 2006 primarily due to a gain recorded during the fourth quarter of 2006 related to the settlement agreement and mutual release with u-Nav Microelectronics Corp., or u-Nav. Atheros subsequently acquired certain assets of u-Nav, which included this settlement agreement in the fourth quarter of 2007. This was partially offset by lower settlement expense recorded in 2007 compared to 2006 related to an employee arbitration award against SiRF. The amount recorded during the first quarter of 2007 reflects the final settlement related to the employee arbitration matter.

On 24 November 2008, SiRF entered into a share purchase agreement whereby it sold 85 per cent. of its holdings in Kisel to certain former Kisel employees for an aggregate of $1.0 million in cash and $2.2 million in promissory notes. As Kisel's operations and cash flows cannot be clearly distinguished operationally or for financial reporting purposes, this sale did not meet the criteria for discontinued operations treatment and, as such, the historical results of Kisel remain included in the results from operations for all present periods. The net book value of Kisel as of the date of the sale was $2.3 million, including approximately $1.1 million of cash. In relation to the sale, SiRF recorded another gain of $0.9 million.

In the fourth quarter of 2008, SiRF received $6.0 million of the funds previously held in escrow to cover indemnification claims related to the acquisition of Centrality. SiRF recorded this amount under "Other Gains" in the consolidated income statement because it does not relate to SiRF's normal operations. See Note 10, *Other gains*, in Part IX of this document.

In 2008, SiRF evaluated the recoverability of a note receivable for $13.5 million and determined it was no longer probable that the principal amount under the note receivable was fully recoverable based on information received related to the business prospects of the noteholder. As a result, SiRF wrote down the note receivable to the equivalent fair value of the collateral and recorded an impairment charge of $11.8 million on the condensed consolidated statement of operations. On 9 February 2009, SiRF settled the note receivable and entered into a contingent loan assignment and assumption agreement with the borrower and a third party for the assignment by SiRF of the note receivable which had an outstanding balance of $13.5 million. Under the terms of the loan assignment and assumption agreement, in the event of a change of control of the borrower with the third party, on or before 24 July 2009, SiRF will receive $9.0 million, plus interest from 31 January 2009. On 24 February 2009, SiRF received $9.0 million, plus interest from 31 January 2009 as payment in full under the contingent loan assignment and assumption agreement. See Note 17, *Notes receivable*, to Part IX in this document for further information. See also Note 37, *Events after the balance sheet date*, to Part IX in this document for subsequent settlement of the note receivable.

4.9 ***Tax***

Provision for income taxes was approximately $25.8 million in 2008, as compared to a provision for income taxes of approximately $5.6 million and $12.9 million in 2007 and 2006, respectively. The provision for income taxes in 2008 was greater than the statutory tax rate due primarily to the non-recognition of deferred tax assets, non-deductible goodwill impairment expense, and unbenefitted foreign losses.

Provision for income taxes was approximately $5.6 million in 2007, as compared to a provision for income taxes of approximately $12.9 million in 2006. The provision for income taxes in 2007 was greater than the statutory tax rate due primarily to certain non-deductible share-based payment expenses, partially offset by benefits from current period research and development tax credits.

4.10 ***Emergency Economic Stabilisation Act of 2008***

The "Emergency Economic Stabilisation Act of 2008," or the Act, which contains the "Tax Extenders and Alternative Minimum Tax Relief Act of 2008," was signed into law on 3 October 2008. Under the Act, the research credit was retroactively extended for amounts paid or incurred after 31 December 2007 and before 1 January 2010. As a result of the US valuation allowance, there is no impact to SiRF's 2008 effective tax rate.

4.11 ***California Assembly Bill 1452***

On 30 September 2008, California enacted Assembly Bill 1452 which among other provisions, suspends net operating loss deductions for 2008 and 2009 and extends the carryforward period of any net operating losses not utilised due to such suspension; adopts the federal 20-year net operating loss carryforward period for losses attributable to 2008 and forward; phases in the federal two-year net operating loss carryback periods beginning in 2011 and limits the utilisation of tax credits to 50 per cent. of a taxpayer's taxable income for 2008 and 2009. There is no tax impact to SiRF's 2008 effective tax rate as the result of this law change.

4.12 ***Liquidity and Capital Resources***

(A) *Financial Condition*

	Year Ended		
	27 December 2008	*31 December 2007*	*31 December 2006*
		(in thousands)	
Net cash provided by (used in) operating activities	$(13,907)	$ 33,567	$ 61,119
Net cash used in investing activities	(7,694)	(78,022)	(25,510)
Net cash provided by financing activities	6,478	11,601	14,325
Net increase (decrease) in cash and cash equivalents	$(15,123)	$(32,854)	$ 49,934

As of 27 December 2008, SiRF had $115.8 million in cash, cash equivalents, and treasury deposits and investments and $113.9 million in working capital, as compared to cash, cash equivalents and treasury deposits and investments balance of $139.4 million and $157.1 million in working capital as of 31 December 2007. SiRF uses independent semiconductor manufacturers to fabricate its semiconductors. By outsourcing its manufacturing, SiRF is able to focus more of its resources on product design and eliminate the high cost of owning and operating its own manufacturing facility. To date, SiRF has not experienced liquidity issues. However, given the uncertainties in the global economic environment, SiRF could experience liquidity issues beyond the next 12 months if its customers have to reduce their orders or if SiRF is unable to collect on its accounts receivable.

On 15 January 2009, the ITC issued its Final Determination in connection with the Broadcom patent infringement investigation. Certain software pertaining to SiRFstarIII hardware products and three of SiRF's premium software, SiRFLoc, SiRFNav and

SiRFInstantFix, are subject to the ITC Final Determination. The ITC determined to limit the scope of the Limited Exclusion Order to products that are manufactured abroad or imported by, or on behalf of, E-TEN Information Systems Co., Ltd., Mio Technology Ltd, USA, MiTAC International Corp. and Tharos Science & Applications, Inc., or the Named Respondents, and that are covered by the asserted patent claims. The Limited Exclusion Order prohibits the unlicensed entry of the infringing products into the United States by or on behalf of SiRF or the Named Respondents. The Cease and Desist Order prohibits SiRF Technology and the domestic Named Respondents from importing or selling in the United States SiRF Technology's products that may be found to infringe any asserted patent. To comply with the ITC Final Determination, SiRF has released new software versions of SiRFLoc, SiRFNav, SiRFInstantFix and software pertaining to SiRFstarIII hardware products. Pursuant to a letter dated 21 May 2009 received by SiRF on 29 May 2009. US Customs issued a determination involving the redesigned software incorporated into the GPS devices subject to a limited exclusion order issued by the ITC in the ITC proceeding. US Customs determined that SiRF has established by a preponderance of the evidence that its redesigned GPS chips fall outside of the scope of the exclusion order issued by the ITC. As a result of that ruling, US Customs determined to issue instructions to United States ports not to exclude from entry into the United States the approved redesigned GPS chips and products containing the same from SiRF. Thus, US Customs will allow the approved redesigned SiRF products, and products that contain the SiRF chips, to be imported for consumption and sale in the United States. However, the ITC proceedings may still have a material adverse effect on SiRF, including, for example, if Broadcom challenges the US Customs ruling and prevails. In addition, the GSCi-4100, GSCi-4200 and GSCi-5000 hardware products were found to be infringing by the ITC. As such, SiRF is prohibited from conducting certain activities in the United States with respect to these products, including selling, marketing or testing the products in the United States. SiRF has not sought approval from US Customs on any new versions of the GSCi-4100, GSCi-4200 and GSCi-5000 hardware products. In 2008, the Named Respondents collectively represent approximately 7 per cent. of SiRF's net revenue.

(B) *Operating Activities.* Net cash used in operating activities was $13.9 million in 2008 and net cash provided by operating activities was $33.6 million and $61.1 million in 2007 and 2006, respectively. Net cash used in operating activities in 2008 resulted primarily from an operating loss of $414.5 million, adjusted for non-cash reconciling items of approximately $384.2 million related to impairment charges of $313.4 million, amortisation of intangible assets of $27.1 million, share-based payment expense of $36.9 million, depreciation expense of $5.3 million and other non-cash charges of $1.5 million. Net cash used in operating activities was also impacted by net changes in assets and liabilities of $18.1 million driven by lower accounts receivable and inventory balances of $32.7 million, offset by lower accounts payable and accrued compensation of $14.6 million. The note receivable was subsequently assigned and settled by the assignee of the note receivable by payment to SiRF in the amount of $9.0 million on 23 February, 2009. See Note 37, *Events after the balance sheet date*, in Part IX of this document for further information.

Net cash provided by operating activities in 2007 resulted primarily from an operating loss of $16.4 million, adjusted for non-cash reconciling items of approximately $72.9 million related to share-based payment expense, depreciation and amortisation expense and other non-cash charges. Net cash provided by operating activities was also impacted by net changes in assets and liabilities of $22.6 million primarily resulting from higher accounts receivable and inventory balances, partially offset by increases in other accrued liabilities and deferred margin on shipments to distributors.

(C) *Investing Activities.* Net cash used in investing activities was $7.7 million, $78.0 million and $25.5 million in 2008, 2007 and 2006, respectively. Net cash used in investing activities in 2008 primarily resulted from net sales of available-for-sale investments providing cash of $9.0 million, offset by a loan in exchange for a note receivable of $13.5 million, and to a lesser extent capital expenditures, net of disposals of $1.6 million and purchases of intellectual property of $10.3 million. Net cash used in investing activities was partially

offset by $6.0 million in released escrow funds from the Centrality acquisition. The note receivable was subsequently assigned and settled by the assignee of the note receivable by payment to SiRF in the amount of $9.0 million on 23 February, 2009. See Note 37, *Events after the balance sheet date*, in Part IX of this document for further information.

Net cash used in investing activities in 2007 primarily resulted from payment of $101.6 million, net of cash acquired, in connection with the acquisition of Centrality in the third quarter of 2007. In addition, during the second quarter of 2007, SiRF paid approximately $1.8 million in contingent cash payments associated with its acquisition of Kisel, which resulted in an increase in goodwill related to this acquisition. Capital expenditures, net of disposals of $8.1 million and purchases of intellectual property assets of $0.9 million further impacted SiRF's net cash used in investing activities during 2007. Net sales of available-for-sale investments provided cash of $25.3 million during 2007.

Financing Activities. Net cash provided by financing activities was approximately $6.5 million, $11.6 million and $14.3 million in 2008, 2007 and 2006, respectively. Net cash provided by financing activities in 2008 was primarily due to proceeds from the $6.6 million issuance of SiRF shares.

Net cash provided by financing activities in 2007 resulted primarily from proceeds from share option exercises and purchases of shares in connection with SiRF's Purchase Plan of approximately $15.3 million. During the fourth quarter of 2007, SiRF paid $3.5 million of outstanding borrowings related to a loan and security agreement that was assumed in connection with SiRF's acquisition of Centrality in August 2007, which offset the item discussed above.

SiRF maintains a short-term revolving line of credit under which it may borrow up to $5.0 million, including $5.0 million in the form of letters of credit, with an interest rate equal to the prime rate (3.25 per cent. as of 27 December 2008) plus 1.25 per cent. The line of credit is set to expire in the first quarter of fiscal 2009. There were no borrowings under the line of credit as of 27 December 2008 or 31 December, 2007. There were no letters of credit collateralised by the line of credit as of 27 December, 2008 or 31 December, 2007. SiRF currently has no plans to obtain additional debt financing and does not foresee its bank line of credit having a significant impact on its ability to obtain equity financing.

SiRF had no capital lease agreements as of 27 December 2008. As of 31 December 2007, it had $0.1 million in outstanding borrowings from capital leases. Capital expenditures, net of disposals were $1.6 million, $8.1 million and $3.3 million in 2008, 2007 and 2006, respectively. These expenditures consisted primarily of computer and test equipment, software purchases and leasehold improvements. Additional research and development infrastructure resources would be required for SiRF to expand its core technologies and product offerings. SiRF has no material commitments for capital expenditures.

If SiRF requires additional capital resources to grow its business internally or to acquire complementary technologies and businesses at any time in the future, it may seek to sell additional equity or debt securities or obtain other debt financing. The sale of additional equity or convertible debt securities could result in more dilution to its stockholders.

5. Contractual Obligations and Commitments

As of 27 December 2008, SiRF's principal contractual obligations and commitments consisted of amounts payable under operating leases, non-cancelable purchase obligations and obligations associated with its gross unrecognised tax benefits.

The following summarizes SiRF's contractual obligations and commitments at 27 December 2008:

	Payments Due by Period				
	Total	*Less than 1 Year*	*1-3 Years*	*3-5 Years*	*> 5 Years*
			(in thousands)		
Capital lease obligations	$ —	$ —	$ —	$—	$—
Operating leases	$10,698	5,871	4,802	25	—
Non-cancellable purchase obligations	1,521	1,521	—	—	—
Total	$12,219	$7,392	$4,802	$25	$—

SiRF has recognised a net amount of $3.0 million in Current tax liabilities for tax contingencies in its consolidated balance sheet. The above table does not reflect this amount as SiRF is unable to make reasonably reliable estimates of the period of cash settlement associated with these obligations with the respective taxing authority.

6. Off-Balance-Sheet Arrangements

As of 27 December 2008, SiRF did not have any significant off-balance-sheet arrangements, as defined in SEC regulations.

7. Quantitative and Qualitative Disclosures about Market Risk

7.1 *Interest Rate Risk*

SiRF's exposure to market risks for changes in interest rates relates primarily to its investment portfolio. SiRF considers highly liquid investments with original maturities of ninety days or less to be cash equivalents. Investments with original maturities over ninety days and remaining maturities less than one year are considered short-term investments and investments with remaining maturities greater than one year are considered long-term investments. As of 27 December 2008 SiRF's cash equivalents and investments are principally comprised of high-quality commercial paper, obligations of the United States government sponsored enterprises and money market accounts. SiRF has analyzed its interest rate exposure to assess the impact of hypothetical changes in interest rates. A hypothetical 10 per cent. decrease or increase in interest rates from the 27 December 2008 period end rates would not have a material effect on the fair market value of SiRF's portfolio, SiRF's results of operations or cash flows.

7.2 *Foreign Currency Exchange Risk*

SiRF's exposure to adverse movements in foreign currency exchange rates is primarily related to its subsidiaries' operating expenses, primarily in Belgium, China, Germany, India, Japan, Korea, Singapore, Taiwan and United Kingdom, denominated in the respective local currency. A hypothetical 10 per cent. decrease or increase in foreign currency exchange rates would not have a material impact on SiRF's consolidated financial statements or results of operations. All of its sales are transacted in US Dollars.

PART VII

INFORMATION CONCERNING THE ORDINARY SHARES

1. Description of the class of Ordinary Shares in CSR

The Existing Ordinary Shares and the New Ordinary Shares will comprise a single class of ordinary shares with a nominal value of 0.1 pence each. Each New Ordinary Share will rank *pari passu* in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each Existing Ordinary Share, as set out in CSR's Articles of Association.

The following information is a summary of the Ordinary Shares:

- The Ordinary Shares carry the right to receive dividends and distributions paid by CSR.
- The holders of Ordinary Shares have the right to receive notice of, and to attend and vote at, all general meetings of CSR.
- Subject to the provisions of the Companies Acts, any equity securities issued by CSR for cash must first be offered to Shareholders in proportion to their existing holdings of Ordinary Shares. The Companies Acts and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of Shareholders, either generally or specifically, for a maximum period not exceeding five years.
- Except in relation to dividends that have been declared and rights on a liquidation of CSR, Shareholders have no rights to share in the profits of the Company.
- The Ordinary Shares are not redeemable. However, CSR may purchase or contract to purchase any of the Ordinary Shares on or off-market, subject to the Companies Acts and the requirements of the Listing Rules. CSR may only purchase Ordinary Shares out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase.
- If CSR is wound up (whether the liquidation is voluntary, under supervision of the Court or by the Court), the liquidator is under a duty to collect in and realise the assets of CSR and to distribute them to CSR's creditors and, if there is a surplus, to Shareholders according to their entitlements. This applies whether the assets consist of property of one kind or of different kinds

Further information on the Ordinary Shares is set out in paragraph 5 of Part XIII (Additional Information) which contains a summary of CSR's Articles of Association.

The ISIN number of the Ordinary Shares is GB0034147388.

2. Legislation under which the Existing Ordinary Shares have been, and the New Ordinary Shares will be, created

The Existing Ordinary Shares have been, and the New Ordinary Shares will be, created under the Companies Act 1985.

3. Cancellation of listing on the Official List in respect of the Existing Ordinary Shares

The Existing Ordinary Shares are listed on the Official List and traded on the Main Market of the London Stock Exchange. Following completion of the Merger, the listing of the Existing Ordinary Shares on the Official List will be cancelled in accordance with the Listing Rules (as the Merger is classified as a reverse takeover under the Listing Rules). However, as described below, application has been made in respect of the re-admission of the Existing Ordinary Shares to the Official List.

4. Applications for Admission of Existing Ordinary Shares and New Ordinary Shares

Applications have been made to the UK Listing Authority and to the London Stock Exchange for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to listing on the Official List and to trading on the Main Market of the London Stock Exchange, respectively.

Subject to the satisfaction of the Conditions, the Merger will become effective and Admission will occur at the same time. It is expected that the New Ordinary Shares will commence trading on the London Stock Exchange at 8.00 a.m. on 26 June 2009.

In connection with the Merger, CSR will register the issuance of the New Ordinary Shares under the US Securities Act and, after the Merger, CSR will be subject to the periodic reporting and certain other obligations of the US Exchange Act. Although CSR will become an SEC reporting company as a result of the Merger, it will not be subject to those rules and requirements that would apply were CSR to list its Ordinary Shares on the NASDAQ Global Select Market or on any other US securities exchange.

5. Form and currency of the Ordinary Shares

The Existing Ordinary Shares are, and the New Ordinary Shares will (when issued) be, in registered form and will be capable of being held in certificated and uncertificated form. The Registrar of the Company is Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL.

Title to the certificated Ordinary Shares is/will be evidenced by entry in the register of members of the Company and title to uncertificated Ordinary Shares is/will be evidenced by entry in the operator register maintained by CREST (which forms part of the register of members of the Company). CREST is an electronic settlement system which enables Ordinary Shares to be evidenced otherwise than by a physical certificate and transferred electronically rather than by delivery of a physical certificate. Under English law, persons who are neither resident nor nationals of the United Kingdom may freely hold, vote and transfer Ordinary Shares in the same manner and subject to the same terms as United Kingdom residents or nationals.

No share certificates will be issued in respect of the New Ordinary Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation. Certificates already in issue for the Existing Ordinary Shares will remain valid following completion of the Merger.

The Ordinary Shares will be denominated in Sterling.

6. Resolutions relating to the Ordinary Shares

Please refer to paragraph 1.4 of Part XIII (Additional Information) for details of the Resolutions relating to the Ordinary Shares which will be proposed at the CSR General Meeting.

7. Mandatory bids, squeeze-out and sell-out rules relating to the New Ordinary Shares

(A) ***Mandatory bid***

The City Code applies to CSR. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent. or more of the voting rights in CSR, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquiror or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in CSR if the effect of such acquisition were to increase that person's percentage of the voting rights.

(B) ***Squeeze-out***

Under the Companies Act 2006, if an offeror were to acquire or unconditionally contract to acquire 90 per cent. or more in value of the shares to which the offer relates and 90 per cent. or more of the voting rights attached to those shares, then, within three months of the last day on which its offer can be accepted, it could compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to CSR, which would hold the consideration on trust for outstanding

Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

(C) ***Sell-out***

The Companies Act 2006 would also give minority Shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If at any time before the end of the period within which a takeover offer could be accepted, the offeror holds or has unconditionally contracted to acquire (i) not less than 90 per cent. in value of all the voting shares in CSR, and (ii) carry not less than 90.0 per cent. of the voting rights in CSR, then any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the Shareholders notifying them of their sell-out rights. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

8. Public takeover bids in the last and current financial years

There have been no public takeover bids by third parties in respect of the share capital of CSR in the last or current financial year.

9. Description of restrictions on free transferability

Save as set out below in paragraph 5 in Part XIII (Additional Information), the Existing Ordinary Shares are, and the New Ordinary Shares will be, freely transferable.

10. Exchange controls and other limitations affecting Shareholders

There are currently no foreign exchange control restrictions on CSR's ability to pay dividends on its Ordinary Shares or on the conduct of its operations imposed by English law.

There are currently no limitations on the rights of non-residents or foreign owners to hold and vote Ordinary Shares imposed by English law or the Articles of Association.

11. Disclosure of Shareholdings

The Disclosure Rules and Transparency Rules require a Shareholder to notify CSR if the voting rights held by such Shareholder (including by way of certain financial instruments) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent. 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Under the Disclosure Rules and Transparency Rules, certain voting rights on CSR may be disregarded.

Pursuant to the Companies Act 2006, CSR may also send a notice to any person whom CSR knows or believes to be interested in Ordinary Shares requiring that person to confirm whether he has such an interest and if so details of that interest.

PART VIII

HISTORICAL FINANCIAL INFORMATION RELATING TO CSR

1. Basis of Financial Information

The audited consolidated financial statements of CSR included in its Annual Report and Accounts for the financial years ended 29 December 2006, 28 December 2007 and 2 January 2009, together with the audit reports thereon are incorporated by reference into this document. The audit reports for each of 29 December 2006, 28 December 2007 and 2 January 2009 were unqualified.

The audited consolidated financial statements for the years ended 29 December 2006, 28 December 2007 and 2 January 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

CSR's audited consolidated financial statements are reported on a 52 or 53 week basis.

2. Cross Reference List

The following is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this document.

2.1 ***Financial statements for the year ended 29 December 2006 and audit report thereon***

The page numbers below refer to the relevant pages of the Annual Report and Accounts for the year ended 29 December 2006

- Independent Auditors' Report – page 61
- Consolidated Income Statement – page 62
- Consolidated Statement of Changes in Shareholders' Equity – page 62
- Consolidated Balance Sheet – page 63
- Consolidated Cash Flow Statement – page 64
- Notes to the Consolidated Financial Statements – pages 65 - 83
- Accounting policies – pages 65 - 69

2.2 ***Financial statements for the year ended 28 December 2007 and audit report thereon***

The page numbers below refer to the relevant pages of the Annual Report and Accounts for the year ended 28 December 2007

- Independent Auditors' Report – page 59
- Consolidated Income Statement – page 60
- Consolidated Statement of Recognised Income and Expense – page 60
- Consolidated Balance Sheet – page 61
- Consolidated Cash Flow Statement – page 62
- Notes to the Consolidated Financial Statements – pages 63 - 89
- Accounting policies – pages 63 - 68

2.3 ***Financial statements for the year ended 2 January 2009 and audit report thereon***

The page numbers below refer to the relevant pages of the Annual Report and Accounts for the year ended 2 January 2009

- Independent Auditors' Report – page 63
- Consolidated Income Statement – page 64
- Consolidated Statement of Recognised Income and Expense – page 64
- Consolidated Balance Sheet – page 65
- Consolidated Cash Flow Statement – page 66
- Notes to the Consolidated Financial Statements – pages 67 - 96
- Accounting policies – pages 67 - 73

PART IX

HISTORICAL FINANCIAL INFORMATION RELATING TO SiRF

Section A: Financial information for the periods ended 27 December 2008, 31 December 2007 and 31 December 2006

The historical financial information contained in Section A of this Part IX is prepared in accordance with IFRS, as applied by CSR. It is required by Annex I item 20.1 of the Commission Regulation (EC) No. 809/2004 (the "Prospectus Directive Regulation").

Consolidated income statement

For the three years ended 27 December 2008

	Notes	*Period ended 27 December 2008 $'000*	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Revenue	5,6	232,452	329,380	247,680
Cost of sales				
Other cost of sales		(123,156)	(154,966)	(110,337)
Amortisation of intangible assets		(11,964)	(7,314)	(1,880)
Asset impairment	29	(12,818)	—	—
Total cost of sales		(147,938)	(162,280)	(112,217)
Gross profit		84,514	167,100	135,463
Research and development expenses ("R&D"):				
Other research and development		(105,445)	(103,378)	(79,805)
Amortisation of intangible assets		(15,104)	(9,602)	(6,586)
Total R&D		(120,549)	(112,980)	(86,391)
Sales, marketing and administrative expenses ("SG&A"):				
Other sales, marketing and administrative expenses		(75,883)	(70,153)	(42,725)
Asset impairment	29	(300,553)	(371)	(318)
Restructuring	30	(2,045)	—	—
Total SG&A		(378,481)	(70,524)	(43,043)
Operating (loss) profit		(414,516)	(16,404)	6,029
Investment income	5	3,031	8,095	6,875
Other gains	10	6,859	17	—
Finance costs	9	(807)	(187)	(124)
Note receivable impairment	17	(11,800)	—	—
(Loss) profit before tax		(417,233)	(8,479)	12,780
Tax	11	(25,809)	(5,622)	(12,913)
Loss for the period	7	(443,042)	(14,101)	(133)
Loss per share				
Basic and diluted	12	(7.18)	(0.25)	(0.00)

The results were all derived from continuing operations. The loss for each year is wholly attributable to equity holders of the parent company, SiRF Technology Holdings, Inc.

Consolidated statement of recognised income and expense
For the three years ended 27 December 2008

	Notes	*Period ended 27 December 2008 $'000*	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Unrealised gain on available for sale investments taken to equity	26	5	59	406
Tax on items taken directly to equity		—	(22)	(142)
Net income recognised directly in equity		5	37	264
Transfers from equity (net of any related tax):				
Transferred to income and expenditure on disposal of investment in foreign operations	26	122	—	—
Loss for the period	26	(443,042)	(14,101)	(133)
Total recognised income and expense for the period		(442,915)	(14,064)	131

Consolidated balance sheets

	Notes	*27 December 2008* *$'000*	*31 December 2007* *$'000*	*31 December 2006* *$'000*
Non-current assets				
Goodwill	13	—	231,138	61,416
Other intangible assets	14	5,543	104,604	31,035
Property, plant and equipment	15	8,339	12,846	8,277
Notes receivable	17	3,919	—	26,412
Other long term assets		688	1,348	804
Deferred tax asset	20	2,859	56,583	56,353
		21,348	406,519	184,297
Current assets				
Inventory	18	16,372	27,962	16,472
Trade and other receivables	19	20,482	42,440	25,287
Treasury deposits and investments	19	29,950	38,446	36,391
Cash and cash equivalents	19	85,840	100,963	133,817
		152,644	209,811	211,967
Total assets		173,992	616,330	396,264
Current liabilities				
Trade and other payables	22	32,640	45,301	36,913
Current tax liabilities		2,969	3,765	257
Obligations under finance leases	21	—	129	189
Provisions	23	79	143	160
Deferred revenue and deferred margin	24	3,082	3,401	1,830
		38,770	52,739	39,349
Net current assets		113,874	157,072	172,618
Non-current liabilities				
Deferred tax liability	20	165	7,518	4,888
Long-term trade and other payables	22	1,695	1,421	380
Obligations under finance leases	21	—	—	129
		1,860	8,939	5,397
Total liabilities		40,630	61,678	44,746
Net assets		133,362	554,652	351,518
Equity				
Share capital	25	6	6	5
Share premium account and other reserves	26	621,877	600,125	382,891
Accumulated deficit	26	(488,521)	(45,479)	(31,378)
Total equity		133,362	554,652	351,518

Consolidated cash flow statement
For the three years ended 27 December 2008

	Notes	*Period ended 27 December 2008 $'000*	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Net cash (used in) generated by operating activities	27	(13,907)	33,567	61,119
Investing activities				
Interest received		2,764	9,171	6,226
Purchase of treasury deposits and investments		(68,283)	(86,843)	(52,734)
Proceeds from sale of treasury deposits and investments		77,317	112,190	45,400
Purchases of property, plant and equipment		(2,463)	(8,116)	(4,688)
Proceeds from sale of property, plant and equipment		859	—	1,357
Purchases of intangible assets		(10,275)	(946)	(2,099)
Acquisition of subsidiaries	34	—	(101,633)	(17,149)
Additional payments for prior period acquisitions		—	(1,845)	(1,823)
Disposal of subsidiary	35	(113)	—	—
Promissory note issued	17	(13,500)	—	—
Release of escrow funds	10	6,000	—	—
Net cash used in investing activities		(7,694)	(78,022)	(25,510)
Financing activities				
Repayments of obligations under finance leases		(129)	(189)	(101)
Proceeds on issue of shares		6,607	15,290	14,426
Repayment of short term borrowings		—	(3,500)	—
Net cash generated by financing activities		6,478	11,601	14,325
Net (decrease) increase in cash and cash equivalents		(15,123)	(32,854)	49,934
Cash and cash equivalents at beginning of period		100,963	133,817	83,883
Cash and cash equivalents at end of period		85,840	100,963	133,817

1 General information

SiRF Technology Holdings, Inc. ("SiRF" together with its subsidiaries "the SiRF Group") is a company incorporated in the State of Delaware, United States of America. The address of the registered office is 217 Devcon Drive, San Jose, California, United Stated of America. The nature of the SiRF Group's operations and its principal activities are as a leading semiconductor supplier of Global Positioning System, or "GPS", based location technology solutions designed to provide location awareness capabilities in high volume mobile consumer and commercial systems, personal digital assistants, portable navigation devices and GPS based peripheral devices, and into commercial systems such as fleet management and road tolling systems.

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the SiRF Group operates. Foreign operations are included in accordance with the policies set out in note 3.

These financial statements have been prepared for inclusion in the prospectus dated 24 June 2009 of CSR plc, as required by Annex 2 item 20.1 of Commission Regulation (EC) No 809/2004. The directors of CSR plc ("the Directors") are responsible for preparing these financial statements.

These financial statements have been prepared on the going concern basis. In making this assessment, the Directors have considered future cash flow forecasts and revenue projections for the foreseeable future, based on their best estimate of expected business prospects given the current economic environment in place at the date that these financial statements were authorised for issue.

The Directors are currently of the opinion that the SiRF Group has adequate financial resources and a robust policy towards managing its exposures to market and credit risk and cash flow management. The Directors believe that the Group is adequately placed to manage its business risks successfully despite the current uncertain economic outlook and challenging macro economic conditions. The SiRF Group has already put into place cost reduction plans in 2008 to reduce ongoing costs. The Directors consider that the SiRF Group has flexibility to react to changing market conditions as a substantial proportion of the SiRF Group's costs are variable or discretionary and can be reduced or increased in line with the needs of the business. In arriving at their conclusions, the Directors have considered the risks posed by ongoing litigation, potential loss of key customers, possible non-completion of the proposed Merger, and the potential impact of worsening trading conditions.

After making appropriate enquiries, the Directors have a reasonable expectation that the SiRF Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2 Adoption of new and revised standards

Previously the SiRF Group's financial statements were prepared in accordance with generally accepted accounting principals in the United States of America ("US GAAP"). These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB') for the first time. The disclosures required by IFRS 1 concerning the transition from US GAAP to IFRS are given in note 38.

The rules for first time adoption of IFRS are set out in IFRS 1 '*First-time Adoption of International Financial Reporting Standards*'. IFRS 1 requires use of the same accounting policies in the IFRS transition balance sheet and for all periods presented thereafter. IFRS 1 generally requires that first-time adopters apply all effective IFRS standards retrospectively from the date of transition, being 1 January 2006 ("the Transition Date"). IFRS 1 provides for certain optional exemptions and mandatory exceptions to this general principle. The following optional exemptions under IFRS 1 have been applied by the SiRF Group as follows:

- Business combinations – The SiRF Group has elected not to apply IFRS 3 '*Business Combinations*' retrospectively to business combinations that occurred prior to the Transition Date. Consequently, business combinations that were recognised before the Transition Date have

not been restated. Any goodwill arising on such business combinations before the Transition Date was not adjusted from the carrying value previously determined under US GAAP as a result of applying this exemption.

- Share-based payments – The SiRF Group has elected to apply the exemption provided under IFRS 1 and apply IFRS 2 '*Share-based Payments*' for all equity instruments granted after 7 November 2002 that had not vested by the Transition Date.

In addition the estimates previously made by the SiRF Group under US GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

The impact on net (loss) profit and shareholders' equity of the differences between US GAAP and the IFRS accounting policies is quantified and described in note 38.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not yet been applied in these financial statements were in issue but not yet effective:

IFRS 1 (amended)/ IAS 27 (amended)	*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 2 (amended)	*Share-based payment – Vesting Conditions and Cancellations*
IFRS 3 (revised 2008)	*Business Combination*
IAS 1 (revised 2007)	*Presentation of Financial Statements*
IAS 23 (revised 2007)	*Borrowing Costs*
IAS 27 (revised 2008)	*Consolidated and Separate Financial Statements*
IAS 32 (amended)/ IAS 1 (amended)	*Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC 12	*Service Concession Arrangements*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*

Improvements of IFRSs (May 2008)

The Directors anticipate that, other than detailed below, the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the SiRF Group.

The Directors anticipate that the adoption of IFRS 2 (amended) may have a significant impact on the profit (loss) before tax in future years. The SiRF Group is reviewing when it will adopt this standard, but notes that the earliest date of application is for periods commencing on or after 1 January 2009.

3 Accounting policies

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and share based payments. The principal accounting policies adopted are set out below.

The financial statements cover the period from 1 January 2008 to 27 December 2008; the 12 month period from 1 January 2007 to 31 December 2007 and the 12 month period from 1 January 2006 to 31 December 2006. The change in length of accounting period was effective from 1 July 2008 when the SiRF Group changed its fiscal year end so the fiscal year is the 52 or 53 week period ending on the Saturday closest to 31 December. The difference in the periods due to the change in the fiscal year end is three business days, which did not have a significant impact on the comparability of the SiRF Group's financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of SiRF Technology Holdings, Inc. and entities controlled by SiRF drawn up to the dates indicated in the primary financial statements. Control is achieved where SiRF has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the SiRF Group.

All intra-SiRF Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the SiRF Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

On acquisition, the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of the acquisition below the fair value of the identifiable net assets acquired (i.e. discount on acquisition) is credited to income and expenditure in the period of acquisition.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the SiRF Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially measured as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the SiRF Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested annually or more frequently when there is an indication that the unit may be impaired. To determine the recoverable amount of the cash-generating unit, the SiRF Group uses discounted projected cash flows based on approved budgets and projections covering a period up to five years and estimates growth rates, terminal growth rates and discount rates specific for the economic environment within which the cash-generating unit is operating. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The SiRF Group performed its impairment reviews in each of the accounting periods at the entity level, as it only has one operating segment, which is its sole cash-generating unit.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is recognised when it is probable that economic benefits will flow to the SiRF Group and delivery has occurred or the service has been provided, the sales price is fixed or determinable, and collectibility is reasonably assured. These criteria are generally met at the time the product is shipped and delivered to the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained, or, in cases where such acceptance is not contractually required, when the SiRF Group has established that all

aforementioned conditions for revenue recognition have been met and no further post-shipment obligations exist other than obligations under warranty. Examples of the above-mentioned delivery conditions are 'Free on Board point of delivery' and 'Costs, Insurance Paid point of delivery', where the point of delivery may be the shipping warehouse or any other point of destination as agreed in the contract with the customer and where title and risk in the goods pass to the customer.

Revenues are recorded net of sales taxes, customer discounts, rebates and similar charges.

The SiRF Group defers the recognition of revenue and the related cost of revenue on shipments to distributors that have rights of return and price protection privileges on unsold products until the products are sold by the distributor to its customers. Price protection rights grant distributors the right to a credit in the event of declines in the price of the SiRF Group's products. Also, several of the SiRF Group's distributors purchase products at a standard gross price and receive price reductions for sales to certain end customers. In these circumstances, the SiRF Group's accounts receivable and deferred revenue balances represent the gross invoice price of shipments to those distributors. Upon product sell-through, these distributors may receive a credit to adjust the gross price to the applicable net price for those sales. This method has no impact to the SiRF Group's consolidated income statements because the sell-through model is used. For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is unreliable, revenue recognition is postponed until the return period has expired. Return policies are typically based on customary return arrangements in local markets. Revenue is shown net of estimated provision for credit notes and returns.

The SiRF Group enters into co-branding rebate agreements with, and provides incentive rebates to, certain direct customers and indirect customers (for products sold through distributors). Co-branding agreements allow certain direct customers to receive a per-unit rebate for products purchased, provided the customer participates in the SiRF Group's co-branding programme. The co-branding programme typically consists of placing the SiRF Group's logo on the customer's website or otherwise including it in marketing collateral or documentation. Incentive rebates are offered from time to time at the SiRF Group's discretion to both direct and indirect customers and are also provided in the form of a per-unit rebate for products purchased. Accruals for the actual costs of these incentive programs are recorded at the time the related revenue is recognised and are recorded based on the contractual or agreed upon per-unit rebate of product purchased by direct customers or sold through by distributors. Commitments related to incentive programs to both direct and indirect customers are presented in the consolidated balance sheets as rebates payable (within trade and other payables) to customers.

A provision for product warranty is made at the time of revenue recognition and reflects the estimated costs of replacement and free of-charge services that will be incurred by SiRF with respect to the sold products.

The SiRF Group recognises royalties on licencees' sales of their products incorporating the licensed intellectual property or premium software based upon the specific criteria included in the associated royalty agreements. The SiRF Group's licencees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. Revenue is therefore recognised only to the extent that the SiRF Group can estimate the royalty revenue reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the SiRF Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Foreign currencies

The functional currency of SiRF and each of its subsidiaries is the US dollar, which is also the presentation currency for the consolidated financial statements. Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the net profit or loss for the period.

In 2005, SiRF and its subsidiaries re-evaluated their functional currencies due to acquisitions that had occurred in that year and the growth of the foreign subsidiaries in both volume and size. As a result SiRF and its subsidiaries changed the functional currency for all of its foreign subsidiaries to the US dollar. Currency translation differences on foreign subsidiaries remaining are not significant and are recognised directly in equity upon the disposal of a foreign subsidiary that existed at the date of re-evaluation.

Taxation

The tax expense represents the sum of the current tax and the deferred tax.

The tax payable is based on taxable (loss) profit for the period. Taxable (loss) profit differs from net (loss) profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The SiRF Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable (loss) profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused carried forward tax losses and unused carried forward tax credits can be utilised. However, such assets and liabilities are not recognised if the temporary differences arise from:

- the initial recognition of goodwill; or
- the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit;
- investments in subsidiaries and associates, and interests in joint ventures, where the SiRF Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the SiRF Group intends to settle its current tax assets and liabilities on a net basis.

Government grants, by means of tax relief for research and development expenditure, are recognised as a reduction in current tax as qualified expenditures are made.

Operating (loss) profit

Operating (loss) profit is stated before investment income, other gains, finance costs and notes receivable impairment.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The SiRF Group made no contributions to the plan in any period.

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of the assets, less estimated residual value, over their estimated useful lives, using the straight line method, of between three to seven years. Leasehold improvements are depreciated over the lesser of the estimated useful life or the remaining useful life of the lease.

Residual values are the estimated amount that the SiRF Group would obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life, based on prices prevailing at the balance sheet date.

In general residual values are zero or negligible, due to the technical and specialised nature of assets held. Residual values are reviewed annually.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement within SG&A.

Assets in the course of construction are carried at cost less any recognised impairment losses. Costs included are those that directly relate to the construction of the asset. Depreciation of these assets commences when the assets are ready for their intended use.

Other intangible assets

Other intangible fixed assets are stated at cost or fair value for items acquired in business combinations, net of amortisation and any provision for impairment. No amortisation is provided on assets in the course of construction. On other intangible fixed assets, amortisation is provided at rates calculated to write off the cost or fair value, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Acquired developed and core technology and In-process research and development (“IPR&D”)	4-6 years
Patents	13 years
Trademarks	4 years
Customer relationships	7 years
Non-compete agreements	2 years
Software	3-7 years
Intellectual property assets	3 years

Residual values are the estimated amount that the SiRF Group would obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life, based on prices prevailing at the balance sheet date.

In general residual values are zero or negligible, due to the technical and specialised nature of assets held. Residual values are reviewed annually.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets in the course of construction are carried at cost net of any provision for impairment. Costs included are those that directly relate to the construction or production of the asset. Amortisation of these assets commences when the assets are ready for their intended use.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the SiRF Group's product development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as a new device or software);
- the project from which the asset arises meets the SiRF Group's criteria for assessing technical feasibility;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the SiRF Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the SiRF Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. After the recognition of an impairment loss, any depreciation or amortisation charge for the asset is adjusted for future periods to allocate the asset's revised carrying value, less estimated residual value, on a systematic basis, over its remaining useful life.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but the reversal is limited so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the SiRF Group's balance sheet when the SiRF Group becomes a party to the contractual provisions of the instrument.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment or appropriate allowances for estimated irrecoverable amounts.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Treasury deposits and investments consist of high-quality commercial paper, obligations of the United States government treasury and money market accounts. The SiRF Group's investments are considered to be available for sale and are reported at fair value with unrealised gains and losses, net of tax, recorded directly in equity, against other reserves. Interest income is recorded as it accrues over the period of the investment at rates fixed at the time of inception.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily available convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The SiRF Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the SiRF Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the SiRF Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the asset, the estimated future cash flows of the investment have been impaired.

Objective evidence of impairment could include significant financial difficulty of the issuer or the counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Trade payables

Trade payables are not interest bearing and are initially measured at fair value, net of transaction cost. Subsequently these are measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the SiRF Group after deducting all of its liabilities. Equity instruments issued by the SiRF Group are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The SiRF Group derecognises financial liabilities when, and only when, the SiRF Group's obligations are discharged, cancelled or they expire.

Provisions

Provisions for warranty and returns costs are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the SiRF Group's liability.

Share-based payment

The SiRF Group has applied the requirements of IFRS 2 '*Share-based Payment*'. In accordance with IFRS 1, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as at 1 January 2006.

The SiRF Group issues equity-settled share-based payments to certain employees, including share options with non-market based vesting conditions. Equity settled share-based payments are measured at the fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the SiRF Group's estimate of shares that will eventually vest.

For grants where options vest in instalments over the vesting period, each instalment is treated as a separate grant, which results in fair value of each instalment being spread across the vesting period of that instalment.

For share options in issue, fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The SiRF Group also issues restricted stock units to certain employees with non-market based vesting conditions. The fair value of the restricted stock units is calculated based upon the fair market value of the SiRF Group's shares at the date of grant.

4 Critical accounting judgements and key sources of estimation and uncertainty

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, and current and expected economic conditions. The Directors constantly re-evaluate these significant factors and make adjustments as facts and circumstances dictate. The Directors believe that the following accounting policies are critical due to the degree of estimation required and/or the potential material impact they may have on the SiRF Group's financial position and performance.

Inventory valuation

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The SiRF Group provides for inventories that have become obsolete or are in excess of anticipated demand or net realisable value. The SiRF Group performs a detailed review of inventory each period that considers multiple factors including demand forecasts, market conditions, product life cycle status, product development plans and current sales levels. Demand forecasts involve estimates, such as customer product demand projections based on the SiRF Group's historical experience, timing of new product introductions, timing of customer transitions to new products and sell through of products at different average selling prices. If future demand or market conditions for the SiRF Group's products or the consequences of the ITC Final Determination (see note 36) are less favourable than forecasted or if unforeseen technological changes negatively impact the utility of component inventory, the SiRF Group may be required to record additional provisions which could reduce gross margins in that accounting period.

If actual market conditions are more favourable, the SiRF Group may record higher gross margins when products incorporating inventory that was previously provided for are sold.

Impairment of goodwill, intangible assets and long-lived assets

The SiRF Group assesses the carrying value of goodwill, identifiable intangible assets and long-lived assets annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors considered important, which could trigger an impairment review, include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of the SiRF Group's use of the acquired assets;
- significant negative industry trends; and
- significant decline in SiRF's market capitalisation.

When it is determined that the carrying value of identified intangible assets or long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, assets are reviewed for impairment by comparing the carrying amount to the recoverable value, which is defined as the higher of fair value less costs to sell and value in use. Any excess of carrying value over the recoverable amount is recorded as an impairment. The value in use calculation involves discounting the expected future cash flows to be generated by the asset.

Impairment of goodwill is tested at the cash generating unit ("CGU") level by comparing the CGU's carrying value, including goodwill, to the fair value of the CGU. The fair value of the CGU is estimated using a combination of quoted market prices adjusted for a control premium and the income or discounted cash flow approach. If the carrying amount of the CGU exceeds its fair value, goodwill is considered impaired and an impairment loss is recorded. The SiRF Group performs an impairment review at the entity level as it has only one operating segment, which is its sole CGU.

In determining fair value, the SiRF Group considers various factors, including the SiRF Group's market capitalisation, estimates of control premiums, estimates of future market growth and trends, forecasted revenue and costs, discount rates, expected periods over which its assets will be utilized and other variables. The SiRF Group bases its fair value estimates on assumptions believed to be reasonable, but which are inherently uncertain. Should actual results differ significantly from current estimates, the amount of impairment charges recorded could be different or future impairment charges may be required. For example, while the SiRF Group has fully written down the value of its previously recorded goodwill, a further variance in its forecasted revenue and costs could have had a significant impact on the value of the acquisition-related intangible asset impairment charges recorded in 2008. Additionally, a variance in its forecasted revenue may materially impact its future recoverability assessment of the remaining intangible and long-lived assets value.

Note 29 to the financial statements provides further disclosures on the assumptions underlying the impairment review.

Accounting for share-based payments

IFRS 2 'Share-based payments' has been applied in relation to the accounting for share-based payments in respect of options and share awards granted after 7 November 2002 and which had not vested as at 1 January 2006, in accordance with IFRS 1. Under IFRS 2, the share-based compensation is measured at the grant date, based on the estimated fair value of the award, and is recognised as an expense over the employee's requisite service period.

The fair value of the options granted is measured by use of a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The expected life used in the model has been adjusted, based on the Directors' best estimate for the effects of non-transferability, exercise restrictions and, behavioural considerations. The volatility used in the model is based on movements in the SiRF Group's share price for a period matching that of the exercise period of the options. The risk-free interest rate used is the implied yield currently available on United States Treasury zero-coupon issues with an equivalent expected term.

The amount recognised as an expense is adjusted to reflect the actual number of shares that vest. Non-market vesting conditions are included in assumptions about the number of shares that are expected to become exercisable.

The estimates of the number of share options and awards that are expected to become exercisable are reviewed at each balance sheet date. The impact of the revision of original estimates, if any, is recognised in the income statement and a corresponding adjustment to equity. Note 31 to the Consolidated Financial Statements provides detail on the valuation assumptions made for each grant of share options and awards during the period.

Share options and Taxation

In some jurisdictions the SiRF Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employees' share options under each jurisdiction's tax rules. This gives rise to a temporary difference between the accounting and tax bases and hence a deferred tax asset is recorded. This asset is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the share price at the balance sheet date) with the share-based payment expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of share-based payment expense at the applicable statutory tax rate, the excess is recorded directly in equity, against other reserves.

No share-based payment expense is recorded in respect of options granted before 7 November 2002 as per the IFRS 1 transitional exemption adopted by the SiRF Group. Nevertheless, tax deductions have arisen and will continue to arise on these options. The tax effects in relation to these options are recorded directly in equity against other reserves.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the SiRF Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This requires the SiRF Group to assess at the point of delivery whether these criteria have been met. When the SiRF Group determines that such criteria have been met, revenue is recognised.

The SiRF Group defers the recognition of revenue and the related cost of revenue on shipments to distributors that have rights of return and price protection privileges on unsold products until the products are sold by the distributor to its customers. Price protection rights grant distributors the right to a credit in the event of declines in the price of the SiRF Group's products. Also, several of the SiRF Group's distributors purchase products at a standard gross price and receive price reductions for sales to certain end customers. In these circumstances, the SiRF Group's accounts receivable and deferred revenue balances represent the gross invoice price of shipments to those distributors. Upon product sell-through, these distributors may receive a credit to adjust the gross price to the applicable net price for those sales.

Income taxes

The SiRF Group is subject to the income tax laws of the various tax jurisdictions in which it operates, principally the United States of America. These laws are complex and subject to different interpretations by taxpayers and tax authorities. When establishing income tax provisions, a number of judgments and interpretations are made about the application and interaction of these laws. Changes in these tax laws or our interpretations of these laws and the resolution of future tax audits could significantly impact our

effective tax rate and the results of operations in a given period. Where it is probable that a position may be successfully challenged by revenue authorities, a tax provision is created for the tax on the probable adjustment. The Directors' judgment is required in determining the provision for income taxes, deferred tax assets and liabilities. Deferred tax assets have been recognised where the Directors believe there are sufficient taxable temporary differences or convincing other evidence that sufficient taxable profit will be available in future to realise deferred tax assets. Although the deferred tax assets which have been recognised are considered realisable, actual amounts could be reduced if future taxable income is lower than expected. This could materially affect the SiRF Group's reported net income and financial position.

The SiRF Group estimates its income taxes in each of the jurisdictions in which it operates. This process involves estimating its current tax liability together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in the recognition of deferred tax assets and liabilities, which are included within the consolidated balance sheet to the extent that the Directors believe they are recoverable.

The SiRF Group does not recognise deferred tax assets if they are not considered more likely than not to be recovered. In assessing recoverability the SiRF Group considers all available positive and negative evidence including profit forecasts including the effect of exchange rate fluctuations on sales and external market conditions.

Contingent and deferred consideration

In the year ended 31 December 2006, the SiRF Group acquired TrueSpan Inc. Part of the consideration included contingent payments to certain former TrueSpan employees contingent upon their continued employment with the SiRF Group. These contingent payments resulted in compensation expense amortised on a straight-line basis over the related two-year service period (see note 34 for additional information).

Contingent liabilities

The SiRF Group is currently involved in material patent litigation with Broadcom before the United States International Trade Commission and federal court, and is subject to a limited exclusion order prohibiting the unlicensed entry into the United States of certain of the SiRF Group's products deemed to be infringing on Broadcom patents by or on behalf of the SiRF Group or the customers named in the investigation and is also subject to cease and desist orders against it and its named domestic customers that were named in the investigation. If the SiRF Group is unable to obtain approvals from US Customs for the importation of its products or those of its customers, its business may be materially adversely affected.

No provision has been made in these financial statements as the SiRF Group's Directors do not consider that there is any probable material financial loss (see note 36 for additional information).

5 Revenue

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Product revenue	222,922	323,128	239,243
Licence royalties and service revenue	9,530	6,252	8,437
	232,452	329,380	247,680
Investment income	3,031	8,095	6,875
	235,483	337,475	254,555

Investment income is primarily interest on bank deposits, treasury deposits and other investments.

6 Segmental reporting

Products and services from which reportable segments derive their revenues

The SiRF Group adopted IFRS 8 '*Operating Segments*' in advance of its effective date, with effect from 1 January 2006, the Transition Date to IFRS. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the SiRF Group that are regularly reviewed by the Chief Executive Officer and Board of Directors, to allocate resources to the segments and assess their performance. Based on the criteria stated in IFRS 8 for determining separately reportable operating segments and the financial information available to and reviewed by the Chief Executive Officer and Board of Directors, the SiRF Group has determined that it operates as a single operating and reportable business segment. Therefore no further information on operating and reportable business segments in accordance with IFRS 8 is required as the information is presented in the income statement and balance sheet.

Revenues from major products and services

The SiRF Group's revenues from its major products and services are disclosed in note 5.

Primary reporting format – Geographical segments

The SiRF Group operates in four principal geographical areas – the United States of America (country of domicile), Europe, Rest of Americas and Asia. The SiRF Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred tax assets and other financial assets) by principal country and geographical area are detailed below:

	Revenue from external customers		
	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
United States of America	44,698	40,374	37,189
Europe			
– Hungary	22,847	7,584	—
– Other	7,695	8,420	7,702
Rest of Americas	10,789	7,076	7,433
Asia			
– China	38,310	42,097	6,297
– Taiwan	80,503	179,481	159,194
– Other	27,610	44,348	29,865
	232,452	329,380	247,680

Revenues are attributed to geographical areas based upon the destination of shipment for all original equipment manufacturers and value added customers, and based upon distributor location for all its distributor customers.

		Non-current assets	
	27 December 2008	*31 December 2007*	*31 December 2006*
	$'000	*$'000*	*$'000*
United States of America	16,490	343,167	123,334
Europe			
– Sweden	—	1,291	701
– Other	13	7	—
Asia			
– China	1,407	1,251	—
– India	952	3,814	3,629
– Other	361	406	280
	19,223	349,936	127,944

Non-current assets being goodwill, property, plant and equipment, other intangible assets, notes receivable and other long term assets, but excluding deferred tax assets, are attributed to the location where they are situated.

In 2008, two customers accounted for 21 per cent. and 16 per cent. of revenues. In 2007, two customers accounted for 32 per cent. and 13 per cent. of revenues. In 2006, three customers accounted for 48 per cent., 10 per cent. and 10 per cent. of revenues. No other customer accounted for more than 10 per cent. of revenues.

7 Loss for the period

Loss for the period has been arrived at after charging (crediting):

	Period ended	*Year ended*	*Year ended*
	27 December 2008	*31 December 2007*	*31 December 2006*
	$'000	*$'000*	*$'000*
Net foreign exchange losses	630	68	116
Research and development costs	105,445	103,378	79,805
Depreciation of property, plant and equipment (see note 15)	5,332	4,917	4,369
Loss on disposal of property, plant and equipment	98	27	52
Restructuring expenditure (see note 30)	2,045	—	—
Impairment of assets (see note 29)	313,371	371	318
Amortisation of acquired intangible assets	24,632	16,295	6,909
Amortisation of other intangible assets	2,436	621	1,557
Staff costs (see note 8)	114,159	121,995	88,725
Cost of inventories recognised as expense	8,475	5,183	5,908
Write downs of inventories recognised as an expense	3,925	622	1,096
Note receivable impairment (see note 17)	11,800	—	—
Profit on disposal of subsidiary (see note 35)	(914)	—	—
Release of escrow funds (see note 10)	(6,000)	—	—

8 Staff costs

The average number of employees (including executive directors) was:

	Period ended 27 December 2008 Number	*Year ended 31 December 2007 Number*	*Year ended 31 December 2006 Number*
Research and development	470	424	255
Sales and marketing	84	100	77
General and administrative	72	72	69
	626	596	401
	$'000	*$'000*	*$'000*
Their aggregate remuneration comprised:			
Salaries	72,799	66,771	49,063
Social security costs and other payroll taxes	4,460	4,388	3,170
Share-based payments (see note 31)	36,900	50,836	36,492
	114,159	121,995	88,725

9 Finance costs

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Interest expense and similar charges	3	119	8
Foreign exchange losses	630	68	116
Other	174	—	—
	807	187	124

10 Other gains

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Profit on disposal of subsidiary (see note 35)	914	—	—
Release of escrow funds	6,000	—	—
Other	(55)	17	—
	6,859	17	—

On 24 November 2008, SiRF sold 85 per cent. of its holdings in Kisel Microelectronics, AB (Kisel) to certain former Kisel employees for a consideration of $1.0 million in cash and $2.2 million in promissory notes. The SiRF Group recorded a profit on disposal of the SiRF Group's investment in the subsidiary of $0.9 million.

In 2008, the SiRF Group received $6.0 million of funds previously held in escrow to cover indemnification claims in connection with the acquisition of Centrality Communications, Inc.

11 Taxation

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Current income tax charge	631	13,729	20,988
Adjustment in respect of current income tax of prior periods	(23)	(295)	15
Total current income tax charge	608	13,434	21,003
Deferred tax charge (credit)	23,488	(8,368)	(8,296)
Adjustment in respect of deferred tax of prior periods	1,713	556	206
Total deferred tax charge (credit) (note 20)	25,201	(7,812)	(8,090)
Total tax charge	25,809	5,622	12,913

Provision for income tax is calculated at the US federal tax rate of 35 per cent. (2007: 35 per cent.; 2006: 35 per cent.) of the estimated assessable (loss) profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the period can be reconciled to the (loss) profit per the income statement as follows:

	Period ended 27 December 2008		*Year ended 31 December 2007*		*Year ended 31 December 2006*	
	$'000	*%*	*$'000*	*%*	*$'000*	*%*
(Loss) profit before tax	(417,233)	100.0	(8,479)	100.0	12,780	100.0
Tax at the US federal tax rate of 35% (2007: 35%; 2006: 35%)	(146,032)	35.0	(2,968)	35.0	4,473	35.0
State taxes, net of federal benefit	(62)	—	(416)	4.9	(722)	(5.7)
Impact of share based payment expense	14,666	(3.5)	10,583	(124.8)	11,664	91.3
Effect of different tax rates of subsidiaries operating in other jurisdictions	23,371	(5.6)	343	(4.0)	1,063	8.3
Adjustments to tax charge in respect of prior periods	1,690	(0.4)	261	(3.0)	221	1.7
Impairment of goodwill	70,540	(16.9)	—	—	—	—
Research and development tax credits	(1,083)	0.2	(1,722)	20.3	(3,495)	(27.3)
Non-deductible expenses	62	—	70	(0.8)	40	0.3
Other	37	—	(529)	6.1	(331)	(2.6)
Deferred tax assets not recognised	62,620	(15.0)	—	—	—	—
Tax expense and effective tax rate for the period	25,809	(6.2)	5,622	(66.3)	12,913	101.0

12 Loss per share

The calculations of loss per share are based on the following data:

Earnings

	Period ended 27 December 2009 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Loss for the financial period	(443,042)	(14,101)	(133)

Number of shares

	Number of shares ('000s)	*Number of shares ('000s)*	*Number of shares ('000s)*
Weighted average number of shares outstanding (excluding shares subject to repurchase):			
For basic and dilutive earnings per share	61,673	55,477	51,115

The dilutive effect of potential ordinary shares is nil as a loss was made in each accounting period. There were 10.3 million potentially dilutive options and restricted stock units at 27 December 2008 (2007: 11.6 million options and restricted stock units; 2006: 6.7 million options and restricted stock units).

13 Goodwill

	$'000
Cost and carrying amount	
At 1 January 2006	53,790
Adjustment to prior period acquisitions	2,177
Recognition on acquisition of subsidiaries – TrueSpan, Inc. (see note 34)	5,449
At 31 December 2006	61,416
Recognition on acquisition of subsidiaries – Centrality Communications, Inc. (see note 34)	167,631
Adjustment to prior period acquisitions	2,091
At 31 December 2007	231,138
Impairment losses for the period (see note 29)	(231,103)
Adjustment to prior period acquisitions	(35)
At 27 December 2008	—

Goodwill acquired in a business combination is allocated, at acquisition to the cash generating units that are expected to benefit from that business combination.

The additions in 2006 and 2007 related to prior period acquisitions and primarily represent contingent cash payments paid to certain former Kisel shareholders. The adjustment in 2008 related to prior period acquisitions related to additional costs arising from the acquisition of Centrality Communications, Inc.

The SiRF Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Details of the impairment losses are included within note 29.

14 Other intangible assets

	Acquired developed and core technology and IPR&D $'000	*Customer relationships $'000*	*Patents and trademarks $'000*	*Non-compete agreements $'000*	*Software $'000*	*Intellectual property assets $'000*	*Total $'000*
Cost							
At 1 January 2006	23,699	19,034	2,000	—	2,875	1,319	48,927
Acquired on acquisition of subsidiary (see note 34)	13,900	—	—	—	—	—	13,900
Additions	—	—	—	—	1,132	967	2,099
Disposals	—	(45)	—	—	—	—	(45)
At 31 December 2006	37,599	18,989	2,000	—	4,007	2,286	64,881
Acquired on acquisition of subsidiary (see note 34)	54,770	26,800	4,100	4,240	—	—	89,910
Additions	—	—	—	—	208	738	946
At 31 December 2007	92,369	45,789	6,100	4,240	4,215	3,024	155,737
Additions	—	—	—	—	5,478	4,797	10,275
Disposals	—	—	—	—	(2,417)	—	(2,417)
At 27 December 2008	92,369	45,789	6,100	4,240	7,276	7,821	163,595
Amortisation							
At 1 January 2006	15,275	6,361	90	—	2,875	461	25,062
Charge for the year	4,160	2,596	153	—	940	617	8,466
Impairment	—	—	—	—	—	318	318
At 31 December 2006	19,435	8,957	243	—	3,815	1,396	33,846
Charge for the year	11,622	3,148	642	883	99	522	16,916
Impairment	—	—	—	—	—	371	371
At 31 December 2007	31,057	12,105	885	883	3,914	2,289	51,133
Charge for the period	18,269	2,917	1,326	2,120	481	1,955	27,068
Disposals	—	—	—	—	(2,417)	—	(2,417)
Impairment	42,798	30,767	3,889	1,237	—	3,577	82,268
At 27 December 2008	92,124	45,789	6,100	4,240	1,978	7,821	158,052
Carrying amount							
At 27 December 2008	245	—	—	—	5,298	—	5,543
At 31 December 2007	61,312	33,684	5,215	3,357	301	735	104,604
At 31 December 2006	18,164	10,032	1,757	—	192	890	31,035
Leased assets included above:							
Carrying amount							
At 27 December 2008	—	—	—	—	—	—	—
At 31 December 2007	—	—	—	—	—	—	—
At 31 December 2006	—	—	—	—	174	—	174

The impairment losses of $69.5 million and $12.8 million are included within 'Administrative expenses' and 'Cost of Sales' in the income statement, respectively and relate to acquisition-related intangible assets which have been written off as the result of an impairment review (see note 29) and relate to the SiRF Group's only segment.

15 Property, plant and equipment

	Computer equipment $'000	*Test equipment $'000*	*Furniture and fixtures $'000*	*Leasehold improvements $'000*	*Assets in the course of construction $'000*	*Total $'000*
Cost						
At 1 January 2006	7,901	4,633	1,480	1,284	206	15,504
Additions	1,579	1,097	22	281	1,709	4,688
Disposals	(2,735)	(374)	(222)	(362)	—	(3,693)
Acquired on acquisition of subsidiary (see note 34)	53	141	7	—	—	201
Transfers	83	—	(7)	19	(95)	—
At 31 December 2006	6,881	5,497	1,280	1,222	1,820	16,700
Additions	1,080	2,979	214	1,424	2,419	8,116
Disposals	(126)	—	(84)	(162)	—	(372)
Acquired on acquisition of subsidiary (see note 34)	1,069	219	109	—	—	1,397
Transfers	—	—	315	1,609	(1,924)	—
At 31 December 2007	8,904	8,695	1,834	4,093	2,315	25,841
Additions	1,196	1,118	52	97	—	2,463
Disposals	(647)	(19)	(15)	(24)	—	(705)
Disposal of subsidiary (see note 35)	—	(1,113)	(8)	—	—	(1,121)
Transfers	898	22	49	257	(1,226)	—
At 27 December 2008	10,351	8,703	1,912	4,423	1,089	26,478
Depreciation						
At 1 January 2006	3,056	1,954	786	645	—	6,441
Charge for the year	1,917	1,781	228	443	—	4,369
Disposals	(1,598)	(198)	(247)	(344)	—	(2,387)
At 31 December 2006	3,375	3,537	767	744	—	8,423
Charge for the year	2,025	1,702	292	898	—	4,917
Disposals	(282)	—	(63)	—	—	(345)
At 31 December 2007	5,118	5,239	996	1,642	—	12,995
Charge for the period	2,826	1,126	211	1,169	—	5,332
Disposal of subsidiary (see note 35)	—	(188)	—	—	—	(188)
At 27 December 2008	7,944	6,177	1,207	2,811	—	18,139
Carrying amount						
At 27 December 2008	2,407	2,526	705	1,612	1,089	8,339
At 31 December 2007	3,786	3,456	838	2,451	2,315	12,846
At 31 December 2006	3,506	1,960	513	478	1,820	8,277

16 Subsidiaries

Details of SiRF's significant subsidiaries as at 27 December 2008 are as follows:

Name	*Place of incorporation (or registration) and operation*	*Proportion of ownership interest %*	*Proportion of voting power held %*
Direct ownership			
SiRF Technology, Inc.	Delaware, US	100	100
SiRF Technology (India) Pvtd. Ltd.	India	100	100
ImpulseSoft, Pvtd.	India	100	100
Indirect ownership			
SiRF Technology, K.K.	Japan	100	100
SiRF Technology GmbH	Germany	100	100
SiRF Technology (Cayman) Ltd.	Cayman	100	100
SiRF Technology Pte Ltd.	Singapore	100	100
SiRF International LLC	Delaware, US	100	100
SiRF Technology China Holdings LLC	Delaware, US	100	100
Centrality LLC	Korea	100	100
Shanghai Centrality Communications Co. Ltd.	China	100	100
Centrality Limited	Cayman	100	100

Also at 27 December 2008, SiRF had a 15 per cent. (2007: 100 per cent.; 2006: 100 per cent.) trade investment in Kisel Microelectronics, AB, a company incorporated in Sweden (see note 35).

17 Notes receivable

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Notes receivables	15,719	—	—
Impairment charge	(11,800)	—	—
	3,919	—	—
Treasury deposit and investments due after one year	—	—	26,412
	3,919	—	26,412

On 24 January 2008, the SiRF Group entered into a loan and security agreement whereby the SiRF Group agreed to make two advances totalling $13.5 million to a potential acquisition target ("the Target") in connection with the SiRF Group's proposal to acquire all of the outstanding shares of the Target. The loan agreement was secured over the Target's current and subsequently acquired assets. The SiRF Group has also entered into a Form of Intellectual Property Security Agreement whereby the SiRF Group obtained a security interest in all of the target entity's rights, title and interest in its intellectual property, including without limitation copyrights, patents and trademarks. The entire outstanding principal balance of the advances bears interest at a fixed rate of 5.0 per cent. per annum and at 27 December 2008 was repayable on 24 July 2009, or at an earlier date, if the Target is acquired by a party other than the SiRF Group pursuant to the terms of the agreement.

Subsequent to executing this agreement, the SiRF Group decided not to proceed with the acquisition. In the second quarter of 2008, the SiRF Group determined it was no longer probable that the principal under the note receivable was fully recoverable based on information received related to the business prospects of the Target. The SiRF Group performed an impairment analysis of the fair value of the note receivable and, as a result of that analysis, recorded an impairment charge of $11.8 million. For further information see note 37.

On 24 November 2008, the SiRF Group entered into a share purchase agreement whereby it sold 85 per cent. of its holdings in Kisel to certain former Kisel employees for an aggregate of $1.0 million in cash and $2.2 million in promissory notes (see note 35). The remaining 15 per cent. investment in Kisel is held as an asset available for sale within long term assets (see note 32).

18 Inventory

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Work in progress	6,451	6,921	2,126
Finished goods	9,921	21,041	14,346
	16,372	27,962	16,472

19 Other financial assets

Trade and other receivables

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Amounts receivable for sale of goods and software	16,329	36,247	18,322
Amounts receivable for royalties	—	813	53
Total trade receivables	16,329	37,060	18,375
Tax receivable	86	—	—
VAT	68	273	32
Other receivables	475	497	848
Prepayments and accrued income	3,524	4,610	6,032
	20,482	42,440	25,287

The average credit period taken on trade receivables is 32 days (2007: 34 days; 2006: 23 days). An allowance has been made for estimated irrecoverable amounts within trade receivables of $252,000 (2007: $183,000; 2006: $321,000). This allowance has been determined by reference to past default experience. An allowance for credit notes and price adjustments has also been made within trade receivables of $773,000 (2007: $2,785,000; 2006: $412,000).

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily available convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank balances and cash comprise cash held by the SiRF Group and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

The SiRF Group did not have any restricted cash at 27 December 2008. At 31 December 2007, the SiRF Group had approximately $1.0 million included within cash and cash equivalents which were in a certificate of deposit account, secured by a letter of credit issued to a supplier. The letter of credit expired in January 2008. At 31 December 2006, the SiRF Group had $1.1 million deposited in an escrow account, which represented contingent cash payments to former ImpulseSoft employees for continued employment upon the second anniversary of the acquisition of ImpulseSoft. The restricted cash amounts have been classified within Trade and other receivables. On the second anniversary of the acquisition, December 2007, remaining contingent amounts were paid to designated former ImpulseSoft employees who remained employed by the SiRF Group.

Treasury deposits and investments

Treasury deposits and investments consist of commercial paper, obligations of the United States government treasury and money market accounts with an original maturity of over three months. These investments are considered to be available for sale and are reported at fair value with unrealised gains and losses, net of tax, recorded directly in equity, against other reserves (see note 26).

Credit risk

The SiRF Group's principal financial assets are bank balances and cash, treasury deposits and investments and trade and other receivables.

Financial instruments which potentially subject the SiRF Group to concentrations of credit risk consist primarily of cash, cash equivalents, short and long-term investments and trade and other receivables. The fair values of the SiRF Group's investments are based on quoted market prices or pricing models using current market data when available. Risks associated with these instruments are mitigated by banking with, and purchasing commercial paper from, creditworthy institutions.

The SiRF Group's receivables are concentrated in a relatively few number of customers and as a result, the SiRF Group maintains individually significant receivable balances with these customers. If the financial condition or operations of these customers deteriorate substantially, the SiRF Group's operating results could be adversely affected. The SiRF Group performs periodic evaluations of its customers' financial condition, but generally does not require collateral for sales on credit. The SiRF Group maintains provision for estimated potential credit losses. The SiRF Group's historical credit losses have been within the Directors' expectations and the carrying value of the SiRF Group's accounts receivable approximates fair value.

Before accepting any new customers, the SiRF Group uses a credit scoring system to assess the potential customer's credit quality and define credit limits by customer. Credit limits and credit quality are regularly reviewed.

It is the policy of the SiRF Group to only transact with creditworthy entities to mitigate the risk of default associated with trade receivables. The SiRF Group provides for trade receivables based on amounts estimated as irrecoverable determined by reference to past default experience.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Total trade receivables	16,329	37,060	18,375
Cash and cash equivalents	85,840	100,963	133,817
Treasury deposits and investments – current	29,950	38,446	36,391
Treasury deposits and investments – non-current	—	—	26,412
Notes receivables – non-current (see note 17)	3,919	—	—
	135,908	176,469	214,995

The maximum exposure to credit risk for total trade receivables at the reporting date by geographic region was:

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
United States of America	5,391	19,954	18,332
Europe	—	—	27
Asia	10,938	17,106	16
	16,329	37,060	18,375

As of 27 December 2008, three customers accounted for 18 per cent., 14 per cent. and 11 per cent. of net accounts receivable respectively. As of 31 December 2007, three customers accounted for 21 per cent., 15 per cent. and 12 per cent. of net accounts receivable respectively. As of 31 December 2006, three customers accounted for 40 per cent., 12 per cent. and 11 per cent. of net accounts receivable respectively. No other customer accounted for more than 10 per cent. of net accounts receivable at the reporting date.

Impairment losses

The aging of total trade receivables at the reporting date was:

	27 December 2008		*31 December 2007*		*31 December 2006*	
	Gross less rebates $'000	*Allowance $'000*	*Gross less rebates $'000*	*Allowance $'000*	*Gross less rebates $'000*	*Allowance $'000*
Not past due	13,135	—	30,182	—	15,544	—
Past due 0-30 days	2,491	—	5,773	—	2,292	—
Past due 31-60 days	308	—	920	—	522	—
Past due 61-90 days	170	4	94	—	1	—
More than 91 days past due	477	248	274	183	337	321
	16,581	252	37,243	183	18,696	321

The movement in the allowances for estimated irrecoverable amounts in respect of trade receivables during the period was as follows:

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Balance at the beginning of the period	183	321	213
Utilised in the period	—	(247)	(10)
Additional provisions in the period	69	109	118
Balance at the end of the period	252	183	321

Included in the SiRF Group's trade receivables balance are debtors with a carrying amount of $3.2 million (2007: $6.9 million; 2006: $2.8 million) which are past due but for which the SiRF Group has not provided, as there has been no significant change in the credit quality of the receivables and the amounts are still considered recoverable.

Based on past experience, the SiRF Group believes that no impairment allowance is necessary in respect of trade receivables not past due, other than for credit notes or price adjustments.

20 Deferred tax

The following are the major deferred tax assets and liabilities recognised by the SiRF Group and movements thereon during the current period and prior years:

	Research and development credits $'000	*Accelerated tax depreciation $'000*	*Share-based payment $'000*	*Fair value adjustments on acquisition $'000*	*Net operating losses carry forward $'000*	*Other temporary differences $'000*	*Total $'000*
At 1 January 2006	9,838	352	24,788	(2,303)	12,887	5,846	51,408
Credit (charge) to income	5,451	498	481	1,507	(1,883)	2,036	8,090
(Charge) to equity	—	—	(6,129)	—	—	(142)	(6,271)
Acquisition of subsidiary	270	495	—	(5,391)	2,832	—	(1,794)
Other	—	—	—	—	—	32	32
At 31 December 2006	15,559	1,345	19,140	(6,187)	13,836	7,772	51,465
Credit (charge) to income	3,065	(512)	5,365	4,884	(3,586)	(1,404)	7,812
Credit (charge) to equity	—	—	3,929	—	—	(19)	3,910
Acquisition of subsidiary	812	421	1,119	(28,441)	10,376	(104)	(15,817)
Other	—	—	—	—	—	1,695	1,695
At 31 December 2007	19,436	1,254	29,553	(29,744)	20,626	7,940	49,065
(Charge) credit to income	(18,565)	(1,021)	(8,114)	30,026	(19,616)	(7,911)	(25,201)
(Charge) to equity	—	—	(21,374)	—	—	—	(21,374)
Other	—	—	—	—	—	204	204
At 27 December 2008	871	233	65	282	1,010	233	2,694

Certain deferred tax assets and liabilities have been offset where required as relating to the same taxation authority. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Deferred tax assets	2,859	56,583	56,353
Deferred tax liabilities	(165)	(7,518)	(4,888)
	2,694	49,065	51,465

As of 27 December 2008, the SiRF Group had federal and state net operating loss carry-forwards of approximately $66.4 million and $77.4 million, respectively. The SiRF Group also had federal research and development tax credits of approximately $13.5 million and California research and development credits of approximately $14.6 million. The federal and state net operating loss and credit carry-forwards expire at various dates in the years 2010 through 2028, if not utilised. As of 27 December 2008, the SiRF Group had other tax credits of approximately $2.1 million which will expire in 2014 if they are not utilised. The SiRF Group had deductible temporary differences, unused tax losses, and unused tax credits totalling $68.7 million as of 27 December 2008 for which no deferred tax assets have been recognised in the consolidated balance sheet as the Directors do not believe it is probable they will realise deferred tax assets. There were no unrecognised deferred tax assets as of 31 December 2007 and 2006.

The SiRF Group has performed an analysis of its net operating loss carry-forwards and credit carry-forwards pursuant to Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or "the Code". Due in part to equity financings and losses of acquired entities, the SiRF Group experienced "ownership changes" as defined in Section 382 of the Code. Accordingly, the use of the net operating loss carry-forwards and credit carry-forwards is partially limited by the annual limitations described in Sections 382 and 383 of the Code. To the extent that any single-year loss or credit is not utilised to the full amount of such limitations, such unused loss or credit is carried over to subsequent years until the earlier of its utilisation or the expiration of the relevant carry-forward period. If such annual limitations pursuant to Sections 382 and 383 of the Code result in the expiration of net operating loss carry-forwards and/or credit carry-forwards before utilisation, then those amounts have been excluded from the total deferred tax assets.

At the balance sheet date, the aggregate amount of temporary differences related to undistributed earnings of subsidiaries was $4.0 million (2007: $11.8 million). No deferred tax liabilities have been recognised in respect of these differences because the SiRF Group is in a position to control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21 Obligations under finance leases

	Minimum lease payments		*Present value of minimum lease payments*	
	31 December 2007 $'000	*31 December 2006 $'000*	*31 December 2007 $'000*	*31 December 2006 $'000*
Amounts payable under finance leases:				
Within one year	129	189	129	189
In the second to fifth years inclusive	—	129	—	129
	129	318	129	318
Less: future finance charges	—	—	—	—
Present value of lease obligations	129	318	129	318
Less: Amount due for settlement within 12 months (shown under current liabilities)			(129)	(189)
Amount due for settlement after 12 months			—	129

The SiRF Group had no obligations under finance leases at 27 December 2008.

It is the SiRF Group's policy to lease certain of its equipment under finance leases. The average lease term is 3 years. Interest rates are fixed at the contract date. All leases were on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in US dollars.

The SiRF Group's obligations under finance leases were secured by the lessors' right over the leased assets.

22 Trade and other payables

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Current			
Trade payables	15,038	22,069	15,883
Other taxation and social security	749	2,363	1,501
Rebates payable to customers	1,026	5,452	5,334
Other payables	268	393	294
Accruals	15,559	15,024	13,901
	32,640	45,301	36,913
Non-current			
Long-term trade and other payables	1,695	1,421	380
	34,335	46,722	37,293

Included within current accruals at 27 December 2008 are accrued liabilities of $0.8 million relating to committed restructuring costs where the timing is certain. Further details are included in note 30.

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

For most suppliers, no interest is charged on trade payables. The SiRF Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

23 Provisions

	Returns and warranty provision $'000
At 1 January 2006	79
Charge to income statement for the year	81
At 31 December 2006	160
Credit to income statement for the year	(17)
At 31 December 2007	143
Credit to income statement for the period	(64)
At 27 December 2008	79

Returns and warranty provision

The SiRF Group provides for the anticipated costs associated with contractual liabilities and returns under standard warranty terms. It is anticipated that the provision will be utilised within one year.

24 Deferred revenue and deferred margin

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Deferred distributor revenue	2,905	4,718	2,019
Less: Inventory held at distributors	(1,191)	(1,690)	(763)
Deferred margin on shipments to distributors	1,714	3,028	1,256
Deferred revenue	1,368	373	574
	3,082	3,401	1,830

Revenue on shipments along with the associated costs made to distributors under agreements allowing right of return and price protection is deferred until the distributors sell the merchandise.

25 Called-up share capital

SiRF

Authorised share capital

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
250,000,000 Ordinary Shares of $0.0001 each - equity	25	25	25
5,000,000 Preferred Shares of $0.0001 each	500	500	500
	525	525	525

Allotted, called-up and fully paid:

	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
62,669,395 (2007: 60,550,977; 2006: 52,283,893) Ordinary Shares of $0.0001 each - equity	6	6	5

Changes to share capital

2,015,737 (2007: 2,159,259; 2006: 2,195,685) Ordinary Shares were issued for employee option exercises between 1 January 2008 and 27 December 2008.

102,014 (2007: 6,101,751; 2006: 39,402) Ordinary Shares were issued relating to business combinations (net of shares surrendered) between 1 January 2008 and 27 December 2008.

667 (2007: 1,666; 2006: nil) Ordinary Shares were issued to non-employees in exchange for services rendered between 1 January 2008 and 27 December 2008.

4,408 and 24,763 Ordinary Shares were issued in exchange for preferred share warrants in 2007 and 2006.

SiRF has one class of ordinary shares which carries no right to fixed income.

There are 5,000,000 preferred shares of $0.0001 each authorised. These shares have no rights and none have been issued.

Warrant Arrangements

In connection with certain transactions prior to its initial public offering on 22 April 2004, the SiRF Group issued warrants to third parties for the purchase of convertible preferred shares. In connection with the SiRF Group's initial public offering on 22 April 2004, the warrants discussed in the following paragraphs to purchase preferred shares were automatically converted to warrants to purchase ordinary shares.

In March 2003, in connection with the acquisition of Enuvis Inc. ("Enuvis"), the SiRF Group issued fully vested warrants to purchase 127,582 shares of Series H preferred shares at $1.63 per share to former employees and non-employees of Enuvis. These warrants expire in 2013. The estimated fair value of the warrants was determined at the date of grant using the following assumptions: risk free interest rate of 3.9 per cent., volatility of 70 per cent., contractual life of ten years, and dividend yield of zero. The fair value of the warrants was $752,202 and was included in the Enuvis purchase price consideration. As at 27 December 2008, warrants to purchase 22,240 shares of ordinary shares at an exercise price of $1.63 per share remained outstanding.

In September 2000, in connection with a settlement agreement, the SiRF Group granted a warrant to purchase 212,796 shares of Series F preferred shares at an exercise price of $10.00 per share. The warrant to purchase 212,796 shares of preferred shares was adjusted based on an anti-dilution clause in the agreement, which reduced the exercise price to $6.50. In connection with the events of dilution in 2001, 2002, and 2003, following the SiRF Group's initial public offering, this warrant was converted into a warrant to purchase 221,893 shares of ordinary shares at an effective exercise price of $6.23 per share. This warrant expired in April 2009. The estimated fair value of this warrant was approximately $1.4 million, determined at the date of grant using the following assumptions: risk free interest rate of 6.1 per cent., volatility of 60 per cent., contractual life of five years, and dividend yield of zero. The fair value of the warrant was recorded as a litigation expense in 2000 and 1999. As at 27 December 2008, this Series F preferred share warrant remained outstanding.

26 Reserves

	Share premium account and other reserves $'000	*Accumulated deficit $'000*	*Total $'000*
At 1 January 2006	317,015	(31,245)	285,770
Share issues	14,426	—	14,426
Share-based payments, net of statutory withholding taxes	36,698	—	36,698
Deferred tax charge	(6,271)	—	(6,271)
Current tax benefit taken directly to equity on share option gains	20,617	—	20,617
Unrealised gain on available for sale securities	406	—	406
Loss for the year	—	(133)	(133)
At 31 December 2006	382,891	(31,378)	351,513
Share issues	128,121	—	128,121
Share-based payments, net of statutory withholding taxes	73,601	—	73,601
Deferred tax benefit	3,910	—	3,910
Current tax benefit taken directly to equity on share option gains	11,543	—	11,543
Unrealised gain on available for sale securities	59	—	59
Loss for the year	—	(14,101)	(14,101)
At 31 December 2007	600,125	(45,479)	554,646
Share issues	6,604	—	6,604
Share-based payments, net of statutory withholding taxes	36,395	—	36,395
Deferred tax charge	(21,374)	—	(21,374)
Unrealised gain on available for sale securities	5	—	5
Exchange differences on disposal of investment in foreign operations (see note 35)	122	—	122
Loss for the period	—	(443,042)	(443,042)
At 27 December 2008	621,877	(488,521)	133,356

The share premium account and other reserves are considered to be non-distributable. The share premium account and other reserves consist of the share premium account, credits to equity for share-based payment expense in each reporting period, exchange differences arising on the disposal of investments in foreign operations and corresponding tax effects.

27 Notes to the cash flow statement

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Operating (loss) profit for the period	(414,516)	(16,404)	6,029
Adjustments for:			
Depreciation of property, plant and equipment (see note 15)	5,332	4,917	4,369
Amortisation of intangible assets (see note 14)	27,068	16,916	8,466
Impairment of assets (see note 29)	313,371	371	318
Loss on disposal of property, plant and equipment	98	27	52
Share based payments charge	36,931	51,041	36,811
Decrease (increase) in long term assets	789	(328)	605
Increase in long term liabilities	579	—	—
Operating cash flows before movements in working capital	(30,348)	56,540	56,650
Decrease (increase) in inventories	11,715	(7,559)	(2,824)
Decrease (increase) in receivables	20,990	(15,203)	(6,891)
(Decrease) increase in payables	(14,739)	(1,369)	14,180
Increase in deferred revenue and deferred margin	93	1,571	609
Cash (used in) generated by operations	(12,289)	33,980	61,724
Income taxes paid	(1,616)	(344)	(595)
Interest paid	(2)	(69)	(10)
Net cash (used in) generated by operating activities	(13,907)	33,567	61,119

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

28 Financial commitments

Operating lease arrangements

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Lease payments under operating leases recognised in the income statement for the period	3,368	2,795	2,412

At the balance sheet date, the SiRF Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	27 December 2008 $'000
Within one year	5,871
In the second to fifth years inclusive	4,827
	10,698

Operating lease payments represent rentals payable by the SiRF Group for certain of its office properties and office equipment. Leases are negotiated for an average term of 2.6 years and rentals are fixed for an average of 2.6 years.

Non cancellable purchase obligations

At 27 December 2008, the SiRF Group had short-term commitments in the form of non-cancellable purchase obligations of $1.5 million (2007: $4.1 million; 2006: $7.3 million). These obligations primarily relate to commitments for licences and maintenance fees, as well as consulting and other service arrangements.

29 Impairment of assets

During 2008, a non-cash impairment charge of $313.4 million was recorded in the consolidated income statement, of which $12.8 million was included within cost of sales and $300.6 million was included within SG&A. Of these charges, intangible assets were reduced by $57.9 million to adjust the carrying value of those assets to their recoverable amounts. Additional impairment charges resulted from the SiRF Group's single CGU, including a reduction to fully impair goodwill arising from prior period acquisitions of $231.1 million (see below and note 13) and additional impairments to intangible assets of $24.4 million (see note 14). The impairment charges to intangible assets included reductions of $30.8 million to customer relationships, $42.8 million to acquired developed and core technology and IPR&D, $3.9 million to patents and trademarks, $1.2 million to non-compete agreements and $3.6 million to intellectual property assets.

The impairment review was undertaken by the SiRF Group following the significant decline in its share price, resulting in its market capitalisation falling below its net book value in February 2008 and the SiRF Group's demand outlook rapidly deteriorating due to increased competitive pressure within certain of its markets and macroeconomic uncertainty in the second quarter of 2008. As a result, the SiRF Group significantly reduced its forecast revenue, gross margin and operating profit. The SiRF Group performed its impairment analysis in accordance with the SiRF Group's policy as discussed in note 3.

The recoverable amount of the only cash-generating unit is determined to be the higher of its value in use and fair value less costs to sell. The key assumptions for the value in use calculations are those regarding the discount rates, terminal growth rates and expected changes to selling prices and direct costs during the period. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the SiRF Group. Changes in selling prices and direct costs are based on historical information and expectations of future changes in the market.

For the single cash generating unit, in completing its annual impairment testing in 2007 and 2006, the SiRF Group compared the carrying value of the cash generating unit to its fair value less costs to sell, as determined based on the SiRF Group's market capitalisation, with no impairment being recognised for either period.

During the period ended 27 December 2008, the SiRF Group compared the carrying value of the single cash generating unit to its fair value less costs to sell, fair value being determined by reference to an offer received from a third party which was under negotiation as of the end of the year and which was ultimately made on 9 February 2009 (see note 37). This offer was deemed to be representative of the fair value of the SiRF Group as of the year end as the negotiation process was on going, and furthermore, no significant unanticipated events which would have had a material impact on the fair value of the SiRF Group occurred in the time between 27 December 2008 and 9 February 2009, the date the merger agreement was effected. As a result of the carrying value of the cash generating unit being in excess of the fair value less costs to sell, goodwill amounting to $231.1 million was impaired, and additional impairments of intangible assets were also recognised.

30 Restructuring

On 21 March 2008, the SiRF Group approved a corporate restructuring plan ("the Plan"), in response to continuing economic uncertainties with the intent to improve its operating cost structure. As part of the Plan, the SiRF Group reduced its workforce through a combination of immediate redundancies, elimination of non-essential positions and attrition. Also, as part of the Plan, the SiRF Group closed its South San Francisco, California, office on 1 June 2008. In addition, as part of the Plan, the SiRF Group has stopped further product developments in the mobile TV space. On 24 July 2008, the SiRF Group approved an additional restructuring plan that was limited to reductions in force and reprioritizing of certain engineering projects. Most recently, on 4 December 2008, the SiRF Group approved an additional corporate cost reduction and restructuring plan that includes further reductions in force which by mid-2009 will reduce the SiRF Group's current workforce by 25 per cent. (when combined with the disposal of 85 per cent. of the SiRF Group's investment in Kisel (see note 35)). The plan also includes the planned closure of its Bangalore, India office, as well as the discontinuance of product development efforts in Bluetooth technology. These combined restructuring activities have resulted in redundancy costs of $1.7 million and other exit-related costs arising from contractual and other

obligations of $0.3 million in the period ended 27 December 2008 and are included within operating expenses. At 27 December 2008 an accrual exists (see note 22) for specific costs where the timing is reasonably certain, amounting to $0.8 million and is expected to be utilised through cash outflows in the next 12 months.

The restructuring programmes also gave rise to asset impairment charges of $1.6 million in the period ended 27 December 2008 relating to intangible assets and are included within asset impairment charges (see note 29).

31 Share-based payments

The SiRF Group has grants and awards in the following Share Schemes which result in charges to the Income Statement:

1995 Stock Plan

In March 1995, the SiRF Group adopted the 1995 Stock Plan ("the 1995 Plan"), to provide incentive and non-statutory share options to purchase shares of the SiRF Group to employees and independent contractors. Under the 1995 Plan, the exercise price for incentive share options is at least 100 per cent. of the share's fair market value on the date of grant for employees owning 10 per cent. or less of the voting power of all classes of shares, and at least 110 per cent. of the fair market value on the date of grant for employees owning more than 10 per cent. of the voting power of all classes of shares. For non-statutory share options, the exercise price is at least 110 per cent. of the fair market value on the date of grant for employees owning more than 10 per cent. of the voting power of all classes of shares and no less than 85 per cent. for employees owning 10 per cent. or less of the voting power of all classes of shares. The 1995 Plan was terminated upon the completion of the SiRF Group's initial public offering in April 2004 and the remaining 19,558 share options not granted under the 1995 Plan were cancelled. No shares of SiRF remain available for issuance under the 1995 Plan other than for satisfying exercises of share options granted under this plan prior to its termination. As at 27 December 2008, no ordinary shares have been reserved for issuance under the 1995 Plan and options to purchase a total of 1,620,947 shares of common stock were outstanding.

Options under the 1995 Plan generally vest over a period of four years, generally become exercisable beginning six months from the date of employment or grant and expire ten years from the date of grant. Unvested share options issued to employees, directors and consultants under share option agreements are subject to repurchase at the SiRF Group's option upon termination of employment or services at the original purchase price. This right to repurchase expires rateably over the vesting period.

2004 Stock Incentive Plan

In March 2004, the SiRF Group adopted the 2004 Stock Incentive Plan ("the 2004 Plan"). Under the 2004 Plan, 5,000,000 shares were reserved for issuance upon the completion of the SiRF Group's initial public offering on 22 April 2004. On 1 January of each year, starting in 2005, the aggregate number of shares reserved for issuance under the 2004 Plan increases automatically by the lower of (i) 5,000,000 shares, (ii) 5 per cent. of the total number of ordinary shares outstanding on the last day of the immediately preceding year, or (iii) a number of shares determined by the Board of Directors of the SiRF Group. Forfeited options or awards generally become available for future awards. Under the 2004 Plan, the exercise price for incentive share options is at least 100 per cent. of the share's fair market value on the date of grant for employees owning 10 per cent. or less of the voting power of all classes of shares, and generally not available to employees owning more than 10 per cent. of the voting power of all classes of share. For non-statutory share options, the exercise price is no less than 85 per cent. of the share's fair market value on the date of grant.

Under the 2004 Plan, options generally expire between six and ten years after the date of grant. However, the term of the options may be limited to five years if the option-holder owns shares representing more than 10 per cent. of the voting power of all classes of shares. Vesting periods for share options and restricted stock units are determined by the SiRF Group's Board of Directors and generally provide for shares to vest over a two to four year period. As at 27 December 2008, 4,707,123 options to purchase ordinary shares and 2,979,172 unvested restricted stock units granted were outstanding and 6,354,618 share options were available for issuance under the 2004 Plan.

TrueSpan 2004 Share Incentive Plan

In March 2006, in connection with the acquisition of TrueSpan, Inc., the SiRF Group assumed the existing TrueSpan 2004 Share Incentive Plan ("the TrueSpan Plan"). All unvested options granted under the TrueSpan Plan were assumed by the SiRF Group as part of the acquisition. All contractual terms of the assumed options remain the same, except for the converted number of shares and exercise price based on an exchange ratio determined as part of the acquisition agreement. As at 27 December 2008, no additional options can be granted under the TrueSpan Plan and options to purchase a total of 5,362 ordinary shares were outstanding.

Centrality 1999 Stock Plan

In August 2007, in connection with the acquisition of Centrality Communications, Inc., the SiRF Group assumed the existing Centrality 1999 Stock Plan ("the Centrality Plan"). All unvested options granted under the Centrality Plan were assumed by the SiRF Group as part of the acquisition. All contractual terms of the assumed options remain the same, except for the converted number of shares and exercise price based on an exchange ratio determined as part of the acquisition agreement. As at 27 December 2008, no additional share options can be granted under the Centrality Plan and options to purchase a total of 1,016,594 ordinary shares were outstanding.

Outstanding share options

Details of the share options outstanding during the period under the 1995 Plan, the 2004 Plan, the TrueSpan Plan, and the Centrality Plan are as follows:

	27 December 2008		*31 December 2007*		*31 December 2006*	
	Number of share options	*Weighted average exercise price (in $)*	*Number of share options*	*Weighted average exercise price (in $)*	*Number of share options*	*Weighted average exercise price (in $)*
Outstanding at beginning of period	9,773,393	14.77	8,404,868	14.74	8,363,447	8.12
Granted and assumed in connection with acquisitions during the period	751,695	5.41	3,897,509	12.01	2,353,816	31.31
Forfeited and expired during the period	(1,822,081)	20.14	(622,786)	24.94	(412,844)	16.84
Exercised during the period	(1,352,981)	3.63	(1,906,198)	5.69	(1,899,551)	5.67
Outstanding at the end of the period	7,350,026	14.53	9,773,393	14.77	8,404,868	14.74
Exercisable at the end of the period	5,204,360	14.25	5,396,375	10.56	4,280,480	6.64

The weighted average share price at the date of exercise for share options exercised during the period was $5.76 (2007: $24.46; 2006: $29.98). The options outstanding at 27 December 2008 had a weighted average remaining contractual life of 5.34 years (2007: 6.23 years; 2006: 6.84 years). In 2008, options were granted with an aggregate estimated fair value of $3.01 (2007: $13.67; 2006: $15.49) per share option.

The following table summarises information about options granted and outstanding under the 1995 Plan, 2004 Plan, the TrueSpan Plan and the Centrality Plan at 27 December 2008:

	Options outstanding			*Options exercisable*	
Range of exercise prices	*Number of shares outstanding*	*Weighted average remaining contractual life (in years)*	*Weighted average exercise price (in $)*	*Number of shares exercisable*	*Weighted average exercise price (in $)*
$0.39 – $2.48	1,395,658	4.90	1.86	991,114	1.74
$3.20 – $5.62	1,419,584	5.43	4.23	966,894	3.97
$5.67 – $12.51	1,315,539	5.62	11.05	1,202,238	11.45
$13.07 – $24.35	1,293,648	5.77	18.82	753,249	18.16
$24.45 – $33.98	1,612,535	4.75	29.79	1,043,543	30.89
$35.18 – $36.79	313,062	7.05	35.86	247,322	35.92
$0.39 – $36.79	7,350,026	5.34	14.52	5,204,360	14.24

The fair value of the SiRF Group's share options was estimated using a Black-Scholes option pricing model. This model requires the input of highly subjective assumptions, including the options' expected life and the price volatility of the SiRF Group's underlying share. Actual volatility, expected lives and interest rates may be different than the SiRF Group's assumptions, which would result in an actual value of the options being different than estimated. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the SiRF Group's estimate of shares that will eventually vest. For grants where options vest in instalments over the vesting period, each instalment is treated as a separate grant, which results in fair value of each instalment being spread across the vesting period of that instalment. The assumptions used are determined as follows:

Expected Life – The SiRF Group's expected term represents the period that the SiRF Group's share options are expected to remain outstanding. The expected term for option grants and for options assumed in connection with acquisitions is estimated based on a consideration of, among other things, historical exercise patterns, the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behaviour.

Expected Volatility – The SiRF Group utilised its own historical volatility of its share price since the initial public offering (i.e. 4 years) in valuing its share option grants.

Expected Dividend – The SiRF Group has not issued any dividends, nor does it expect to issue dividends; therefore, a dividend yield of zero was used.

Risk-Free Interest Rate – The SiRF Group based the risk-free interest rate used in the Black-Scholes option pricing model on the implied yield currently available on United States Treasury zero-coupon issues with an equivalent expected term.

The inputs into the Black-Scholes model in estimating the fair value of share options granted (including options assumed in connection with acquisitions) were as follows:

	Period ended 27 December 2008	*Year ended 31 December 2007*	*Year ended 31 December 2006*
Expected volatility	75.0%	56.0%	51.0%
Expected life (years)	3.8	3.7	4.9
Risk free rate	2.7%	4.5%	4.9%
Expected dividend yields	—%	—%	—%

The weighted average fair value of options granted with an exercise price equal to the fair value of ordinary shares utilising the Black-Scholes option pricing model during 2008, 2007 and 2006 was $3.01, $13.67 and $15.49, respectively. No options were granted in 2008, 2007 or 2006 with exercise prices below the deemed fair value of ordinary shares (i.e. share price on the date of grant). For options assumed in connection with acquisitions, the fair value of the option is estimated at the date of acquisition (see note 34).

Outstanding restricted stock units

Details of the restricted stock units outstanding during period were as follows:

	27 December 2008		*31 December 2007*		*31 December 2006*	
	Number of shares	*Weighted average fair value at grant date (in $)*	*Number of share options*	*Weighted average fair value at grant date (in $)*	*Number of shares*	*Weighted average fair value at grant date (in $)*
Unvested at beginning of period	1,834,053	25.05	791,897	31.00	264,792	22.21
Granted during the period	2,482,895	5.54	1,335,175	22.81	585,532	34.62
Vested during the period	(474,699)	27.53	(202,070)	32.34	(44,740)	25.32
Forfeited during the period	(863,077)	16.03	(90,949)	27.79	(13,687)	34.18
Unvested at the end of the period	2,979,172	11.01	1,834,053	25.05	791,897	31.00

The fair value of the SiRF Group's restricted stock units is calculated based upon the fair market value of its shares at the date of grant.

Other share-based payment plans – 2004 Employee Stock Purchase Plan

In March 2004, the SiRF Group adopted the Purchase Plan. Under the Purchase Plan, 1,000,000 shares were reserved for issuance upon the SiRF Group's completion of its initial public offering. On 1 January of each year, starting in 2005, the number of shares reserved for issuance automatically increases by the lower of (i) 750,000 shares, (ii) 1.5 per cent. of issued and outstanding ordinary shares on the last day of the immediately preceding fiscal year, or (iii) a number of shares determined by the Board of Directors of the SiRF Group. Eligible employees are allowed to have salary withholdings of up to 15 per cent. of cash compensation to purchase ordinary shares at a price equal to 85 per cent. of the lower of the fair market value of the shares on the first trading day of the offering period or the fair market value on the purchase date. There were 432,078 ordinary shares issued under the Purchase Plan during 2008 and 1,206,676 ordinary shares were available for issuance under the Purchase Plan. As at 27 December 2008, there was $2.7 million of total unrecognised compensation cost related to the Purchase Plan rights that is expected to be recognised over the remaining accumulation periods comprising the offering periods.

The fair value of the SiRF Group's Purchase Plan rights was estimated using a Black-Scholes option pricing model. The inputs to the Black-Scholes model were as follows:

	Period ended 27 December 2008	*Year ended 31 December 2007*	*Year ended 31 December 2006*
Expected volatility	98.0%	58.0%	59.0%
Expected life (years)	1.5	1.3	1.3
Risk free rate	1.9%	4.7%	5.0%
Expected dividends	—%	—%	—%

The estimated fair value of purchase rights under the Purchase Plan are amortised over the individual accumulation periods comprising the offering period. The weighted average fair value of new Purchase Plan purchase rights issued during 2008 was $4.46 during the second quarter of 2008 and $1.33 during the fourth quarter of 2008. During the second and fourth quarter of 2008, certain offerings within the Purchase Plan were modified due to the Purchase Plan's reset feature. As a result, the SiRF Group recorded $2.6 million of incremental share-based payment expense that will be recognised over the remaining accumulation periods of these offerings related to the reset. The weighted average fair value of new Purchase Plan purchase rights issued during 2007 was $9.72 during the second quarter of 2007 and $11.31 during the fourth quarter of 2007. During the second quarter of 2007, certain offerings within the Purchase Plan were also modified due to the Purchase Plan's reset feature which resulted in approximately $3.4 million of incremental share-based payment expense that will be recognised over the remaining accumulation periods. The weighted average fair value of new Purchase Plan purchase rights issued during 2006 was $14.35 during the second quarter of 2006 and $11.34 during the fourth quarter of 2006.

Options and Restricted Stock Units Granted to Non-employees

The SiRF Group has granted options to non-employees for consulting services performed. The SiRF Group accounts for equity instruments issued to non-employees with compensation expense for non-employee stock options being calculated using the Black-Scholes option pricing model and recorded as the shares underlying the options are earned. The unvested shares underlying the options are subject to periodic revaluation over the remaining vesting period, as these options have similar characteristics to the SiRF Group's employee options. The SiRF Group recognises the compensation expense for non-employee options and awards on an accelerated basis. The initial vesting period for these options ranged from immediate vesting to vesting over four years and the option exercise period ranges from six to ten years after the date of grant.

The SiRF Group recorded immaterial share-based payment expense in connection with these options and restricted stock unit grants to non-employees in 2008. The SiRF Group recorded share-based payment expense of $0.2 million and $0.3 million in 2007 and 2006, respectively, in connection with options and restricted stock units granted to non-employees. The fair value of share options issued to non-employees was calculated using a weighted average risk-free interest rate of 4.5 per cent. and 4.8 per cent. in 2007 and 2006, respectively, weighted average expected volatility of 57 per cent. and

53 per cent. in 2007 and 2006, respectively, and the weighted average expected term of the options 1.3 years and 5.6 years in 2007 and 2006, respectively. The SiRF Group did not grant any options or restricted stock units to non-employees in 2008 and 2007. In 2006, the SiRF Group granted 4,000 restricted stock units to non-employees at a fair value of $35.46 per share.

Share-based payment expense

The SiRF Group recognised total expenses of $36.9 million (2007: $51.0 million; 2006: $36.8 million) related to equity settled share-based payment transactions.

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Share-based payment expense by type of award:			
Employee share options	16,182	27,498	21,341
Employee purchase plan rights	3,776	3,617	1,708
Restricted stock units and performance share awards	17,870	20,352	13,772
Share-based payment expense capitalised as inventory	(928)	(631)	(329)
Total employee share-based payment expense	36,900	50,836	36,492
Non-employee share based payment expense	31	205	319
	36,931	51,041	36,811

Performance Share Award

The SiRF Group entered into Performance Share Award Agreements with certain executives in 2007. These awards provided the executives the opportunity to earn shares in the SiRF Group, the number of shares which were to be pursuant to, and subject to the attainment of performance goals. The performance goals were determined based on the SiRF Group's cumulative revenue growth and cumulative operating income margin over a two year period. The target number of shares to be earned ranges from 10,000 to 50,000 shares, depending on the extent to which the performance goals were met. The SiRF Group would have withheld shares of common stock that otherwise would have been issued to the executives when the award was settled to satisfy the tax withholding obligation, but not in excess of the amount of shares necessary to satisfy the minimum withholding amount. During 2008, the performance awards granted to certain former executives were forfeited with their resignations from the SiRF Group.

Following completion of the audited financial statements for the year ended 31 December 2007 and period ended 31 December 2008, it was determined that the performance goals were not met and that no shares would be issued as a result of these performance awards to any current executives.

32 Financial instruments

Financial risk management

The SiRF Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the SiRF Group's exposure to each of the above risks, the SiRF Group's objectives, policies and processes for measuring and managing risk, and the SiRF Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the SiRF Group's risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the SiRF Group's activities.

The SiRF Group's Audit Committee oversees how the Directors monitor compliance with the SiRF Group's risk management framework in relation to the risks faced by the SiRF Group.

Capital risk management

The SiRF Group manages its capital to ensure that a strong base is maintained to sustain the future growth and development of the SiRF Group. The capital structure of the SiRF Group consists of cash and cash equivalents, treasury deposits and investments and equity attributable to the equity shareholders of the SiRF Group, comprising issued share capital, reserves and retained earnings as disclosed in notes 25 and 26. The SiRF Group is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

		Carrying value	
	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*
Financial assets			
Loans and receivables			
– Notes receivables	3,919	—	—
– Trade receivables	16,329	37,060	18,375
– Other receivables	475	497	848
– Cash and cash equivalents	85,840	100,963	133,817
	106,563	138,250	153,040
Available-for-sale financial assets			
– Investment in Kisel (see note 35)	130	—	—
– Treasury deposits and investments	29,950	38,446	62,803
	30,080	38,446	62,803
	136,643	176,153	215,790
Financial liabilities			
Amortised cost			
– Trade payables	15,038	22,069	15,883
– Other payables	1,294	5,845	5,628
– Obligations under finance leases	—	129	318
	16,332	28,043	21,829

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rate risk will affect the SiRF Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk management

The SiRF Group's exposure to adverse movements in foreign currency exchange rates is primarily related to its foreign operations' operating expenses, primarily in Belgium, China, Germany, India, Japan, Korea, Singapore, Taiwan and the United Kingdom, denominated in the respective local currency. All of its sales are transacted in US dollars.

The carrying amounts of the SiRF Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities			*Assets*		
	27 December 2008 $'000	*31 December 2007 $'000*	*31 December 2006 $'000*	*27 December 2008 $'000*	*31 December 2007 $'000*	*31 December 2006 $'000*
Chinese Yuan	(1,514)	(1,106)	(7)	1,977	1,362	84
Taiwan Dollar	(156)	(369)	(137)	569	124	249
Euro	(53)	(172)	—	65	119	38
GBP Sterling	(142)	(213)	(153)	213	149	185
Korean Won	(116)	(222)	—	115	145	—
Japanese Yen	(168)	(172)	(83)	122	76	33
Indian Rupee	(1,053)	(2,241)	(682)	2,226	2,927	2,505
Singapore Dollar	—	—	(52)	75	684	44
Swedish Krona	—	(918)	(395)	—	210	32
	(3,202)	(5,413)	(1,509)	5,362	5,796	3,170

The SiRF Group considers that it is not significantly exposed to fluctuations in exchange rates as the majority of its transactions, assets and liabilities are in US dollars. However, a 10 per cent. increase or decrease in foreign currencies would have a corresponding $0.22 million (2007: $0.03 million; 2006: $0.17 million) impact on profit and equity in the period.

The SiRF Group did not have any forward contracts during any of the reporting periods.

Interest rate risk management

The SiRF Group's exposure to market risks for changes in interest rates relates primarily to its Treasury Deposit and Investment portfolio. The SiRF Group considers highly liquid Investments and Treasury Deposits with original maturities of ninety days or less to be cash equivalents. Investments with original maturities over ninety days and remaining maturities less than one year are considered short-term investments and investments with remaining maturities greater than one year are considered long-term investments.

As at 27 December 2008, the SiRF Group's cash equivalents and investments are principally comprised of high-quality commercial paper, obligations of the United States government sponsored enterprises and money market accounts. The SiRF Group has analysed its interest rate exposure to assess the impact of hypothetical changes in interest rates and does not consider a significant decrease or increase in interest rates from the interest rates at 27 December 2008 would have a material effect on the fair market value of its portfolio, its results of operations or cash flows as the interest rates are low.

Credit risk management

The SiRF Group's principal financial assets are bank balances and cash, treasury deposits and investments and trade and other receivables.

Financial instruments which potentially subject the SiRF Group to concentrations of credit risk consist primarily of cash, cash equivalents, short and long-term investments and accounts receivable. The fair values of the SiRF Group's investments are based on quoted market prices or pricing models using current market data when available. Risks associated with these instruments are mitigated by banking with, and purchasing commercial paper from, creditworthy institutions.

The SiRF Group's receivables are concentrated in a relatively few number of customers and as a result, the SiRF Group maintains individually significant receivable balances with these customers. If the financial condition or operations of these customers deteriorate substantially, the SiRF Group's operating results could be adversely affected. The SiRF Group performs periodic evaluations of its customers' financial condition, but generally does not require collateral for sales on credit. The SiRF Group maintains provision for estimated potential credit losses. The SiRF Group's historical credit losses have been within the Directors' expectations and the carrying value of the SiRF Group's accounts receivable approximates fair value.

Before accepting any new customers, the SiRF Group uses a credit scoring system to assess the potential customer's credit quality and define credit limits by customer. Credit limits and credit quality are regularly reviewed.

It is the policy of the SiRF Group to only transact with creditworthy entities to mitigate the risk of default associated with trade receivables. The SiRF Group provides for trade receivables based on amounts estimated as irrecoverable determined by reference to past default experience.

Disclosures related to the credit risk associated with trade receivables are in note 19.

Liquidity risk management

The SiRF Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity of financial assets and liabilities. The SiRF Group had no significant borrowings from third parties at any reporting date and therefore liquidity risk is not considered a significant risk at this time. A maturity analysis of obligations under finance leases is included in note 21.

Fair value of financial instruments

The fair values of financial assets and liabilities are determined as follows:

Treasury deposits and investments, including long-term investments, include money market funds and marketable debt instruments (commercial paper and United States government treasury) which are considered to be available-for-sale and are recorded at fair value. The SiRF Group's money market funds are actively traded and reported daily through a variety of sources. The fair value of the SiRF Group's marketable debt instruments is calculated using a matrix-based approach by a third party pricing service. A computer-based model considers the instruments' days to final maturity and external credit rating in order to assign a current yield. An evaluated price is then calculated using that current yield. The following observable inputs are utilized as inputs into the daily matrix evaluations: maturity date, issue date, credit rating, settlement date, and interest rate. As at 27 December 2008, the marketable debt instruments are stated at amortised cost, which approximates fair value.

Notes receivable are classified as loans and receivables and are carried at amortised cost. In determining the fair value, the SiRF Group discounts the expected future cash flows of the individual loans through the estimated maturity using prevailing market rates as at the balance sheet date. For the note receivable associated with the potential target (see note 17 for additional information), the carrying amount was reduced to its estimated fair value as a result of impairment charges recorded during 2008. For the notes receivable associated with the disposition of Kisel (see note 35 for additional information), carrying value is considered to approximate fair value due to the relatively short-term nature of the notes, maturing in two and four years, and the fact that the notes bear interest at rates that do not differ significantly from market rates at the balance sheet date.

The investment in Kisel is an available-for-sale investment carried at fair value. Due to the short period between the disposal of the SiRF Group's 85 per cent. interest in Kisel and associated retention of the 15 per cent. investment and the end of the period, fair value is considered to approximate the value of the retained interest at the date of disposal (see note 35).

Trade receivables and trade payables: The carrying amount of these short-term financial instruments approximates their fair value.

The carrying amount of obligations under finance leases are considered to approximate fair value at each balance sheet date due to the minimal remaining term of the leases.

33 Related party transactions

Transactions between SiRF and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Certain customers and/or suppliers of the SiRF Group, who are also shareholders and/or have a board member, are considered as related parties. The SiRF Group entered into an agreement with Skyworks Solutions, Inc. ("Skyworks") to manufacture certain of its chip set products. One of the SiRF Group's board members, Moiz Beguwala, is also a board member of Skyworks. The SiRF Group made no purchases from Skyworks during 2008. During 2007 and 2006, the SiRF Group purchased an insignificant amount and $0.2 million, respectively, of product from Skyworks. The SiRF Group did not have any trade payables to Skyworks and did not have any non-cancellable purchase orders with Skyworks at any balance sheet date.

During 2006, the SiRF Group acquired TrueSpan Incorporated (see note 34). One of the SiRF Group's board members, Diosdado P. Banatao, is a founder of Tallwood Venture Capital ("Tallwood"), a venture capital firm focusing on semiconductor related technologies. Tallwood was an investor in TrueSpan and owned 4.0 million shares of preferred share capital at the time of acquisition. No preferential treatment was given to Tallwood as part of the acquisition, with the preferred shares owned by Tallwood being purchased at the same rate as other holders of preferred share capital.

During 2008, the SiRF Group sold 85 per cent. of its holding in Kisel Microelectronics AB ("Kisel"), see note 35. Subsequent to the sale, Kisel provided certain engineering services to the SiRF Group, which were immaterial in the period following disposal to 27 December 2008.

The remuneration of the key management personnel of the SiRF Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. The key management of the SiRF Group includes the SiRF Group's executive Chairman, Chief Executive Officer and Chief Financial Officer.

	Period ended 27 December 2008 $'000	*Year ended 31 December 2007 $'000*	*Year ended 31 December 2006 $'000*
Short term employee benefits	1,583	1,013	1,179
Share-based payments	4,926	1,592	1,312
	6,509	2,605	2,491

34 Acquisition of subsidiaries

TrueSpan Incorporated

On 14 March 2006, the SiRF Group acquired 100 per cent. of the issued share capital of TrueSpan, Inc. ("TrueSpan"), a development-stage company specialising in systems communication. The acquisition of TrueSpan was intended to add to the SiRF Group's systems expertise as the SiRF Group expands its offerings to include complex multi-function and location technology platform solutions. The aggregate purchase consideration for this acquisition was approximately $18.1 million, which includes direct transaction costs and excludes the fair value of assumed unvested TrueSpan share options, issuance of unvested restricted stock units and future contingent payments. The contingent payments were made to certain former TrueSpan employees contingent upon their continued employment with SiRF and did not exceed $3.0 million. These contingent payments resulted in compensation expense over the related two-year service period.

The total purchase price was allocated to the fair value of assets acquired and liabilities assumed as follows:

	Book value *$'000*	*Fair value adjustments* *$'000*	*Fair value* *$'000*
Property, plant and equipment	429	(228)	201
Acquired developed and core technology and IPR&D	—	13,900	13,900
Deferred tax	—	(1,794)	(1,794)
Cash and cash equivalents	914	—	914
Other current assets	201	—	201
Current liabilities	(871)	63	(808)
Net assets acquired	673	11,941	12,614
Aggregate purchase price			18,063
Allocation to goodwill			5,449
Satisfied by:			
Cash and cash equivalents			17,725
Directly attributable costs			338
			18,063
Net cash outflow arising on acquisition			
Cash consideration			(17,725)
Cash and cash equivalents acquired			914
Directly attributable costs			(338)
			(17,149)

The goodwill of $5.5 million arising on the acquisition of TrueSpan was attributable to the anticipated profitability resulting from the TrueSpan's Digital Video Broadcasting chip and its Radio Frequency chip. As of the acquisition date, TrueSpan was in the process of performing technology verification for these chips, which provided the capability for bringing broadcast services to handheld receivers and other platforms. At the time of acquisition, both chips were expected to be released in late 2007.

In connection with the TrueSpan acquisition, the SiRF Group issued 214,931 restricted stock units, which were contingent upon the continued employment of the recipients, with the contingency being released over four years. The SiRF Group also issued 53,791 restricted stock units, which were contingent upon the achievement of specified milestones and the continued employment of the recipients over a period of two years from the date of acquisition. The fair value of the restricted stock units is based upon the fair market value of SiRF's stock at the date of grant in accordance with IFRS 2. The fair value of the restricted stock units is being amortised as an expense over the service period. The SiRF Group was also required to pay up to $3.0 million in additional cash, which was contingent upon the achievement of specified milestones and the continued employment of the recipients over a period of two years from the date of acquisition. The expense associated with this cash award has been amortised as an expense over the service period.

Pro forma financial information for the TrueSpan acquisition has not been presented, as the effects were not material to the SiRF Group's historical consolidated financial statements.

Centrality Communications, Inc.

On 6 August 2007, the SiRF Group acquired 100 per cent. of the issued share capital of Centrality Communications, Inc. ("Centrality"), a developer of navigation processor solutions for portable navigation devices. Under the terms of the definitive agreement, the SiRF Group paid an aggregate of $109.9 million in cash and issued 5,992,159 shares in the SiRF Group in exchange for the issued share capital of Centrality. The SiRF Group also assumed certain equity awards that may be exercised for an aggregate of 2,097,310 of the SiRF Group's shares in exchange for outstanding share options in Centrality. Equity awards not assumed by the SiRF Group received a cash payment of $5.44 per share for an aggregate of $1.7 million in additional purchase consideration.

The total purchase price was allocated to the fair value of assets acquired and liabilities assumed as follows:

	Book value *$'000*	*Fair value adjustments* *$'000*	*Fair value* *$'000*
Property, plant and equipment	1,898	(501)	1,397
Acquired developed and core technology and IPR&D	—	54,770	54,770
Customer relationships	—	26,800	26,800
Non-compete agreements	—	4,240	4,240
Trademarks	—	4,100	4,100
Deferred tax	(258)	(15,559)	(15,817)
Cash and cash equivalents	9,916	—	9,916
Other current assets	4,768	2,075	6,843
Other non-current assets	215	—	215
Current liabilities	(9,124)	663	(8,461)
Non-current liabilities	(3,304)	(225)	(3,529)
Net assets acquired	4,111	76,363	80,474
Aggregate purchase price			248,105
Allocation to Goodwill			167,631
Satisfied by:			
Cash and cash equivalents			109,938
Directly attributable costs			1,611
Fair value of shares issued			112,832
Fair value of share options exchanged			35,592
Less: Unvested portion of the fair value of share options			(11,868)
			248,105
Net cash outflow arising on acquisition			
Cash consideration			(109,938)
Directly attributable costs			(1,611)
Cash and cash equivalents acquired			9,916
			(101,633)

The goodwill of $167.6 million arising on the acquisition of Centrality was attributable to the anticipated profitability resulting from Centrality's ability to deliver end-to-end multifunction location platforms employing system-on-chip technology to location enabled range of devices and services.

If the acquisition of Centrality had been completed on the first day of the financial year ended 31 December 2007, SiRF Group revenues for the year would have been $344.5 million and SiRF Group loss would have been $32.8 million. The amount of profit or loss attributable to Centrality included in the SiRF Group's profit or loss for the period since the date of acquisition is not known, as the operations of Centrality were integrated within the SiRF Group's existing business, and no individual results of Centrality were prepared subsequent to the acquisition date.

35 Disposal of subsidiary

On 24 November 2008, the SiRF Group entered into a share purchase agreement whereby it sold 85 per cent. of its shareholding in its Swedish subsidiary, Kisel Microelectronics AB ("Kisel") to certain former Kisel employees for an aggregate amount of $1.0 million in cash and $2.2 million in promissory notes. As Kisel's operations and cash flows cannot be clearly distinguished operationally or for financial reporting purposes, the sale did not meet the criteria of a discontinued operation in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations' and as such the historical results of Kisel are not separately disclosed for all periods.

The profit on disposal of the SiRF Group's 85 per cent. investment in Kisel is as follows:

	$'000
Property, plant and equipment	933
Cash and cash equivalents	1,112
Other current assets	1,162
Deferred revenue	(412)
Other current liabilities	(651)
Net assets at date of disposal	2,144
Cumulative translation difference transferred to profit or loss (see note 26)	122
Fair value of retained interest	(130)
SiRF Group's share in net assets disposed	2,136
Profit on disposal (see note 10)	914
Total consideration	3,050
Satisfied by:	
Cash consideration	999
Costs of disposal	(168)
Promissory notes receivable	2,219
	3,050
Net cash outflow arising on disposal	
Cash consideration received	999
Cash and cash equivalents disposed of	(1,112)
	(113)

The promissory notes receivable issued as consideration bear interest at a rate of 4 per cent. and the carrying values approximate fair value at the date of disposal of the investment. The promissory notes are due to be repaid with interest upon maturity in November 2011 and December 2013.

Following the disposal, the SiRF Group held a 15 per cent. investment in Kisel at a carrying value of $0.1 million, included within other long term assets.

36 Contingent liabilities

The SiRF Group may be subject to claims, legal actions and complaints, including patent infringement, arising in the normal course of business. The likelihood and ultimate outcome of such an occurrence is not presently determinable; however, there can be no assurance that the SiRF Group will not become involved in protracted litigation regarding alleged infringement of third party intellectual property rights or litigation to assert and protect the SiRF Group's patents or other intellectual property rights. Any litigation relating to patent infringement or other intellectual property matters could result in substantial cost and diversion of the SiRF Group's resources that could materially and adversely affect its business and operating results.

From time to time, the SiRF Group enters into types of contracts that contingently require it to indemnify parties against third party claims. These contracts primarily relate to: (i) real estate leases, under which the SiRF Group may be required to indemnify property owners for environmental and other liabilities, and other claims arising from use of the applicable premises; (ii) agreements with the SiRF Group's officers, directors and employees, under which the SiRF Group may be required to indemnify such persons from liabilities arising out of their employment relationship; and (iii) agreements with customers to purchase chip sets and to license the SiRF Group's IP core technology or embedded software, under which the SiRF Group may indemnify customers for intellectual property infringement claims, product liability claims or recall campaign claims related specifically to the SiRF Group's products. As for indemnifications related to intellectual property, these guarantees generally require the SiRF Group to compensate the other party for certain damages and costs incurred as a result of third party intellectual property claims alleged against the SiRF Group's products. Indemnifications related to product liability claims generally require the SiRF Group to compensate the other party for damages stemming from use of the SiRF Group's products.

Indemnifications related to recall campaigns generally require the SiRF Group to compensate the other party for costs related to the repair or replacement of defective products. The nature of the intellectual property indemnification, the product liability indemnification, and the recall campaign indemnification prevents the SiRF Group from making a reasonable estimate of the maximum potential amount it could be required to pay to its customers and suppliers in the event it is required to meet its contractual obligations. Historically, the SiRF Group has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations. The SiRF Group can provide no assurance as to the impact of the litigation on its customers and it may be subject to indemnification claims in the future. To date, the SiRF Group has not received any claims for indemnification with respect to the International Trade Commission ("ITC") Final Determination (as defined below). However, the SiRF Group has covered the litigation expenses related to the ITC investigation.

Patent disputes

On 15 December 2006, SiRF's subsidiary, SiRF Technology, Inc., filed a patent infringement complaint against Global Locate and its United States distributor, SBCG, Inc. d/b/a Innovation Sales Southern California, in the United States District Court for the Central District of California. The complaint alleged infringement by Global Locate and SBCG of four patents assigned to SiRF Technology and sought both monetary damages and an injunction to prevent further infringement. On 8 January 2007, Global Locate answered the aforementioned complaint and filed counterclaims alleging infringement by SiRF Technology of four patents and sought monetary damages and an injunction to prevent further alleged infringement. On 30 January 2007, Global Locate filed an amended answer with additional counterclaims alleging violations by SiRF Technology of the Sherman Antitrust Act and of the California Business and Professions Code. On 3 October 2007, the District Court stayed both parties' claims and counterclaims in their entirety pending resolution of the two ITC investigations described below.

Furthermore, on 8 February 2007, SiRF Technology filed a complaint under Section 337 of the Tariff Act of 1930, as amended, in the ITC, requesting that the ITC commence an investigation into the unlawful sale for importation into the United States, importation into the United States, and/or sale within the United States after importation, of certain GPS chips or chip sets, associated software, and systems made for or by or sold by or for Global Locate, and products containing the same. As a result, on 8 March 2007, the ITC instituted an action entitled "In the Matter of Certain GPS Chips, Associated Software and Systems, and Products Containing Same," ITC Investigation No. 337-TA-596. During the third quarter of 2007, Global Locate was acquired by Broadcom. Broadcom subsequently was added as an additional respondent to the investigation. A hearing was held from 13 March 2008 to 19 March 2008, and the Administrative Law Judge's, ("ALJ's"), Final Initial and Recommended Determination ("ID"), was filed on 13 June 2008. The ID upheld the validity of SiRF's U.S. patent No. 6,304,216, but found Broadcom did not infringe the patent. The ID further found SiRF's U.S. patent No. 7,043,363 invalid and not infringed. On 27 June 2008, the parties submitted to the ITC Petitions for Review of the ID. On 14 August 2008, a Notice of Commission Decision Not to Review a Final Determination Finding No Violation of Section 337 was issued, whereby the ITC determined not to review the ID. On 13 October 2008, SiRF Technology filed a Notice of Appeal with the United States Court of Appeals for the Federal Circuit, appealing the ITC's decision and all underlying orders, rulings, and findings, including the ID. On 24 March 2009, SiRF Technology filed an uncontested request to withdraw the appeal, and, on 25 March 2009, the Federal Circuit granted SiRF Technology's request and ordered the appeal withdrawn.

Also, on 2 April 2007, Global Locate filed a complaint under Section 337, requesting that the ITC commence an investigation, or the Investigation, of certain GPS devices and products made for, by, or sold by or for SiRF Technology and the customers named in the investigation, E-TEN Information Systems Co., Ltd., Mio Technology Ltd, USA, MiTAC International Corp. and Pharos Science & Applications, Inc. ("the Named Respondents"). As a result, on 7 May 2007, the ITC instituted an action titled "In the Matter of Certain GPS Devices and Products Containing Same," ITC Investigation No. 337-TA-602. Upon its acquisition of Global Locate, Broadcom was subsequently added as an additional complainant to the Investigation. The ITC hearing commenced on 28 April 2008 and ended on 13 May 2008.

On 8 August 2008, the ALJ issued a Notice regarding the Initial Determination in this matter. This Notice contained conclusions of law that all six of the asserted Broadcom patents (1) had an existing domestic industry, (2) were valid, and (3) were infringed by certain of SiRF Technology's products. On 22 August 2008, the ALJ issued a Recommended Determination on Remedy and Bonding in this matter, which recommended to the ITC that, if a violation of Section 337 has occurred (1) those of SiRF Technology's products that are accused products in the Investigation, if found to infringe a patent at issue in the Investigation, should be excluded from the United States, (2) a Limited Exclusion Order should be issued prohibiting the importation into the United States of products containing any of such SiRF Technology's products (i.e., "downstream" products) that may be found to infringe, and (3) Cease and Desist Orders should be issued prohibiting SiRF Technology and the United States Named Respondents from importing or selling in the United States those of SiRF Technology's products that may be found to infringe any asserted patent. On 25 August 2008, SiRF Technology filed a Petition to Review the Initial Determination with the ITC. In addition to SiRF Technology's Petition, the ITC's Office of Unfair Import Investigations also independently filed a Petition for Review of the Initial Determination.

On 9 October 2008, the ITC issued a Notice indicating that it had determined to review in part the Initial Determination. Specifically, the ITC determined to review (1) the ALJ's finding that Global Locate has standing to assert U.S. Patent No. 6,606,346, a patent that was asserted by Global Locate against a low-volume SiRF Technology hardware product that does not impact SiRFStarII, SiRFStarIII or SoC portfolio; (2) the ALJ's finding that SiRF Technology directly infringes claim 1 of U.S. Patent No. 6,704,651 (asserted against certain SiRF Technology software) through its commercial activities; and (3) the ALJ's finding that SiRF Technology directly infringes claim 1 of U.S. Patent No. 6,651,000 (also asserted against certain SiRF Technology software) through its commercial activities. Since the date of the initial determination and before the final determination, SiRF Technology released new versions of its software. The ITC determined not to review the remaining issues presented by SiRF Technology and by the Office of Unfair Import Investigations in their respective Petitions for Review, including issues related to the ALJ's finding of infringement of U.S. Patent Nos. 6,417,801, 6,937,187, and 7,158,080 (each of which was also asserted against certain SiRF Technology software); the ALJ had found that each of those patents was infringed by SiRF Technology's commercial activities. With respect to the scope of remedy, the United States Court of Appeals for the Federal Circuit on 14 October 2008 in Kyocera Wireless Corp. v. ITC held that the ITC has no statutory authority to issue a Limited Exclusion Order against downstream products of parties who are not named as respondents in an ITC case. The vast majority of SiRF Technology's customers were not named as respondents in Broadcom's ITC case against SiRF Technology. In view of Kyocera Wireless Corp. v. ITC, and because the ALJ had not yet issued a public version of the Recommended Determination on Remedy and Bonding, on 21 October 2008, the ITC extended the deadline for submissions on remedy, the public interest, and bonding until 27 October 2008 and extended the target date of the Investigation by 30 days, until 8 January 2009.

The ITC issued its Final Determination on 15 January 2009. The ITC modified certain of the ALJ's findings, but determined on the basis of its modified findings that Global Locate has standing to assert U.S. Patent No. 6,606,346 and that SiRF Technology directly infringes U.S. Patent No. 6,704,651 and U.S. Patent No. 6,651,000 through its commercial activities. The ITC issued a Limited Exclusion Order against the Named Respondents. The ITC also issued Cease and Desist Orders against SiRF Technology and the United States Named Respondents. In light of Kyocera Wireless, the ITC determined to limit the scope of the Limited Exclusion Order to products that are manufactured abroad or imported by, or on behalf of, the Named Respondents and that are covered by the asserted patent claims, and the ITC denied Global Locate's request to extend the Exclusion Order to "downstream" articles of non-respondents that incorporate such covered products. The Limited Exclusion Order prohibits SiRF Technology from the unlicensed entry of the infringing products into the United States by or on behalf of SiRF or Named Respondents. The ITC issued Cease and Desist Orders prohibiting the Group and the United States Named Respondents from importing or selling in the United States and of SiRF Technology's products that may be found to infringe any asserted patent. In 2008, the Named Respondents collectively represented approximately 7 per cent. of SiRF's net revenues. In the first quarter of 2009, the Named Respondents collectively represented approximately 2 per cent. of SiRF's net revenues. On 27 May 2009, SiRF

received a letter from one of the Named Respondents seeking compensation from SiRF for approximately $10.3 million in alleged losses and damages it claims to have sustained as a result of the limited exclusion order. While SiRF does not believe that such alleged losses or damages are payable by SiRF, SiRF intends to pursue an amicable resolution of the claim with the customer.

The Limited Exclusion Order and the Cease and Desist Orders (together the "Orders"), provided that, subject to posting a bond in the amount of 100 per cent. of the imported value per unit for covered products, SiRF Technology could continue any conduct prohibited by the Orders during the 60-day Presidential review period, during which the ITC's determination is subject to review by the United States Trade Representative as delegated by the President of the United States. The President, acting through the United States Trade Representative, did not find any compelling circumstances to disapprove the Orders, and the 60-day Presidential review period therefore expired on 16 March 2009. On 1 May 2009, SiRF Technology filed its opening appeal brief in the United States Court of Appeals for the Federal Circuit and is seeking review of the ITC's orders and determinations in this Investigation.

On 14 May 2008, Broadcom filed a patent infringement complaint against SiRF Technology in the United States District Court for the Central District of California. The complaint alleges infringement of four patents purportedly assigned to Broadcom and seeks both monetary damages and an injunction. On 4 June 2008, SiRF Technology answered the aforementioned complaint and filed counterclaims seeking declaratory judgment of non-infringement and invalidity of all four patents. In addition, SiRF Technology has filed with the U.S. Patent and Trademark Office a Request for Ex-Parte Re-examination of each of the four patents. Through SiRF Technology's Re-examination Requests and questions of patentability raised by prior art that may not have been previously considered in full by the U.S. Patent and Trademark Office, SiRF Technology has sought review and invalidation of all four of the Broadcom patents-in-suit. The U.S. Patent and Trademark Office granted each of SiRF Technology's requests for re-examination with respect to the four patents and has ordered their re-examination. In the first preliminary Office Action, dated 5 March 2009, the US Patent Office rejected all 33 claims of one of the four patents. On 6 May 2009, Broadcom added 50 new proposed claims to this patent. The Patent Office has not yet issued a determination on those claims. In a second preliminary Office Action, dated 24 April 2009, the US Patent Office confirmed six claims and rejected the other 16 claims of a second patent on the basis of non-statutory obviousness-type double-patenting. In a notice dated 8 May 2009, the US Patent Office stated that Broadcom had filed an approved terminal disclaimer and that all claims of this patent were therefore confirmed. In an Office Action dated 4 May 2009, the US Patent Office confirmed all claims of a third patent. Finally, in a fourth preliminary Office Action, mailed on 15 May 2009, the Patent Office rejected all claims of the fourth patent asserted by Broadcom. On 15 September 2008, the Honourable James V. Selna denied SiRF Technology's motion to stay proceedings in the district court action pending the outcome of re-examination, without prejudice to any subsequent motion to stay proceedings. The case has been scheduled for trial in November 2010. This litigation is in its early stages and, based on SiRF's analysis of the facts of the case to date, SiRF believes the likelihood that a loss may have been incurred is remote. No assurance can be made that Broadcom will not seek to commence additional litigation against SiRF Technology, or that the pending litigation with Broadcom will not have a material adverse effect on its business.

Other class actions

In February 2008, multiple putative class action lawsuits were filed in the United States District Court for the Northern District of California against SiRF and certain of its officers and directors (including the Proposed Directors). These complaints allege that SiRF, and certain of its officers and directors, made misleading statements and/or omissions relating to its business and operating results in violation of the federal securities laws. These cases have been consolidated and a consolidated amended complaint was filed on 28 July 2008. On 26 September 2008, SiRF filed a motion to dismiss all claims asserted in the consolidated amended complaint. The motion has been fully briefed.

In February 2008, two shareholder derivative lawsuits were filed in the Superior Court of the State of California, Santa Clara County, against certain of SiRF's officers and directors. These complaints allege breach of fiduciary duties, waste of corporate assets, unjust enrichment and violations of the California Corporations Code. These cases were consolidated, and an amended complaint was filed on 18 November

2008. On 21 January 2009, the parties submitted a stipulation to the court adjourning defendants' response to the derivative litigation pending resolution of SiRF's motion to dismiss the securities litigation pending in the Northern District of California.

On 13 February 2009, a complaint regarding a purported class action lawsuit, Diaz v. Banatao, et al., was filed in the Superior Court of California, Santa Clara County, against SiRF and SiRF's Board (including the Proposed Directors) in connection with that certain Merger Agreement. The complaint alleges, among other things, that (1) SiRF's Board violated its fiduciary duties to SiRF's shareholders by approving the Merger and certain terms set forth in Section 5.4 of the Merger Agreement related to SiRF's ability to solicit, consider or accept alternative proposals, (2) SiRF aided and abetted the SiRF Board's alleged breach of fiduciary duty and (3) the merger consideration is unfair for reasons including, but not limited to, a temporarily low share price and that the book value of a share allegedly exceeds the merger consideration per share. The complaint seeks, among other things, an injunction prohibiting SiRF and CSR from consummating the Merger, rescission of the Merger if the Merger is consummated prior to the entry of final judgment by the court, an accounting by the defendants to the plaintiffs for all damages caused by them and an accounting for all profits and any special benefits obtained by the defendants as a result of any breach of fiduciary duty and attorneys' fees and expenses.

On 20 February 2009, a complaint regarding a purported class action lawsuit, Reich v. SiRF Technology Holdings, Inc. et al., was filed in the Superior Court of California, Santa Clara County, against SiRF and SiRF's Board in connection with the Merger Agreement. The complaint alleges that, in approving the Merger, SiRF's Board (including the Proposed Directors) breached their fiduciary duties of loyalty, good faith, due care and disclosure by, among other things, (i) agreeing to sell SiRF without first taking steps to ensure that SiRF shareholders would obtain adequate, fair, and maximum consideration under the circumstances and (ii) engineering the Merger to benefit themselves and/or CSR without regard for SiRF shareholders. The complaint further alleges that SiRF aided and abetted SiRF's Boards' breaches of fiduciary duty. The complaint seeks, among other things, to enjoin the Merger, to compel SiRF's Board to properly exercise their fiduciary duties to the SiRF shareholders, to impose a constructive trust, in favour of the plaintiffs, upon any benefits improperly received by SiRF's Board as a result of their wrongful conduct and to award the plaintiffs the costs and disbursements of the class action, including reasonable attorneys' and experts' fees.

On 27 February 2009, plaintiffs in the above-referenced derivative litigation filed an amended, consolidated complaint, which added a purported class action claim against SiRF and SiRF's Board in connection with the Merger Agreement. The class action allegations asserted in the consolidated amended complaint are substantially similar to the allegations set forth in the Diaz and Reich actions, although the class action allegations asserted in the consolidated amended complaint contain the additional allegation that SiRF entered into the Merger Agreement for the purpose of evading alleged liability relating to the derivative claims. Plaintiffs also seek to compel certain changes in the Group's corporate governance.

On 27 March 2009, the court ordered the Diaz and Reich actions consolidated with the shareholder derivative lawsuit, and affirmed its prior appointment of co-lead plaintiffs' counsel in the consolidated action. The court further directed plaintiffs to submit a second amended consolidated compliant within 45 days of its order of consolidation. On 22 May 2009, SiRF, the other named defendants and the plaintiffs in this consolidated action executed a memorandum of understanding to settle this consolidated action. The settlement, which remains subject to negotiation of final documentation, confirmatory discovery, court approval, final SiRF Board approval and consummation of the transactions contemplated by the Merger Agreement, provides that the litigation will be dismissed with prejudice with respect to all defendants. While SiRF and the other defendants to this litigation denied and continue to deny that they committed or intended to commit any violations of law or breaches of duty to SiRF or its stockholders or otherwise, SiRF has agreed, pursuant to the settlement, to make certain supplemental disclosures concerning the Merger in the Proxy Statement/Prospectus. In addition, the settlement provides that SiRF will pay plaintiffs' attorneys fees and expenses, as awarded by the court, in an amount not to exceed $385,000. Although SiRF believes that the additional disclosure is not required under applicable law, SiRF agreed to settle the litigation in order to avoid costly litigation and eliminate the risk of any delay to the closing of the Merger.

The outcome of any litigation is uncertain and either favourable or unfavourable outcomes could have a material impact. If infringement claims are brought against the Group, these assertions could distract the SiRF Group's management and necessitate the SiRF Group's expenditure of potentially significant funds and resources to defend or settle such claims. The SiRF Group cannot be certain that it will have the financial resources to defend itself against any patent or other intellectual property litigation. If the SiRF Group is unsuccessful in any challenge to its rights to market and sell its products, the SiRF Group may, among other things, be required to:

- pay actual damages, royalties, lost profits and/or increased damages and the third party's attorneys' fees, which may be substantial;
- cease the development, manufacture, use and/or sale of products that use the intellectual property in question through a court-imposed sanction called an injunction;
- expense significant resources to modify or redesign its products, manufacturing processes or other technology so that it does not infringe others' intellectual property rights or to develop or acquire non-infringing technology, which may not be possible; or
- obtain licenses to the disputed rights, which could require the SiRF Group to pay substantial upfront fees and future royalty payments and may not be available to it on acceptable terms, if at all, or to cease marketing the challenged products.

Before the SiRF Group could be successful in defending an infringement claim, the SiRF Group's customers may already be reluctant to include the SiRF Group on their future product design. Therefore, even if the SiRF Group is successful in defending an infringement claim, negative publicity could already have a material adverse effect on its business in addition to the expense, time delay, and burden on management of litigation.

No provision has been made in these financial statements as the Directors do not consider that there is any probable material financial loss arising from damages, royalties or third party attorney fees related to the infringement claim.

37 Events after the balance sheet date

SiRF is a party to certain material legal proceedings (see note 36).

On 9 February 2009, the Target (see note 17) settled the note receivable with the SiRF Group and entered into a contingent loan assignment and assumption agreement with the borrower and a third party for the assignment by the SiRF Group of the note receivable which had an outstanding balance of $13.5 million. Under the terms of the loan assignment and assumption agreement, in the event of a change of control of the borrower with the third party, on or before 24 July 2009, the SiRF Group will receive $9.0 million plus interest from 31 January 2009. On 24 February 2009, the SiRF Group received $9.0 million, plus interest from 31 January 2009 as payment in full under the contingent loan assignment and assumption agreement. In accordance with IAS 10 'Events After The Reporting Period', the settlement has been treated as a non-adjusting post balance sheet event.

On 9 February 2009, SiRF entered into Agreement and Plan of Merger, or the Merger Agreement, with CSR plc ("CSR") and Shannon Acquisition Sub, Inc. Pursuant to the Merger Agreement and subject to the conditions set forth therein, Shannon Acquisition Sub, Inc. will merge with and into the SiRF Group, with the SiRF Group surviving as a wholly-owned subsidiary of CSR ("the Merger").

As a result of the Merger, subject to certain exceptions, (i) each issued and outstanding share of the SiRF Group's share capital will be converted into the right to receive 0.741, of a fully paid ordinary share of CSR, subject to anti-dilution adjustments, or the Exchange Ratio, (ii) each issued and outstanding option to acquire shares of the SiRF Group's share capital issued under any of the SiRF Group's equity compensation plans, whether vested or unvested, will be converted into an option (A) exercisable for that number of CSR's ordinary shares equal to the product of (x) the aggregate number of shares of the SiRF Group's share capital for which such option was exercisable multiplied by (y) the

Exchange Ratio, rounded down to the nearest whole share, and (B) with an exercise price per share equal to (x) the aggregate exercise price of such option divided by (y) the number of CSR's ordinary shares for which such converted stock option shall be exercisable; and (iii) each issued and outstanding restricted stock unit with respect to shares of the SiRF Group's share capital granted pursuant to any of the SiRF Group's equity compensation plans, whether vested or unvested, will be converted into a restricted stock unit, on the same terms and conditions (including applicable vesting requirements and deferral provisions) as applied to each such restricted stock unit, with respect to the number of CSR's ordinary shares that is equal to the number of shares of the SiRF Group's share capital subject to the restricted stock unit multiplied by the Exchange Ratio (rounded to the nearest whole share). Holders of shares in the SiRF Group prior to the Merger will receive cash in the Merger in lieu of fractional ordinary shares of CSR.

Based on the closing stock price for CSR on 9 February 2009, this consideration would be equivalent to $2.06 worth of CSR ordinary shares for each share in the SiRF Group, representing a total consideration of $136 million. This represents a premium to the SiRF Group's shareholders of approximately 91 per cent. over the SiRF Group's closing share price on 9 February 2009. Upon the closing of the transaction, the SiRF Group's shareholders are expected to own approximately 27 per cent. and CSR shareholders are expected to own approximately 73 per cent. of the combined group.

The completion of the Merger is subject to certain conditions, including, among others: (i) adoption of the Merger Agreement by the SiRF Group's shareholders; (ii) approval of the transactions contemplated by the Merger Agreement by CSR's shareholders; (iii) effectiveness of admission of CSR's ordinary shares to be issued to the SiRF Group's shareholders to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange's main market for listed securities, subject only to allotment; (iv) expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (v) absence of laws, orders, judgments and injunctions that restrain, enjoin or otherwise prohibit consummation of the Merger; and (vi) effectiveness under the Securities Act of 1933 of the registration statement relating to the CSR ordinary shares to be issued to the SiRF Group's shareholders and absence of any stop order in respect thereof or proceedings by the SEC for that purpose.

The Merger Agreement contains specified termination rights for the parties. The SiRF Group would be required to pay CSR a termination fee of $3.66 million if: (i) the Merger Agreement is terminated in certain circumstances where the SiRF Group receives a proposal to acquire the SiRF Group that the SiRF Group's board of directors determines is a Superior Proposal (as defined in the Merger Agreement); (ii) the SiRF Group's board of directors withdraws, modifies or amends its recommendation to approve the Merger in any manner adverse to CSR; provided that such withdrawal, modification or amendment was not based on facts that, were the Merger to be consummated on the date of such withdrawal, modification or amendment, would result in CSR's representations and warranties not being accurate and which inaccuracies would reasonably be expected to have, individually or in the aggregate, a material adverse effect with respect to CSR; or (iii) (A) a proposal to acquire the SiRF Group has been publicly made or proposed to the SiRF Group's stockholders or otherwise publicly announced (whether or not conditional) and not withdrawn; (B) the Merger Agreement is terminated due to the failure of the SiRF Group's shareholders to adopt the Merger Agreement; and (C) within six months following such termination, the SiRF Group enters into a contract providing for the implementation of a proposal to acquire the SiRF Group (which proposal is ultimately consummated) or consummates any such proposal, whether or not such proposal was the same takeover proposal referred to in clause (A). CSR would be required to pay the SiRF Group a termination fee of $3.66 million if the Merger Agreement is terminated by the SiRF Group because CSR's board of directors withdraws, modifies or amends its recommendation to approve the Merger in any manner adverse to the SiRF Group; provided that such withdrawal, modification or amendment was not based on facts that, were the Merger to be consummated on the date of such withdrawal, modification or amendment, would result in the SiRF Group's representations and warranties not being accurate and which inaccuracies would reasonably be expected to have, individually or in aggregate, a material adverse effect with respect to the SiRF Group.

Following the completion of the Merger, it is currently anticipated that CSR's board of directors will be expanded to add two members from the SiRF Group's Board of Directors, Diosdado Banatao and Kanwar Chadha. Joep van Beurden, CSR's current Chief Executive Officer, will lead the combined company as Chief Executive Officer with the remaining leadership to be comprised of executives from both the SiRF Group and CSR. The combined company will be headquartered in Cambridge (United Kingdom), and the SiRF Group's San Jose, California headquarters will become the headquarters for CSR's U.S. operations.

38 Explanation of transition to IFRS

This is the first year that SiRF has presented its financial statements under IFRS. The following disclosures are required in the first set of financial statements under IFRS. The last financial statements under US GAAP were for the period ended 27 December 2008. The date of transition to IFRS for these financial statements is 1 January 2006.

Reconciliation of equity at 1 January 2006 (date of transition to IFRS)

	Notes	*US GAAP $'000*	*Effect of transition to IFRS $'000*	*IFRS $'000*
Non-current assets				
Goodwill		53,790	—	53,790
Other intangible assets		23,865	—	23,865
Property, plant and equipment		9,063	—	9,063
Notes receivable and long-term investments		20,844	—	20,844
Other long term assets		1,409	—	1,409
Deferred tax asset	1,2,3	12,347	39,230	51,577
		121,318	39,230	160,548
Current assets				
Inventory		13,567	—	13,567
Trade and other receivables		17,493	—	17,493
Deferred tax asset	3	15,495	(15,495)	—
Treasury deposits and investments		34,060	—	34,060
Cash and cash equivalents		83,882	—	83,882
		164,497	(15,495)	149,002
Total assets		285,815	23,735	309,550
Current liabilities				
Trade and other payables	1	21,057	796	21,853
Obligations under finance leases		14	—	14
Provisions		79	—	79
Deferred revenue and deferred margin		1,221	—	1,221
		22,371	796	23,167
Net current assets		142,126	(16,291)	125,835
Non-current liabilities				
Deferred tax liability		169	—	169
Long-term trade and other payables		439	—	439
		608	—	608
Total liabilities		22,979	796	23,775
Net assets		262,836	22,939	285,775

	Notes	*US GAAP $'000*	*Effect of transition to IFRS $'000*	*IFRS $'000*
Equity				
Share capital		5	—	5
Share premium account and other reserves	2	293,441	23,574	317,015
Retained earnings	1,2	(30,610)	(635)	(31,245)
Total equity		262,836	22,939	285,775

Notes to the reconciliation of equity at 1 January 2006

1 ***Provisions***

The SiRF Group adopted EITF 06-02, "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43," on 1 January 2007, and recorded a cumulative retained earnings charge of $0.7 million as of that date related to accruals for sabbatical leave. Under IFRS, these costs would have been accrued for previously, and as such, an adjustment to the 2006 brought forward retained earnings of $0.5 million (adjustment to trade and other payables of $0.8 million less deferred tax asset of $0.3 million) would be required.

2 ***Taxation on share options***

Under US GAAP, deferred taxes associated with deductible share based payment awards are computed on the basis of the cumulative expense recognised and adjusted up or down when the tax benefit is realised, which is typically when the options are exercised. Where the tax benefit exceeds the cumulative compensation expense recognised the excess is recognised directly in equity.

Under IFRS, deferred tax is computed on the basis of the expected tax deduction under applicable tax law. Where the tax deduction is based on intrinsic value, the deferred tax asset is computed using the intrinsic value on the balance sheet date and adjusted for changes in the entity's share price on each balance sheet date until exercised. A deferred tax asset is recognised to the extent the asset is considered recoverable. If the amount of the estimated future tax deduction exceeds the amount of the related cumulative compensation expense, the excess of the associated deferred tax is recognised directly in equity. If a decline in the expected tax deduction occurs, the deferred tax asset is reversed to the income statement or equity, or both, as appropriate, depending on how the asset was originally recorded.

As of 1 January 2006, the gross deferred tax asset recorded under US GAAP was less than that required under IFRS as a result of the significant intrinsic value of the share awards at that date and as such an adjustment to increase the deferred tax asset by $23.5 million would be required with a decrease in retained earnings of $0.1 million and an increase in share premium of $23.6 million.

3 ***Deferred tax assets***

Under US GAAP, deferred tax assets are presented between current and non-current deferred tax assets. Under IFRS, all deferred tax assets are presented as non-current deferred tax assets. As of 1 January 2006, a re- presentation of $15.5 million is required.

Reconciliation of equity at 27 December 2008 and income for 2008 (date of last US GAAP financial statements)

		Effect of transition to IFRS						
	US GAAP (a) $'000	*Share-based compen-sation (b) $'000*	*Business combina-tions (c) $'000*		*Restru-cturing (d) $'000*	*Impair-ment (e) $'000*	*Reclassi-fications (f) $'000*		*IFRS $'000*
Non-current assets									
Goodwill	—	—	15,386	(v)	—	(15,386)	—		—
Other intangible assets	21,602	—	16,506	(i)	—	(37,863)	5,298	(i)	5,543
Property, plant and equipment	13,637	—	—		—	—	(5,298)	(i)	8,339
Notes receivable	3,919	—	—		—	—	—		3,919
Other long term assets	688	—	—		—	—	—		688
Deferred tax asset	2,837	—	—		—	—	22	(ii)	2,859
Total non-current assets	42,683	—	31,892		—	(53,249)	22		21,348
Current assets									
Inventory	16,372	—	—		—	—	—		16,372
Trade and other receivables	16,329	—	—		—	—	4,153	(iii)	20,482
Treasury deposits and investments	—	—	—		—	—	29,950	(iv)	29,950
Marketable securities	29,950	—	—		—	—	(29,950)	(iv)	—
Cash and cash equivalents	85,840	—	—		—	—	—		85,840
Prepaid and other current assets	4,153	—	—		—	—	(4,153)	(iii)	—
Deferred tax asset	22	—	—		—	—	(22)	(ii)	—
Total current assets	152,666	—	—		—	—	(22)		152,644
Total assets	195,349	—	31,892		—	(53,249)	—		173,992

			Effect of transition to IFRS							
	US GAAP (a) $'000		*Share-based compen-sation (b) $'000*	*Business combina-tions (c) $'000*		*Restru-cturing (d) $'000*	*Impair-ment (e) $'000*	*Reclassi-fications (f) $'000*		*IFRS $'000*
Current liabilities										
Trade and other payables	15,038		—	—		301	—	17,301	(v)	32,640
Current tax liabilities	—		—	—		—	—	2,969	(vii)	2,969
Deferred margin on shipments to distributors	1,714		—	—		—	—	(1,714)	(x)	—
Deferred revenue	1,368		—	—		—	—	1,714	(x)	3,082
Provisions	—		—	—		—	—	79	(vi)	79
Other current liabilities	17,327	(i)	—	—		—	—	(17,327)	(v) (vi)	—
Total current liabilities	35,447		—	—		301	—	3,022		38,770
Net current assets	117,219		—	—		(301)	—	(3,044)		113,874
Non-current liabilities										
Deferred tax liability	165		—	5,145	(i)	—	(5,145)	—		165
Long-term income taxes payable	3,022		—	—		—	—	(3,022)	(vii)	—
Long-term provisions	1,695		—	—		—	—	—		1,695
Total non-current liabilities	4,882		—	5,145		—	(5,145)	(3,022)		1,860
Total liabilities	40,329		—	5,145		301	(5,145)	—		40,630
Net assets	155,020		—	26,747		(301)	(48,104)	—		133,362
Equity										
Share capital	6		—	—		—	—	—		6
Share premium and other reserves	593,371		21,620	(2,577) (iii) 9,463	(iv)	—	—	—		621,877
Retained earnings	(438,357)		(21,620)	19,861		(301)	(48,104)	—		(488,521)
Total equity	155,020		—	26,747		(301)	(48,104)	—		133,362

			Effect of transition to IFRS								
	US GAAP (a) $'000		*Share-based compen-sation (b) $'000*		*Business combina-tions (c) $'000*		*Restru-cturing (d) $'000*	*Impair-ment (e) $'000*	*Reclassi-fications (f) $'000*		*IFRS $'000*
Revenue	232,452		—		—		—	—	—		232,452
Cost of sales	(147,994)	(ii)	56	(i)	—		—	—	—		(147,938)
Gross profit	84,458		56		—		—	—	—		84,514
Research and development expenses:											
Other R&D	(108,710)		827	(i)	—		—	—	2,438	(i)	(105,445)
Amortisation of intangible assets	(7,174)		—		(5,792) 300	(i) (ii)	—	—	(2,438)	(i)	(15,104)
Total R&D	(115,884)		827		(5,492)		—	—	—		(120,549)
Sales, marketing and administrative expenses											
Other SG&A expenses	(76,465)		582	(i)	—		—	—	—		(75,883)
Asset impairment	(246,124)	(iii)	—		400	(ii)	—	(53,249)	(1,580)	(viii)	(300,553)
Restructuring	(3,324)		—		—		(301)	—	1,580	(viii)	(2,045)
Total SG&A	(325,913)		582		400		(301)	(53,249)	—		(378,481)
Operating loss	(357,339)		1,465		(5,092)		(301)	(53,249)	—		(414,516)
Investment income	3,031		—		—		—	—	—		3,031
Finance costs	—		—		—		—	—	(807)	(ix)	(807)
Note receivable impairment	(11,800)		—		—		—	—	—		(11,800)
Other income (loss), net	6,052	(iv)	—		—		—	—	807	(ix)	6,859
Loss before tax	(360,056)		1,465		(5,092)		(301)	(53,249)	—		(417,233)
					2,397 (193)	(i) (ii)					
Tax	(38,917)		7,252	(ii)	(1,493)	(iv)	—	5,145	—		(25,809)
Loss for the period	(398,973)		8,717		(4,381)		(301)	(48,104)	—		(443,042)

The consolidated cash flow statement for the period ended 27 December 2008 has been adjusted for the following:

i. $2.8 million of cash inflows associated with interest received have been reclassified from cash flows from operating activities to cash flows from investing activities to conform with CSR's IFRS accounting policy to present such cash receipts within investing activities. Under US GAAP, interest received must be included within cash flows from operating activities.

ii. $0.6 million of cash inflows associated with the gross excess tax benefit received from share based payment awards have been reclassified from cash flows from financing activities to cash flows from operating activities to conform with CSR's accounting policy to present such cash receipts within operating activities. Under US GAAP, such amounts must be included within cash flows from financing activities.

Notes to the reconciliation of income for the period ended 27 December 2008 and equity at 27 December 2008 (date of last US GAAP financial statements)

(a) The historical financial information of the SiRF Group has been extracted from the consolidated balance sheet as at 27 December 2008 and the consolidated statement of operations for the period ended 27 December 2008 under US GAAP as filed in form 10-K on 2 March 2009, except certain items have been aggregated as follows:

i. Represents the aggregation of accrued payroll and related benefits, other accrued liabilities, advance contract billings, and rebates payable to customers.

ii. Represents the aggregation of cost of product revenue, amortisation of acquisition-related intangible assets, and acquisition-related intangible asset impairment within cost of sales.

iii. Represents the aggregation of goodwill impairment and acquisition-related intangible asset impairment within operating expenses.

iv. Represents the aggregation of other expense, net, gain on divestiture, and release of escrow funds.

(b) Adjustments to record the SiRF Group's share based compensation plans under IFRS include the following:

i. Timing of recognition - Under US GAAP, the SiRF Group recognised the fair value of certain share-based awards over the vesting period on a straight line basis. Under IFRS, for share-based awards with graded vesting (i.e. those where the awards vest in instalments), each separately vesting portion of the award is accounted for as a separate grant with a different vesting period. This results in compensation cost being recognised on an accelerated basis compared to the straight line method. As a result of additional share based compensation expense recognised in earlier periods under IFRS on grants occurring in previous years, a reduction in share based compensation expense of $1.5 million has been recognised.

ii. Taxation – Under US GAAP, deferred taxes associated with deductible share based payment awards are computed on the basis of the cumulative expense recognised and adjusted up or down when the tax benefit or deficit is realized. Under IFRS, deferred tax is computed on the basis of the expected tax deduction under applicable tax law. Where the tax deduction is based on intrinsic value, the deferred tax asset is computed using the intrinsic value on the balance sheet date and adjusted for changes in the entity's share price on each balance sheet date until exercised.

As of 1 January 2008 the gross deferred tax asset recorded under US GAAP was greater than that under IFRS. However, as of 27 December 2008 the SiRF Group concluded that no deferred tax assets should be recognised associated with deductible share based payment awards under US GAAP or IFRS because it was not more likely than not that the amounts would be realised. As a result, the deferred tax expense recorded under US GAAP for the period ended 27 December 2008 was $7.2 million higher under US GAAP than IFRS.

(c) Adjustments related to previous acquisitions of the SiRF Group (Centrality in August 2007 and TrueSpan in March 2006) under IFRS include the following:

i. Acquired in-process research and development (IPR&D) – In accordance with US GAAP, if the definition of an intangible asset is met, IPR&D is recognised as an intangible asset at fair value, and is then immediately charged to expense unless there is an alternative future use for the project. Under IFRS, if the definition of an intangible asset is met, IPR&D is recognised as an intangible asset at fair value and amortised over its estimated useful life. Acquired IPR&D of $13.9 million and $13.9 million were recognised by the SiRF Group related to the acquisitions of Centrality and TrueSpan, respectively, with estimated useful lives of 4 years and 6 years, respectively. Under US GAAP IPR&D expense was recorded in the years of acquisition in the amounts of $13.9 million and $13.3 million, respectively. The differential of $0.6 million between the expense previously recorded in connection with the TrueSpan acquisition and the value of the IPR&D asset now recognised under IFRS is as a result of the previous allocation under US GAAP of excess fair value of net assets acquired over the purchase price as of the date of acquisition.

As of 27 December 2008, $16.5 million of IPR&D assets remain after reduction for subsequent amortisation, including $5.8 million of amortisation expense during the period then ended. Refer to (e) below for discussion of impairment charges recorded on intangible assets during the period.

In addition, under US GAAP, deferred tax liabilities are not recorded for acquired IPR&D, whereas under IFRS a deferred tax liability is established in purchase accounting along with the related IPR&D asset, which has resulted in an addition to the goodwill recorded on the transaction of $9.5 million. As of 27 December 2008, the remaining deferred tax liability associated with the IPR&D assets, prior to reviews for impairment under IFRS as discussed in (e) below, totalled $5.1 million, and deferred tax benefit recorded during the period under IFRS was $2.4 million, representing the impact of current period amortisation.

ii. Under US GAAP, the SiRF Group concluded that the TrueSpan acquisition did not meet the criteria to be accounted for as an acquisition of a "business", as TrueSpan did not possess the ability to generate outputs in order to continue normal operations and generate a revenue stream by providing its products to customers.

The negative excess of the fair value of the net assets acquired over the purchase consideration was allocated on a proportionate basis to reduce the fair value of non-monetary assets acquired. Since the transaction was not accounted for as a business combination, the SiRF Group recognised an intangible workforce asset in connection with its acquisition of TrueSpan, the remaining carrying value of which was $nil as of 27 December 2008 after reductions in the current period for amortisation and impairment charges of $0.3 million and $0.4 million, respectively.

Under IFRS, there is a presumption that the existence of goodwill in an acquisition is indicative of a business combination. Accordingly, the acquisition of TrueSpan has been treated as a business combination under IFRS. As a result, the intangible workforce asset has not been recognised due to the fact that the entity is not protected by legal rights to use the asset and has insufficient control over the future economic benefits arising from the asset. The original intangible asset and corresponding deferred tax liability as of the date of acquisition have been derecognised, with an offsetting increase to goodwill of $0.7 million. For the period ended 27 December 2008, the previously recorded amortisation and impairment expense has been reversed, as well as the related deferred tax benefit of $0.2 million. Following de-recognition of the workforce intangible asset and the establishment of a deferred tax liability as described in (i) above, there is no negative goodwill on the TrueSpan acquisition under IFRS.

iii. Issuance of marketable equity shares in a business combination - The consideration issued for the acquisition of Centrality included the issuance of shares. Under US GAAP, the measurement of equity securities issued was based on the SiRF Group's share price for a period of three days up to and including the acquisition date. Under IFRS, the measurement date for equity securities issued by the acquirer is the date of the exchange, being the acquisition date. This results in a decrease in the purchase price of the Centrality acquisition of $2.6 million and a corresponding decrease in goodwill as of the date of the acquisition in 2007.

iv. Accounting for replacement share based payment awards - The acquisition of Centrality involved the issuance of replacement share based payment awards to employees of the acquired entity. Under U.S. GAAP, the calculation of the fair value of vested replacement awards included in the determination of purchase price differs from IFRS in that the current share price used as one of the inputs into the option valuation model was determined under US GAAP using the share price for a period of three days up to and including the acquisition date, whereas under IFRS the price as of the acquisition date was used. In addition, the allocation of fair value of replacement awards issued between pre and post acquisition services differs under IFRS by virtue of the accelerated method of expense recognition as described in (b) above. The impact of these two differences resulted in an increase to the purchase price of $6.4 million and a corresponding increase in goodwill recorded.

Also, under US GAAP deferred tax assets are not recognised for tax benefits to be received from share-based payment awards issued in connection with a business combination and for which no compensation expense is recognised. Tax benefits when received result in an adjustment to the purchase price, to the extent of the fair value as of the date of the business combination, and to additional paid-in capital for any excess. Under IFRS, deferred tax assets are recognised in the opening balance sheet on the basis of the tax deduction expected to be received, resulting in a lower amount of goodwill recorded at the date of acquisition. Subsequent changes to the deferred tax assets established under IFRS in connection with such awards are recognised in income or equity, as appropriate. Increases to deferred tax assets recorded in connection with the Centrality acquisition of $1.1 million as of the date of acquisition related to these awards resulted in a corresponding decrease to goodwill recorded. As a result of tax deductions received upon exercise of vested options subsequent to acquisition, goodwill was previously reduced under US GAAP by $3.1 million, which under IFRS is recorded instead as a reduction to equity. The aggregate impact to share premium and other reserves of this adjustment and the adjustment described above related to acquisition accounting for vested replacement awards totalled $9.5 million.

As discussed previously, the exercise price of the majority of Centrality options outstanding at the end of the fiscal year is in excess of the current share price and, for the remaining options, given the uncertainty as of the balance sheet date surrounding the SiRF Group's ability to recognise its deferred tax assets in future periods, no deferred tax assets have been recognised under IFRS, and valuation allowances have likewise been established under US GAAP. As a result, the differences in adjusting to IFRS include only the differential in deferred tax expense recognised during the period in the amount of $1.5 million.

v. The aggregate adjustment to goodwill as a result of the above is as follows:

		$'000
(i)	Additional IPR&D value	(649)
(i)	Deferred tax on IPR&D	9,544
(ii)	Workforce intangible asset	724
(iii)	Valuation of marketable equity securities	(2,577)
(iv)	Accounting for replacement share based payment awards	6,363
(iv)	Deferred tax on replacement share based payment awards	(1,119)
(iv)	Tax benefits received upon subsequent exercise of share based payment awards	3,100
		15,386

(d) The SiRF Group announced a restructuring plan in the fourth quarter of 2008, which will involve the termination of employees and the payment of one-time termination benefits in future periods. Under US GAAP, the timing of recognition for these one-time termination benefits depends in part upon whether service must be rendered until termination and whether the employee will be retained to render such service beyond a minimum retention period. In accordance therewith, costs of $0.3 million associated with employees who will render service beyond such period have not previously been recorded in the balance sheet under US GAAP. IFRS requires the recognition of such termination benefits when an entity is demonstrably committed to terminate the employment and provide benefits. A corresponding deferred tax asset has not been established associated with this accrual as the amount would not be recognised under IFRS due to the uncertainties surrounding the SiRF Group's ability to realise its deferred tax assets in future periods.

(e) In accordance with US GAAP, goodwill is reviewed for impairment at the reporting unit level using a two-step test that involves the comparison of the reporting unit's fair value to its carrying amount. If the carrying amount exceeds fair value, the calculation of any impairment charge to goodwill is determined through the application of a hypothetical purchase price allocation, including the valuation of any unrecognised intangible assets. Other tangible and intangible long lived assets are assessed using a two-step approach to impairment. In step 1, a recoverability test is performed by comparing the expected undiscounted future cash flow to be derived from the asset with its carrying amount. If, and only if, the asset fails the recoverability test step 2 is triggered and the entity must record an impairment loss calculated as the excess of the asset's carrying value over its fair value.

Under IFRS, assets are reviewed for impairment by comparing the carrying amount to recoverable value, which is defined as the higher of fair value less costs to sell and value in use. Any excess of carrying value over the recoverable amount is recorded as impairment. The value in use calculation involves discounting the expected future cash flows to be generated by the asset.

Goodwill is assessed for impairment at a cash generating unit or for groups of cash generating units that represent the lowest level within the entity at which goodwill is monitored for internal management purposes. This grouping may not be larger than an operating segment. An impairment loss is recognised for the excess of the carrying value of the cash generating unit or groups of cash generating units over the recoverable amount. Any impairment loss is applied first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit.

As a result of impairment analyses performed as of the balance sheet date on the intangible assets remaining under US GAAP and in consideration of the remaining unamortised IPR&D assets established under IFRS as described above, additional impairment charges of $15.0 million were recorded representing the excess of the carrying value of the assets over their recoverable value. These charges were offset by corresponding reductions to the associated deferred tax liabilities reflected within deferred tax benefit of $5.1 million.

Under IFRS, the Directors have assessed the impairment of goodwill of the SiRF Group in the aggregate because that is the level at which goodwill is monitored for internal management purposes. Furthermore, the SiRF Group only comprises a single segment. In determining the recoverable amount, the amount offered by CSR for the SiRF Group as of the date of the merger agreement was determined to be the best evidence of fair value as it represented a binding sale agreement in an arm's length transaction. The total purchase price, including the fair value of shares offered in exchange to existing shareholders and the value of replacement share based payment awards offered to employees as potential dilutive shareholders, totalled $139.4 million using the number of shares outstanding and prices as of 9 February 2009. After reduction for estimated costs to sell of $6.0 million, the recoverable amount was determined to be $133.4 million, which was below the carrying value of the SiRF Group's net assets as of 27 December 2008 by $38.3 million. Under US GAAP, the SiRF Group fully impaired its goodwill balance in 2008. As a result of the other IFRS adjustments described above related to business combinations, goodwill was $15.4 million higher under IFRS than US GAAP. The incremental IFRS goodwill of $15.4 million has been fully impaired and additional reductions to the carrying values of intangible assets have been recorded under IFRS during the period in the amounts of $22.9 million. No adjustments have been made to allocate a portion of the impairment to other current assets or property, plant and equipment, as any such adjustments would result in a carrying value below the estimated recoverable value of such assets. The total incremental IFRS impairment charge recorded to intangible assets other than goodwill during the period amounted to $37.9 million, comprising the impairment of $15.0 million described above and the $22.9 million.

(f) The following reclassifications have been made to conform the presentation of the consolidated balance sheet and income statement of the SiRF Group to IFRS and CSR's presentational format:

i. Assets related to software that are not considered to be integral to the related hardware have been reclassified to other intangible assets. A corresponding reclassification of depreciation has been made in the income statement;

ii. Under IFRS, deferred tax assets and liabilities are classified as non current assets or liabilities;

iii. Amounts classified within prepaid and other current assets have been reclassified to trade and other receivables consistent with CSR's presentation;

iv. Amounts included within marketable securities have been reclassified as treasury deposits and investments to conform with CSR's presentation;

v. Amounts included within other current liabilities have been reclassified into trade and other payables consistent with CSR's presentation;

vi. Amounts included with other current liabilities related to warranty claims have been presented within provisions and amounts related to current income taxes have been shown separately within current liabilities, consistent with the CSR presentation;

vii. Long-term income taxes payable associated with uncertain tax positions have been reclassified within current tax liabilities consistent with the CSR presentation;

viii. Amounts included within restructuring that relate to asset impairment have been reclassified to asset impairment;

ix. Finance costs have been reclassified from within other income (loss), net, to conform with the CSR format of presentation;

x. Deferred revenue and deferred margin have been combined, consistent with CSR presentation.

Section B: Accountant's Report on restatement of SiRF financial information to IFRS as applied by CSR

The Board of Directors
on behalf of CSR plc
Churchill House
Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

UBS Limited
1 Finsbury Avenue
London
EC2M 2PP

24 June 2009

Dear Sirs

SiRF Technologies Holdings Inc. ("Target" and, with its subsidiaries, the "Target Group")

We report on the financial information set out in Section A of Part IX of the prospectus dated 24 June 2009 of CSR plc (the "Company" and, together with its subsidiaries, the "Group") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Prospectus, and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Target Group as at the dates stated and of its profits, cash flows and recognised income and expense for the periods then ended in accordance with the basis of preparation set out in notes 1 and 2 to the financial information and in accordance with IFRS.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 and Annex III item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTT and its member firms.

PART X

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE COMBINED COMPANY

Section A: Unaudited pro forma financial information

Presented below is the unaudited pro forma condensed consolidated balance sheet of the Combined Company as of 2 January 2009 and the unaudited pro forma condensed consolidated income statement of the Combined Company for the 53 weeks ended 2 January 2009. The pro forma financial information has been prepared to give effect to the Merger, which is accounted for under IFRS 3 Business Combinations (2004) ("IFRS 3"), as an acquisition. The unaudited pro forma condensed consolidated balance sheet as of 2 January 2009 has been prepared as though the Merger of SiRF occurred as of that date. The unaudited pro forma condensed consolidated income statement for the 53 weeks ended 2 January 2009 has been prepared as though the Merger occurred as of the beginning of such period, namely 29 December 2007. The assumptions underlying the pro forma adjustments are described in the accompanying notes.

This unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not reflect CSR's actual financial position or results.

The unaudited pro forma adjustments give effect to events that are directly attributable to the acquisition and are factually supportable. The unaudited pro forma condensed consolidated financial information is presented for information purposes only and reflects estimates and assumptions made by CSR's management that it considers reasonable. It does not purport to represent what CSR's actual results of operations or financial condition would have been had the acquisition occurred on the dates indicated, nor is it necessarily indicative of future results of operations or financial condition.

The unaudited pro forma condensed consolidated financial information does not reflect the effect of anticipated synergies and efficiencies associated with combining CSR and SiRF due to the adoption of best practices.

CSR's financial statements are reported on a 52 or 53 week basis, with the fiscal year 2008 ended on 2 January 2009. SiRF's fiscal year-ends prior to 1 July 2008 were on a calendar year basis. Effective from 1 July 2008, SiRF changed its fiscal year-end to be the 52 or 53 week period ending on the Saturday closest to 31 December, and the fiscal year 2008 was for the period from 1 January 2008 to 27 December 2008.

Unaudited Pro Forma Condensed Consolidated Balance Sheet of the Combined Company At 2 January 2009

		Adjustments			
	Historical CSR $'000 (Note 1)	*Historical SiRF $'000 (Note 2)*	*Acquisition Adjustments $'000 (Note 3)*		*Pro forma CSR $'000*
Non-current assets					
Goodwill	106,322	—	131,453	(a)	237,775
Other intangible assets	20,797	5,543	—		26,340
Property, plant and equipment	48,173	8,339	—		56,512
Notes receivable	—	3,919	7,300	(b)	11,219
Other long term assets	—	688	—		688
Deferred tax asset	6,481	2,859	2,570	(c)	11,910
Total non-current assets	181,773	21,348	141,323		344,444
Current assets					
Inventory	66,201	16,372	—		82,573
Trade and other receivables	81,809	20,482	—		102,291
Treasury deposits and investments	81,000	29,950	—		110,950
Cash and cash equivalents	180,898	85,840	(10,000)	(a)	256,738
Total current assets	409,908	152,644	(10,000)		552,552
Total assets	591,681	173,992	14,935		896,996
Current liabilities					
Trade and other payables	62,170	32,640	—		94,810
Current tax liabilities	1,648	2,969	—		4,617
Obligations under finance lease	1,057	—	—		1,057
Deferred margin on shipments to distributors	—	1,714	(1,714)	(d)	—
Deferred revenue	—	1,368	(698)	(d)	670
Derivative financial instruments	32,062	—	—		32,062
Provisions	4,408	79	—		4,487
Contingent consideration	753	—	—		753
Total current liabilities	102,098	38,770	(2,412)		138,456
Net current assets	307,810	113,874	(7,588)		414,096
Non-current liabilities					
Deferred tax liability	4,002	165	—		4,167
Contingent consideration	16,747	—	—		16,747
Long-term provisions	1,795	1,695	—		3,490
Obligations under finance leases	293	—	—		293
Total non-current liabilities	22,837	1,860	—		24,697
Total liabilities	124,935	40,630	(2,412)		163,153
Net assets	466,746	133,362	133,735		733,843
Equity					
Share capital	238	6	69	(e)	313
Share premium and other reserves	152,122	621,877	(354,343)	(e)	419,656
Retained earnings	314,386	(488,521)	488,009	(e)	313,874
Total equity	466,746	133,362	133,735		733,843

Unaudited Pro Forma Condensed Consolidated Income Statement of the Combined Company For The 53 Weeks Ended 2 January 2009

		Adjustments			
	Historical CSR $'000 (Note 1)	*Historical SiRF $'000 (Note 2)*	*Acquisition Adjustments $'000 (Note 3)*		*Pro forma CSR $'000*
Revenue	694,865	232,452	—		927,317
Cost of sales	(385,037)	(147,938)	1,212	(f)	(531,763)
Gross profit	309,828	84,514	1,212		395,554
Research and development expenses:					
Other research and development	(152,749)	(107,883)	17,934	(f)	(242,698)
Amortisation of acquired intangible assets	(5,418)	(12,666)	—		(18,084)
Total research and development expenses	(158,167)	(120,549)	17,934		(260,782)
Sales, marketing and administrative expenses:					
Other sales, marketing and administrative expenses	(92,813)	(75,883)	12,122	(f)	(156,574)
Asset impairment	(52,918)	(300,553)	—		(353,471)
Restructuring	(14,445)	(2,045)	—		(16,490)
Total sales, marketing and administrative expenses	(160,176)	(378,481)	12,122		(526,535)
Operating loss	(8,515)	(414,516)	31,268		(391,763)
Investment income	6,139	3,031	—		9,170
Finance costs	(4,075)	(807)	—		(4,882)
Note receivable impairment	—	(11,800)	—		(11,800)
Other income (loss) net	—	6,859	—		6,859
Loss before tax	(6,451)	(417,233)	31,268		(392,416)
Tax	(488)	(25,809)	—		(26,297)
Loss for the period	(6,939)	(443,042)	31,268		(418,713)
Basic and diluted loss per share	($0.05)				($2.38)
Weighted average number of shares in issue (millions)[(i)]	128,617,601		47,341,117		175,958,718

(i) Potential shares have not been included within earnings per share calculation as their effect would be anti-dilutive.

1. Historical CSR information

The consolidated balance sheet and income statement of CSR as at and for the 53 weeks ended 2 January 2009 have been extracted without material adjustment from the audited consolidated financial statements of CSR prepared in accordance with IFRS and cross referenced in Part VIII of this Prospectus.

2. Historical SiRF information

The consolidated balance sheet and income statement of SiRF as at and for the period ended 2 January 2009 have been extracted without material adjustment from the financial statements of SiRF prepared in accordance with IFRS, and presented in Part IX of this Prospectus.

3. Adjustments to reflect the accounting for the proposed acquisition of SiRF by CSR

(a) The components of the estimated purchase price are as follows:

	$'000	*$'000*
Purchase price:		
Fair value of shares issued	255,398	
Fair value of stock options exchanged	20,537	
Less: unvested portion of the fair value of stock options	(8,326)	
Less: excess of fair value of vested stock options over the original awards	(512)	
		267,097
Acquisition costs		10,000
Estimated aggregate purchase price		277,097

The estimated purchase price is based on the closing price of CSR ordinary shares of 339p as of 22 May 2009, and converted to a price in US dollars of $5.39 using a US dollar/GBP exchange rate of 1.5914 as of the same date.

The actual purchase price will be determined at the completion date based on the CSR ordinary share price and the US dollar/GBP exchange rate at that date and accordingly will vary from that used in the preparation of the pro forma financial information. For example, a 10 per cent. increase in the CSR ordinary share price from the price of $5.39 per share used in the pro forma, which could be caused by changes in the GBP price of CSR's shares and/or changes in the US dollar/GBP exchange rate, would result in an increase in goodwill recognised of $25.8 million. A 10 per cent. decrease in the CSR ordinary share price used in the pro forma would result in a decrease in the goodwill recognised of $26.0 million.

The fair value of shares issued above has been calculated assuming that all holders of the outstanding shares of SiRF common stock elect to receive ordinary shares of CSR in exchange. To the extent that any shareholders of SiRF elect to demand and perfect their right to dissent from the Merger, they may be paid the fair value of such shares instead in cash. See (e) for additional information regarding the fair value of shares issued and option awards used in the determination of the estimated purchase price.

CSR has allocated the total estimated purchase price to the assets acquired and liabilities assumed based on their estimated fair value.

The Proxy Statement/Prospectus contains a pro forma balance sheet that includes an adjustment to reflect the estimated fair values of deferred tax assets relating to SiRF net operating losses and intangible assets to be recognised on acquisition. The pro forma income statement reflects additional amortisation expense attributable to the recognition of the intangible assets. The SEC requires that provisional fair value adjustments are reflected in pro forma financial information, whereas for the purposes of this document these adjustments are not considered factually supportable.

The purchase price allocation to assets acquired and liabilities assumed is as follows:

	Book value of net assets acquired $'000[1]	*Adjustments $'000*[2]	*Fair value to CSR $'000*
Other intangible assets	6,277	—	6,277
Property, plant and equipment	8,339	—	8,339
Other non-current assets	7,466	9,870 (b)(c)	17,336
Current assets	152,644	—	152,644
Current liabilities	(39,504)	2,412	(37,092)
Non-current liabilities	(1,860)	—	(1,860)
Net assets acquired	133,362	12,282	145,644
Estimated aggregate purchase price			277,097
Goodwill[3]			131,453

(1) Represents the carrying value of net assets acquired under IFRS as at 2 January 2009, and is derived from Part IX of this Prospectus.

(2) Represents the amount required to adjust the book value of net assets acquired to their estimated fair values. For additional information regarding these adjustments, refer to notes (b) – (d) below.

(3) Represents negative goodwill arising on the acquisition as a result of the excess fair value of net assets acquired over the aggregate purchase price. Pursuant to IFRS 3 this will be recognised immediately in profit and loss after the acquisition.

(b) Included within other non current assets is a fair value acquisition adjustment to record a note receivable held by SiRF at 27 December 2008 (SiRF balance sheet date) with a net book value of $1.7 million at its estimated fair value to the Combined Company of $9.0 million. The note receivable was subsequently settled in February 2009, and the resulting gain of $7.3 million has subsequently been recorded by SiRF in its results of operations for the period ended 28 March 2009.

(c) Deferred tax assets of $2.6 million have been recorded related to the expected future tax deduction for replacement share based payment awards issued in connection with the Merger.

(d) SiRF defers the recognition of revenue and the related costs of revenue on shipments to distributors that have rights of return and price protection privileges on unsold products until the products are sold by the distributor to its customers. When an acquirer recognises a legal performance obligation related to a revenue arrangement of an acquired entity, the amount assigned to that liability should be based on its fair value at the date of acquisition. Adjustments to reduce deferred margin and deferred revenue by $1.7 million and $0.7 million, respectively, are to reflect the balances at fair value, which in the case of deferred margin is $nil and for deferred revenue is estimated to be $0.7 million.

(e) Adjustments to the equity balance consist of the following:

	Share capital $'000	*Share premium and other reserves $'000*	*Retained earnings $'000*
Elimination of SiRF historical equity	(6)	(621,877)	488,521
Newly issued equity[1]	75	255,323	—
Fair value of share based payment awards exchanged[2]	—	20,537	—
Less: unvested portion of the fair value of share based payment awards[2]	—	(8,326)	—
Less: excess of fair value of vested share based payment awards over the original awards[3]	—	—	(512)
	69	(354,343)	488,009

(1) The consideration to purchase SiRF will be funded through the issuance of shares based on the exchange of 0.741 CSR ordinary shares for each issued and outstanding share of SiRF, subject to an anti-dilution adjustment. The number of CSR ordinary shares expected to be exchanged is 47,341,117, which is based upon the number of issued and outstanding shares of SiRF as of 22 May 2009, multiplied by the exchange ratio of 0.741. Based on a nominal value of CSR ordinary shares of £0.001 and a USD/GBP exchange rate of 1.5914, $75,339 of consideration represents nominal value, with the remainder being premium.

(2) Each issued and outstanding option to acquire shares of SiRF's common stock issued under any equity compensation plan of SiRF, whether vested or unvested, will be converted into an option exercisable for a number of CSR ordinary shares equal to the product of the number of shares of SiRF's common stock previously subject to the SiRF stock option and 0.741, rounded down to the nearest whole share and with an exercise price based upon the aggregate exercise price of such option divided by the number of CSR ordinary shares for which such converted stock option shall be exercisable. In addition, each issued and outstanding restricted stock unit with respect to shares of common stock granted by SiRF, whether vested or unvested, will be converted into a restricted stock unit in respect of a number of CSR ordinary shares equal to the product of the number of shares of SiRF's common stock previously subject to the SiRF restricted stock unit and 0.741, rounded down to the nearest whole share. The fair value of the unvested portion of awards at the exchange date will be recognised as compensation expense post acquisition over the remaining term of the awards.

The fair value of stock options exchanged has been determined using a Black-Scholes option pricing model, utilising assumptions about the options' expected lives, volatility of CSR's stock, interest rates and dividend yields. The assumptions used include the following:

CSR share price	£3.39[(i)]
US Dollar/Sterling exchange rate	1.5914[(i)]
Expected volatility	68%
Expected life	0.04 – 4.68[(ii)]
Risk free rate	2.5%
Expected dividends	0%

(i) Represents the published share price on the London Stock Exchange and the exchange rate as of 22 May 2009.

(ii) Represents the expected remaining term of the options, which can vary significantly based on original grant date, as the replacement awards will be issued with the same terms as the original awards.

(3) Based on these inputs, the fair value of CSR share options awarded is calculated to be $20,537,154, of which $8,325,614 will not have vested on the estimated date of the Merger. See footnote (f)(2) below.

(f) The following differential in share based payment expense assuming the Merger took place at the start of the period has been recorded:

	53 weeks ended 2 January 2009			
	Reversal of SiRF historical expense $'000	*Share based compensation expense under new plans[(1)] $'000*	*Non recurring share based payment expense[(2)] $'000*	*Pro forma adjustment $'000*
Allocated to:				
Cost of sales	(1,412)	200	—	(1,212)
Other research and development	(20,816)	2,882	—	(17,934)
Other sales, marketing and administrative expenses	(14,672)	2,038	512	(12,122)
	(36,900)	5,120	512	(31,268)

(1) As discussed previously, the fair value of the unvested portion of replacement awards issued will be recognised in income over the remaining term of the awards. Accordingly, an adjustment is made to include the estimated compensation expense associated with the replacement awards assuming the acquisition occurred at the beginning of the period.

(2) Additional share based payment expenses of $512,470, representing the incremental value of replacement share awards issued in connection with the Merger have been reflected as an adjustment to other sales, marketing and administrative expenses. These charges are not recurring in nature.

4. No adjustments since the date of pro forma

The unaudited pro forma condensed consolidated balance sheet and income statement do not reflect any changes in the trading position of the Group or any other changes arising from other transactions, other than those outlined in the above notes, since 2 January 2009.

Section B: Accountant's Report on the unaudited pro forma financial information

The Board of Directors
on behalf of CSR plc
Churchill House
Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

UBS Limited
1 Finsbury Avenue
London
EC2M 2PP

24 June 2009

Dear Sirs,

CSR plc (the "Company")

We report on the pro forma financial information ("the Pro forma financial information") set out in Section A of Part X of the Prospectus dated 24 June 2009 (the Prospectus") which has been prepared on the basis described in Section A, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 2 January 2009. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 ("the Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company ("the Directors") to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial

information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTT and its member firms.

PART XI

TAXATION

1. United Kingdom

The following statements do not constitute tax advice and are intended only as a general guide to current UK law and HMRC published practice (which are both subject to change at any time). They relate only to certain limited aspects of the UK taxation treatment of holders of Ordinary Shares and, except to the extent stated below, are intended to apply only to persons who are resident and ordinarily resident in the United Kingdom for UK tax purposes and who are beneficial owners of Ordinary Shares and hold them as investments (and not as securities to be realised in the course of a trade). They may not apply to certain holders of Ordinary Shares, such as dealers in securities, insurance companies and collective investment schemes, holders of Ordinary Shares who are exempt from taxation and holders of Ordinary Shares who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules.

Holders or prospective holders of Ordinary Shares who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers immediately.

1.1 *Taxation of dividends*

Under current UK tax law, the Company will not be required to withhold tax at source from dividend payments it makes.

(A) *Individuals*

A holder of Ordinary Shares who is an individual resident in the UK for tax purposes and who receives a dividend from the Company will be entitled to a tax credit which may be set off against his total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the amount of the cash dividend received.

The tax credit will be treated as discharging the individual's liability to income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the gross dividend calculated as 32.5 per cent. of the gross dividend less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the income tax payable on the dividend by an individual liable to income tax at the higher rate would be 32.5 per cent. of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20.

The Government has announced proposals to introduce, with effect from 6 April 2010, a new tax rate of 50 per cent. for taxable non-savings and savings income above £150,000. On and after the date on which the new rate takes effect, if and to the extent that the gross dividend received by a UK resident individual falls above the threshold for income tax at the new 50 per cent. rate, that individual will be subject to tax on the gross dividend at the rate of 42.5 per cent. If the new rate of tax is applied in the same way as the existing rates, that individual would be able to set the tax credit off against part of this liability and the effect of that set-off of the tax credit would be that such an individual would have to account for additional tax equal to 32.5 per cent. of the gross dividend (which is also equal to approximately 36.11 per cent. of the cash dividend received), to the extent that the gross dividend fell above the threshold for the new 50 per cent. rate of income tax.

A UK resident individual holder of Ordinary Shares who is not liable to income tax in respect of the gross dividend will not be entitled to any payment from HMRC in respect of any part of the tax credit.

(B) *Companies*

A holder of Ordinary Shares which is within the charge to corporation tax will not normally be subject to corporation tax on any dividend received from the Company. Such a corporate holder of Ordinary Shares will not be entitled to any payment from HMRC in respect of the tax credit attaching to any dividend paid by the Company.

Significant changes to the treatment of dividends received by holders of Ordinary Shares which are within the charge to corporation tax will come into force on 1 July 2009. The legislation will, amongst other things, remove the current blanket exemption from corporation tax which generally applies to a dividend paid by one UK resident company to another. Under the new rules, a distribution from a UK resident company which is received on or after 1 July 2009 by a holder of Ordinary Shares which is within the charge to corporation tax will technically be subject to corporation tax. However, numerous exemptions from this charge to corporation tax are proposed. It should be noted that the draft legislation is likely to change before being passed and holders of Ordinary Shares within the charge to corporation tax are advised to consult their independent professional tax advisers in relation to the implications of the legislation, once finally enacted.

(C) *Non-UK residents*

A holder of Ordinary Shares who is resident outside the UK for tax purposes will not generally be able to claim a payment in respect of any part of the tax credit attaching to dividends received from the Company. A holder of Ordinary Shares resident outside the UK may also be subject to taxation on dividend income under the law of that other jurisdiction. The attention of holders or prospective holders of Ordinary Shares who are resident in the United States for tax purposes is drawn to the United States taxation considerations following this section. A holder of Ordinary Shares who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

1.2 ***Taxation of disposals***

A disposal or deemed disposal of Ordinary Shares by a holder of Ordinary Shares who is (at any time in the relevant UK tax year) resident or, in the case of an individual, ordinarily resident in the UK for tax purposes may, depending upon the particular circumstances of the holder of Ordinary Shares and subject to any available exemption or relief (such as the annual exempt amount), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

Holders of Ordinary Shares who are not resident or, in the case of individuals, ordinarily resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Ordinary Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate holder of Ordinary Shares, a permanent establishment) in connection with which Ordinary Shares have been used, held or acquired.

A holder of Ordinary Shares who is an individual and who has ceased to be resident or ordinarily resident in the UK for UK tax purposes for a period of less than five years of assessment and who disposes of all or part of his Ordinary Shares during that period of temporary non-residence may be liable on his return to the UK to taxation on chargeable gains arising during the period of absence, subject to any available exemption or relief.

1.3 ***Stamp duty and SDRT on transfers of Ordinary Shares***

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Where Ordinary Shares are issued or transferred (i) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services (a "Clearance System") or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts (a "Depository Receipt System"), stamp duty or SDRT will generally be payable at the rate of 1.5 per cent. of the consideration paid (rounded up to the nearest multiple of £5 in the case of stamp duty). The stamp duty and SDRT will generally be paid by the Clearance System or the

Depositary Receipt System, as the case may be, but will, in practice, generally be reimbursed by the relevant participant in the Clearance System or the Depositary Receipt System. A Clearance System can elect under section 97A of the Finance Act 1986 ("Section 97A"), provided certain conditions are satisfied, for the normal rate of stamp duty or SDRT (generally no charge on issue and a charge at 0.5 per cent. of the amount or value of the consideration paid, rounded up to the nearest £5 in the case of stamp duty, on transfer) to apply to issues or transfers of Ordinary Shares into, and transactions within, such Clearance System instead of the higher rate of 1.5 per cent. generally applying to an issue or transfer of Ordinary Shares into the Clearance System and the ability to transfer Ordinary Shares whilst in the Clearance System without there being stamp duty or SDRT.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares into CREST (the London Stock Exchange's paperless trading system), save to the extent that the Ordinary Shares are issued to, or into the CREST account of, a Clearance System or a nominee or agent for a Clearance System which has not made an election in relation to the Ordinary Shares under Section 97A or to, or into the CREST account of, a Depository Receipt System or a nominee or agent for a Depository Receipt System. The stamp duty or SDRT will generally be paid by the Clearance System or the Depository Receipt System, as the case may be, but will, in practice, generally be reimbursed by the relevant participant in the Clearance System or the Depository Receipt System. The lawfulness of this 1.5 per cent. charge is currently subject to challenge before the European Court of Justice.

Subject to an exemption for certain low value transactions, the transfer on sale of Ordinary Shares in certificated form, or a right to such shares, will generally give rise to a liability, usually met by the purchaser, to ad valorem stamp duty at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. An agreement to transfer such shares or a right to such shares which is or becomes unconditional will generally give rise to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid, such SDRT generally being payable by the transferee or purchaser. The liability to SDRT will generally be cancelled or any SDRT paid refunded if the agreement is completed by a duly stamped transfer within six years of either the date of the agreement or, if the agreement was conditional, the date when the agreement became unconditional.

A transfer of Ordinary Shares on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid, which will be collected and accounted for to HM Revenue & Customs by CREST (such SDRT generally being borne by the transferee or purchaser). No stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST provided that, in the case of SDRT, the transfer is not for money or money's worth.

Generally, a gift of Ordinary Shares or a transfer of such shares from a nominee to the beneficial owner will give rise to neither stamp duty nor SDRT.

The above statements are intended only as a general guide to the current stamp duty and SDRT position. Transfers to certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate.

PART XII

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

1. Directors and senior management

1.1 *The Directors and Company Secretary*

(A) The Directors of CSR and their current functions in the CSR Group are as follows:

Ron Mackintosh	*Chairman*
Joep van Beurden	*Chief Executive Officer*
Will Gardiner	*Chief Financial Officer*
James Collier	*Chief Technical Officer*
Chris Ladas	*Operations Director*
Anthony Carlisle	*Senior Independent Non-executive Director*
Sergio Giacoletto	*Independent Non-executive Director*
Andrew Allner	*Independent Non-executive Director*

(B) Brett Gladden is CSR's Company Secretary.

(C) The business address of each of the Directors is Churchill House, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ.

(D) Upon completion of the Merger, the Directors and Proposed Directors of CSR and their functions in the Combined Company will be as follows:

Ron Mackintosh	*Chairman*
Joep van Beurden	*Chief Executive Officer*
Will Gardiner	*Chief Financial Officer*
James Collier	*Chief Technical Officer*
Chris Ladas	*Operations Director*
Kanwar Chadha	*Executive Director*
Anthony Carlisle	*Senior Independent Non-executive Director*
Sergio Giacoletto	*Independent Non-executive Director*
Andrew Allner	*Independent Non-executive Director*
Diosdado Banatao	*Independent Non-executive Director*

1.2 *Directorships and partnerships*

Save as set out below, none of the Directors or Proposed Directors hold any directorships of any company, other than of those companies in the CSR Group which are subsidiaries of CSR in the case of the Directors, or companies in the SiRF Group which are subsidiaries of SiRF in the case of the Proposed Directors, nor have any of the Directors or Proposed Directors been a partner in a partnership at any time in the five years prior to the date of this document.

Name of Director/Proposed Director	*Current directorships and partnerships*	*Previous directorships and partnerships*
Ron Mackintosh	Fidessa Group plc	Differentis 2000 Limited Smartstream Technologies Holdings Limited Smartstream Trustees Limited Mackron Limited Northgate Information Solutions Holdings Limited Smartstream Technologies Group plc Gemplus SA

Name of Director/Proposed Director	*Current directorships and partnerships*	*Previous directorships and partnerships*
Joep van Beurden	None	NexWave Inc.
Will Gardiner	None	Easynet Telecommunications Limited Easynet Group Limited Easynet Limited Ipsaris Company Limited UK Online Limited Pavilion Internet Limited Whitfield Network Leasing Limited BSkyB Telecommunications Limited Easynet Ventures Limited† Technocom Limited† Easynet Group plc
James Collier	None	None
Chris Ladas	None	None
Kanwar Chadha	SiRF Technology Holdings, Inc.	None
Anthony Carlisle	None	Citigate Dewe Rogerson Consultancy IG Communications Group plc
Sergio Giacoletto	Logica plc	Oracle Corporation i-flex Solutions Limited
Andrew Allner	The Go-Ahead Group plc Northgate plc Marshalls plc	Premier Foods Group Services Limited RHM Limited RHM Group Holding Limited Moss Bros Group plc Marshalls Group plc Manor Bakeries Limited Avana Bakeries Limited British Bakeries Limited Centura Foods Limited Charnwood Foods Limited J.A. Sharwood & Co., Limited Keystone Distribution UK Limited Le Pain Croustillant Limited London Superstores Limited McDougalls Foods Limited Premier Foods Group Limited R.F. Brookes Limited Rank Hovis Limited RGB Coffee Limited RHM Food Solutions Limited RHM Foodbrands+ Limited RHM Foodservice Limited RHM Frozen Foods Limited RHM Group Three Limited RHM Group Trustee Limited RHM Group Two Limited RHM Technology Limited Robertson's – Ledbury Preserves Limited Keystone Distribution Properties Limited

Name of CSR Director/Proposed Directors	*Current directorships and partnerships*	*Previous directorships and partnerships*
		RHM Property Company (AYR) Limited RHM Property Company (Cambridge) Limited RHM Property Holding Company Limited RHM Overseas Limited RHM Group Holdings Limited RHM Pension Services Limited
Diosdado Banatao (Proposed Director)	SiRF Technology Holdings, Inc. Tallwood Venture Capital InPhi Corporation Quintic Corporation Sequoia Communications Alphion Corporation Redfern Integrated Optics T-RAM Semiconductor	Mayfield Fund Chips & Technologies Mostrom Marvell Technology Group Acclaim Communications (acquired by Level One) Newport Communications (acquired by Broadcom) Cyras Systems (acquired by Ciena) Stream Machine (acquired by Cirrus Logic) Peleton

† Company dissolved by way of voluntary and solvent liquidation.

1.3 ***Profiles of the Directors and Proposed Directors***

Ron Mackintosh

Mr Mackintosh (age 60), Chairman of the CSR Board, joined CSR as a non-executive director in May 2004 and became Chairman effective as of 2 May 2007. Mr Mackintosh is a non-executive director of software company Fidessa Group plc. He has held a number of senior executive positions in European technology companies. Between 1992 and 2000 he was chief executive of Computer Sciences Corporation's European business. He is also a former director of Gemplus SA and the former chairman of each of Smartstream Technologies Limited, Northgate Information Solutions plc and also of Differentis, a privately owned IT consultancy which he co-founded in July 2000. Mr Mackintosh is Chairman of the Nomination Committee and a member of the Remuneration Committee.

Joep van Beurden

Mr van Beurden (age 49), Chief Executive Officer, joined CSR as Chief Executive Officer on 1 November 2007. He has over ten years of experience in managing technology companies in the US and Europe. For the three years prior to joining CSR, Mr van Beurden was Chief Executive of NexWave Inc., a provider of embedded software solutions for the consumer electronics market based in France. Before joining NexWave, he held senior positions at Canesta Inc., a fabless semiconductor company, and Philips Components. Whilst at Philips, he was part of the executive team which established a successful consumer electronics joint venture with LGE. Prior to that, Mr van Beurden worked for five years for management and strategy consultants McKinsey & Company. In January 2009, Mr van Beurden was appointed a director of the Global Semiconductor Alliance, a not-for-profit organisation supporting collaboration, supply chain integration and innovation in the global semiconductor industry. Mr van Beurden has also worked as a crude oil trader for Royal Dutch Shell in Rotterdam and lectured in Physics and Electronics at the University of Zambia. Mr. van Beurden holds a Masters degree in Applied Physics from Twente University of Technology in Enschede, the Netherlands.

Will Gardiner

Mr Gardiner (age 45), Chief Financial Officer, joined CSR as Chief Financial Officer in June 2008. Prior to joining CSR, Mr Gardiner was Director, Finance Technology and Enterprise at BSkyB plc, responsible for a 100 strong team which supported the technology platforms across BSkyB and its enterprise division. Before its acquisition by BSkyB in 2006, Mr Gardiner had since 2001 been CFO of Easynet Group plc, a pan-European broadband telecoms company. Between 1991 and 2001, Mr Gardiner held a number of senior roles within JP Morgan's investment banking division, specialising in the telecoms and technology sectors. He has a BA from Harvard College and MA from John Hopkins University.

James Collier

Mr Collier (age 50), Chief Technical Officer, is a co-founder of CSR and has served as CSR's Chief Technical Officer since CSR's establishment in April 1999. Between 1984 and April 1999, he held a number of executive and technical positions at Cambridge Consultants Limited, where he formed the microelectronics group in 1987. Before 1984, Mr Collier held a number of executive and technical positions at Schlumberger. Mr Collier has a degree in physics from the University of Oxford.

Chris Ladas

Mr Ladas (age 63), Operations Director, was appointed a director of CSR on 1 January 2008, following almost eight years as the Senior Vice President of Operations. Between January 1996 and May 2000, Mr Ladas served as the vice president of operations at Micro Linear Corporation. Prior to 1996, he held several managerial and technical positions at National Semiconductor, Fairchild, Harris, Sperry, Motorola and Signetics. Mr Ladas holds a B.S. in chemistry from Arizona State University, US. He is also a member of the Institute of Electrical and Electronics Engineers and a member of the Europe, Middle East and Africa Leadership Council of the Global Semiconductor Alliance (formerly the Fabless Semiconductor Association).

Kanwar Chadha (Proposed Director)

Mr Chadha (age 49), proposed Executive Director, one of SiRF's founders, has served as SiRF's Vice President, Strategic Corporate Initiatives and Corporate Marketing since February 2009 and one of its directors since its inception in February 1995. Mr Chadha served as its Vice President, Marketing from SiRF's inception in 1995 until February 2009. Prior to founding SiRF, Mr Chadha served as Director of Strategic Marketing and as General Manager of the Multimedia Group at S3 from October 1992 to January 1995. From April 1992 to September 1992, Mr Chadha was a management consultant with S3 and Arcus Technology, a data solutions company. From October 1989 to March 1992, Mr Chadha served as Chairman of AQuest, Inc., a multimedia company. From October 1983 to September 1989, Mr Chadha served in various marketing management positions, including Product Line Manager for Coprocessors and i860 RISC Processors at Intel Corporation. Mr Chadha holds a B.S. in electrical engineering form the Indian Institute of Technology, New Delhi, a M.S. in Computer Information Systems from the University of Pennsylvania and an M.B.A. from the Wharton School of Business at the University of Pennsylvania.

Anthony Carlisle

Mr Carlisle (age 62), Non-executive Director and Senior Independent Director, was appointed a non-executive director of CSR in July 2005 and the Senior Independent Director with effect from 27 May 2009. Mr Carlisle is an executive director of Citigate Dewe Rogerson Consultancy, where he is responsible for strategic consultancy and client services. He has over 30 years experience in marketing and communications, advising major companies in the UK and internationally. Mr Carlisle holds a BA in Economics and is a Fellow of the Institute of Public Relations. He is a member of the Audit, Remuneration and Nomination Committees.

Sergio Giacoletto

Mr Giacoletto (age 59), Non-executive Director, was appointed a non-executive director of CSR on 4 January 2007. In December 2008, Mr Giacoletto retired from Oracle Corporation, where he had been executive vice president of Oracle Corporation, Europe, Middle East and Africa and also a member of Oracle's executive committee. Prior to joining Oracle in 1997, Mr Giacoletto was

President, Value Added Services at AT&T, before which he spent 20 years with Digital Equipment Corporation in various senior management and executive roles. Mr Giacoletto has served on multiple company boards and IT industry associations. In February 2009, he was appointed a non-executive director of Logica plc. He holds a Masters in Computer Science from the University of Turin. He is Chairman of the Remuneration Committee and is a member of the Audit and Nomination Committees.

Andrew Allner

Mr Allner (age 55), Non-executive Director, was appointed a non-executive director of CSR on 1 October 2008 and became Chairman of the Audit Committee with effect from 27 May 2009. Between 2004 and 2007 he was Group Finance Director at RHM plc, prior to which he was CEO of Enodis PLC. He has also served in senior executive positions with Dalgety PLC, Amersham International PLC and Guinness PLC. He is a former partner of Price Waterhouse. Mr Allner is presently a non-executive director and chairman of the audit committee at Northgate plc, a non-executive director and chairman of the remuneration committee at Marshalls plc, and a non-executive director and chairman of the audit committee of The Go-Ahead Group plc. He is a member of the Institute of Chartered Accountants in England and Wales. Mr Allner is Chairman of the Audit Committee and is a member of the Remuneration and Nomination Committees.

Diosdado Banatao (Proposed Director)

Mr Banatao (age 62), proposed Non-executive Director, has served as SiRF's Executive Chairman and Interim Chief Executive Officer since April 2008 and as its Chairman since its inception. Mr Banatao has served as a managing partner of Tallwood Venture Capital, a venture capital firm since June 2000. From January 1998 to May 2000, Mr Banatao served as a venture partner at the Mayfield Fund, a venture capital firm. Mr Banatao founded S3 Incorporated (which changed its name to SonicBlue Incorporated), a provider of consumer digital entertainment products, where he served as President and Chief Executive Officer from January 1989 until January 1992 and as Chairman from January 1992 to December 1997. Mr Banatao also co-founded Chips & Technologies and Mostron. Mr Banatao holds a B.S. in electrical engineering from the Mapua Institute of Technology and a M.S. in electrical engineering and computer science from Stanford University.

1.4 ***Confirmations***

As at the date of this document, no Director or Proposed Director has during the last five years:

(A) any convictions relating to fraudulent offences;

(B) except as indicated in paragraph 1.3 above, been associated with any bankruptcies, receiverships or liquidations acting in the capacity of any of the positions set out against the name of the Director/Proposed Director in paragraph 1.3 above;

(C) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies);

(D) been disqualified by a court from acting as a member of the administrative management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

1.5 ***Conflicts of Interest***

No Director or Proposed Director has any actual or potential conflicts of interest between any of his duties to the Company and his private interests and/or other duties.

1.6 ***Interests of the Directors and the Proposed Directors***

(A) *Issued share capital*

Set out below are the interests of the Directors and the Proposed Directors in the issued share capital of the Company, including the interests of persons connected (within the meaning of Section 96B of FSMA) with the Directors and the Proposed Directors for the purposes of DTR 3.1.2 of the Disclosure Rules and Transparency Rules, as notified to the

Company pursuant to DTR 3.1.2 (or which would if such Proposed Director were a Director be required to be notified to the Company pursuant to DTR 3.1.2) together with such interests as are expected to subsist immediately following Admission.

The following table has been prepared on the basis of the information available as at 22 June 2009 (being the latest practicable date prior to the publication of this document).

	Number of Ordinary Shares as at 22 June 2009		*Number of Ordinary Shares immediately following Admission*	
Director	*Number of Shares*	*Percentage of issued share capital of CSR*[2]	*Number of Shares*	*Percentage of enlarged issued share capital of CSR*[3]
Directors[1]				
Ron Mackintosh	125,000	0.1%	125,000	0.1%
Joep van Beurden	—	0.0%	—	0.0%
Will Gardiner	—	0.0%	—	0.0%
James Collier	1,396,913	1.0%	1,396,913	0.8%
Chris Ladas	86,234	0.1%	86,234	0.0%
Anthony Carlisle	4,000	0.0%	4,000	0.0%
Sergio Giacoletto	5,000	0.0%	5,000	0.0%
Andrew Allner	—	0.0%	—	0.0%
Proposed Directors				
Diosdado Banatao	—	0.0%	—	0.0%
Kanwar Chadha	—	0.0%	—	0.0%
Total	1,617,147	1.2%	1,617,147	0.9%

1 Details of the options and awards over Ordinary Shares held by the Directors are set out in paragraph 1.6(B) below. They are not included in the interests of Directors shown on the table above.

2 The percentage interests in the issued ordinary share capital of CSR have been calculated on the assumption that no additional Ordinary Shares are issued by CSR pursuant to any of the CSR Share Schemes. This figure excludes shares held in treasury.

3 Based on CSR's issued share capital as at 22 June 2009 and up to 51,057,000 New Ordinary Shares being issued in connection with the Merger.

(B) *Share options and awards*

As at 22 June 2009 (being the latest practicable date prior to the publication of this document), the following Directors had interests in the following options and awards relating to Ordinary Shares under the CSR Share Schemes:

Name of Director	*Scheme*	*Number of Ordinary Shares*	*Exercise Price £ Note*	*Date from which exercisable*	*Expiry Date*
James Collier	Global	120,000	0.503	10 May 2001[(i)]	10 May 2010
	CSOP	75,000	2.000	26 Feb 2007[(ii)]	26 Feb 2014
	CSOP	62,350	3.210	05 May 2008[(iv)]	05 May 2015
	Performance Award	16,940	0.001	05 May 2008[(v)]	05 May 2015
	Performance Award	25,122	0.001	28 Feb 2010[(v)]	28 Feb 2017
	CSOP	33,496	7.680	28 Feb 2010[(vi)]	28 Feb 2017
	CSOP	87,025	3.160	05 Mar 2011[(x)]	05 Mar 2018
	Performance Award	65,720	0.001	05 Mar 2011[(v)]	05 Mar 2018
	SAYE	3,797	2.528	28 Mar 2011[(iii)]	28 Sep 2011
	CSOP	132,052	2.0825	12 Mar 2012	12 Mar 2019
	Performance Award	103,643	0.001	12 Mar 2012	12 Mar 2019

Name of Director	*Scheme*	*Number of Ordinary Shares*	*Exercise Price £ Note*	*Date from which exercisable*	*Expiry Date*
Joep van Beurden	CSOP	186,190	6.445	14 Nov 2010[viii]	14 Nov 2017
	Performance Award	93,603	0.001	14 Nov 2010[v]	14 Nov 2017
	Recruitment Award	25,000	0.001	14 Nov 2010[vii]	14 Dec 2010
	CSOP	94,936	3.160	05 Mar 2011[viii]	05 Mar 2018
	Performance Award	71,694	0.001	05 Mar 2011[v]	05 Mar 2018
	Performance Award	23,250	0.001	11 Jun 2011[v]	11 Jun 2018
	CSOP	96,463	3.110	11 Jun 2011[viii]	11 Jun 2018
	CSOP	144,057	2.0825	12 Mar 2012	12 Mar 2019
	Performance Award	113,065	0.001	12 Mar 2012	12 Mar 2019
	SAYE	5,538	1.652	16 Mar 2012	16 Sep 2012
Chris Ladas	Global	48,751	0.503	15 May 2001[i]	15 May 2010
	CSOP	67,000	2.000	26 Feb 2007[ii]	26 Feb 2014
	CSOP	20,600	3.210	05 May 2008[iv]	05 May 2015
	Performance Award	9,132	0.001	05 Jun 2010[v]	05 Jun 2017
	CSOP	18,264	7.860	05 Jun 2010[vi]	05 Jun 2017
	CSOP	47,798	3.160	05 Mar 2011[viii]	05 Mar 2018
	Performance Award	36,096	0.001	05 Mar 2011[v]	05 Mar 2018
	CSOP	104,072	2.0825	12 Mar 2012	12 Mar 2019
	Performance Award	81,682	0.001	12 Mar 2012	12 Mar 2019
Will Gardiner	CSOP	279,742	3.110	11 Jun 2011[viii]	11 Jun 2018
	Performance Award	179,800	0.001	11 Jun 2011[v]	11 Jun 2018
	Recruitment Award	20,000	0.001	11 Jun 2011[ix]	11 Jun 2011
	CSOP	139,255	2.0825	12 Mar 2012	12 Mar 2019
	Performance Award	109,296	0.001	12 Mar 2012	12 Mar 2019
	SAYE	5,538	1.652	16 Mar 2012	16 Sep 2012

Note (i): Vesting of option 20 per cent. on anniversary of grant, then 5 per cent. each subsequent calendar quarter end (31 March, 30 September, 31 December) for 16 quarters.

Note (ii): Options granted to Directors under the CSOP scheme in 2004 vest alter three years and have certain performance criteria attached. The options vest in proportions from 10 per cent. – 100 per cent. dependent upon the EPS achieved by the Group for the year ended 31 December 2006, the target EPS is in the range $0.17 to $0.26. Thereafter the option may be exercised for the rest of its ten year life without further test. The performance condition was satisfied and the options have vested.

Note (iii): Options granted under the SAYE scheme vest after three years and must be exercised within 6 months of vesting date.

Note (iv): Options granted under the CSOP scheme vest after three years and have certain performance criteria attached. For options to vest, the EPS growth must be greater than the growth in the RPI plus a compound 4 per cent. per annum over a fixed period of three financial years beginning in January 2005. The performance condition was satisfied and the options have vested.

Note (v): Shares granted under the Share Award Scheme in 2005, 2006, 2007 and 2008 vest after three years and have certain performance conditions attached. The shares vest in proportions from 30 per cent. to 100 per cent. dependent on the Company's TSR against a basket of comparator companies established at the start of the three year period and thereafter only if the Company's underlying financial performance has improved to the satisfaction of the Remuneration Committee, details of which shall be disclosed to shareholders in reports of the Remuneration Committee subsequent to the determination of the Committee. The performance condition has (not) been satisfied and therefore the options have lapsed.

Note (vi): Options granted under the CSOP scheme in 2007 between 1 January 2007 and 31 August 2007 also vest after three years and have performance criteria attached. No options will vest if EPS growth meets or exceeds a compound 12 per cent. per annum pus RPI. If the Company's EPS growth meets or exceeds a compound of 12 per cent. per annum plus RPI, 30 per cent. of the share options will vest. If the Company's EPS growth meets or exceeds a compound 17 per cent. per annum plus RPI an all options will vest.

Note (vii): To facilitate the recruitment of Mr van Beurden, the Company agreed to award Mr van Beurden 25,000 ordinary shares the Company. The award is subject to vesting after the satisfaction of conditions relating to service.

Note (viii): Options granted under the CSOP scheme after August 2007 also vest after three years and have performance criteria attached. No options will vest if EPS growth is below a compound 5 per cent. per annum plus RPI. If the Company's EPS growth is equal to compound 5 per cent. per annum plus RPI. If the Company's EPS growth is equal to compound 5 per cent. per annum plus RPI, 30 per cent. of the share options will vest. For EPS performance above a compound 5 per cent. per annum plus RPI up to a compound 12.5 per cent.

RPI per annum, the proportion of shares that shall vest is determined on a straight line basis pro-rata between 30 per cent. and 100 per cent. If the Company's EPS growth over the three year performance period exceeds a compound 12.5 per cent. per annum plus RPI, all the options vest.

Note (ix): To facilitate the recruitment of Mr Gardiner, the Company agreed to award Mr Gardiner 20,000 ordinary shares in the Company. The award is subject to vesting after the satisfaction of conditions relating to service.

Save as disclosed in this paragraph 1.6, none of the Directors or Proposed Directors or any person connected (within the meaning of Section 96B of FSMA) with the Directors or the Proposed Directors has any interest, beneficial or non-beneficial in the share capital of CSR.

No Director or Proposed Director has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of CSR and which was effected by CSR during the current or immediately preceding financial year and which remains in any respect outstanding or unperformed.

There are no outstanding loans granted by CSR or any member of the CSR Group to any of the Directors or the Proposed Directors nor has any guarantee been provided by CSR or any member of the CSR Group for their benefit.

2. Executive Directors' service contracts

2.1 The following Directors have service contracts with the Company on the following terms:

Name	*Date of Contract*	*Notice period by Company (months)*	*Notice period by Director (months)*
Joep van Beurden	29 September 2007	12	6
Will Gardiner	27 February 2008	12	6
James Collier	25 February 2004	12	6
Chris Ladas	12 December 2007	12	6

It is CSR's policy that executive directors should have contracts of an indefinite term. All service contracts are terminable by CSR on 12 months' notice and by the Directors on six months' notice

Each service contract will automatically terminate when the Director reaches age 65. In the case of Mr Collier and Mr Ladas, CSR may also terminate their service contracts at any time by paying the Director a lump sum equal to the Director's basic annual salary. CSR may terminate (i) Mr Gardiner's service contract at any time by paying Mr Gardiner a lump sum equal to his basic annual salary and other contractual benefits (excluding bonus), and (ii) Mr van Beurden's service contract by paying Mr van Beurden a lump sum equal to his basic annual salary (including bonus and benefits).

All service contracts provide that, in addition to their basic salary, each of the Directors, at the discretion of CSR, is entitled to participate in a bonus scheme (subject to personal and Company performance) operated by CSR from time to time and other benefits (including, for example, sick pay, holidays, health insurance, death benefit, medical insurance and contributions to pension schemes). Mr Gardiner and Mr van Beurden also received a guaranteed bonus for FY 2008 only of 25 per cent. of basic annual salary and 50 per cent. basic annual salary, respectively, net of all necessary deductions.

Each director is restricted from soliciting customers, suppliers or employees of CSR and engaging in the business of, among other things, the design, manufacture, sale, production and supply of technology systems, devices and products for short range Radio Frequency digital data communication in the ISM Bands and the research, development, design, production or supply activities in connection with such technology or with radio frequency or base band systems (in each case limited to products or services in which the Director was involved in the course of his employment) for a period of 12 months following cessation of his employment.

Save as disclosed above, there are no existing service contracts between any Director and any member of the CSR Group which provide for benefits upon termination of employment.

2.2 ***Pensions***

Mr van Beurden, Mr Collier and Mr Ladas are members of the Cambridge Silicon Radio Retirement Benefits Scheme which is an HMRC approved money purchase (defined contribution) scheme operated for eligible employees in the United Kingdom. Mr Gardiner has established his own personal pension plan to which CSR contributes.

Contributions paid or accrued by CSR in respect of the Directors during FY 2008 were as follows:

	US$
Joep van Beurden	83,101
Will Gardiner	46,888
James Collier	76,176
Chris Ladas	24,000
Total	230,165

Other than basic salary, no element of the Directors' remuneration is pensionable.

3. Non-Executive Directors' letters of appointment

3.1 The following Directors have entered into letters of appointment with CSR, details of which are as follows:

Name of Director	*Date of letter of appointment*	*Term of appointment*	*Notice[1] period by Company*	*Notice period by Director*
Ron Mackintosh	2 May 2007	3 years	180 days	180 days
Anthony Carlisle	23 September 2008	3 years	90 days	90 days
Sergio Giacoletto	4 January 2007	3 years	90 days	90 days
Andrew Allner	23 September 2008	3 years	90 days	90 days

1 Termination without notice is also permitted by CSR without penalty in certain cases such as a serious breach of the terms of appointment, criminal conviction, bankruptcy etc. and if the director is not reappointed at a general meeting.

All non-executive Directors have specific terms of engagement provided in formal letters of appointment and their remuneration is determined by the CSR Board within the limits set by the articles of association and based on independent surveys of fees paid to non-executive directors of similar companies. The fees for non-executive Directors are considered annually.

The non-executive Directors are appointed for a fixed term, subject to re-appointment by the shareholders. All non-executive Directors are appointed for a fixed three year term.

In April 2008, CSR's Board reviewed the fees payable to non-executive Directors and concluded that the basic fee for each non-executive director should be increased from £38,160 to £42,000. The fee paid to Mr Giacoletto, who acts as chairman of the remuneration committee was increased from £43,460 to £47,700. The fee paid to Mr. Mackintosh as chairman of the board was increased from £160,000 to £170,000. Each of the increases in fees took effect from 1 May 2008. In May 2009, the CSR Board reviewed the fees payable to non-executive Directors and concluded that they remain unchanged.

Non-executive Directors do not receive any bonus, do not participate in awards under the CSR Share Schemes and are not eligible to join CSR's pension scheme.

4. Proposed Directors employment agreements

4.1 CSR intends to enter into a new service contract with Mr. Chadha on terms to be determined in accordance with good corporate governance practice.

4.2 CSR intends to enter into a letter of appointment with Mr. Banatao on terms to be determined in accordance with good corporate governance practice.

4.3 As at the date of this document, neither Proposed Director has a service contract with CSR.

5. Analysis of Directors' emoluments

5.1 An analysis of emoluments of the Directors relating to their salary and fees, bonus, pension and other benefits (other than share options) for FY 2008 is shown below:

	Fees/basic salary $	*Benefits-in-kind $*	*Annual bonuses $*	*Other emoluments*[1]	*Emoluments in respect of a person accepting office as a director $*	*2008 total $*
Executive						
Joep van Beurden[2]	593,580	21,504	—	—	—	615,084
Will Gardiner	334,916	1,055	83,852	—	339,426	759,249
James Collier	528,482	1,805	—	—	—	530,287
Chris Ladas[3]	300,000	30,706	—	470,495		801,201
Non-executive						
Ron Mackintosh	329,775	—	—	—	—	329,775
Anthony Carlisle	80,572	—	—	—	—	80,572
Sergio Giacoletto[3]	91,586	—	—	—	—	91,586
Andrew Allner	20,788					20,788
Total	2,279,699	55,070	83,852	470,495	339,426	3,444,720

1 Other emoluments represents the cost met by the Company for travel to the UK and temporary residence for Mr Ladas, a US citizen and resident in California, in connection with the performance of his duties. The benefits are consistent with those provided to Mr Ladas prior to his appointment as an executive director. Mr Ladas leads the Operations function of the Group, a post he has held since 2000 and he is responsible for managing the manufacture and supply of the Company's products in which capacity he is required to undertake extensive travel around the world.

2 Mr van Beurden received a bonus of £150,000 in February 2009 as part of his emoluments in respect of a person accepting office as a director. This was reported within the emoluments for 2007 as the obligation to pay the bonus arose during that financial period.

3 The salary for Mr Ladas and the fees for Mr Giacoletto were paid in US Dollars. The salary and fees for the other directors were paid in Sterling but denominated in US Dollars for reporting purposes, consistent with the accounting policies of the Company.

5.2 Other than as described above, no emoluments were paid or granted to any of the Directors (including in respect of bonus, pension or any other benefits).

5.3 Service contracts for all executive Directors and letters of appointment for all Non-executive Directors are available for inspection as described in paragraph 12 of Part XIII (Additional Information).

6. Analysis of Proposed Directors' emoluments

The aggregate compensation details of Messrs. Banatao and Chadha, in their respective roles as Executive Chairman and Interim Chief Executive Officer and Director and Vice President of Strategic Corporate Initiatives, Corporate Marketing, Director, Founder and Secretary of SiRF, for SiRF's last financial year, are set out below:

	2008
Emoluments	$280,127
Gains on exercise of share options	—
Money purchase pension contributions	—
Total	$280,127

An analysis of Messrs. Banatao and Chadha's compensation relating to their salary and fees, bonus, pension and other benefits (other than share options), in their respective roles as Executive Chairman and Interim Chief Executive Officer and Vice President of Strategic Corporate Initiatives, Corporate Marketing, Director, Founder and Secretary of SiRF, for SiRF's last financial year is shown below:

	Fees/basic salary	*Benefits-in-kind*	*Bonuses*	*Other emoluments*	*2008 total*
Diosdado Banatao	$ 9,750	—	—	—	$ 9,750
Kanwar Chadha	$250,000	$19,777	$600	—	$270,377

Details of SiRF options held by Messrs. Banatao and Chadha as at 22 June 2009 (being the latest practicable date prior to the publication of this document), are as follows:

Director	*Plan*	*Exercisable up to (may be earlier, dependent on date of grant)*	*Exercise price (dependent on date of grant)*	*Aggregate no. of SiRF shares*
Diosdado Banatao	2004 Stock Incentive Plan	20/7/2014	$13.07	15,625
	2004 Stock Incentive Plan	18/5/2015	$13.60	10,563
	2004 Stock Incentive Plan	4/5/2016	$36.22	18,000
	2004 Stock Incentive Plan	3/5/2017	$24.35	18,000
Kanwar Chadha	1995 Stock Incentive Plan	10/4/2010	$ 2.00	290,000
	1995 Stock Incentive Plan	17/12/2011	$ 4.00	3,000
	1995 Stock Incentive Plan	17/12/2011	$ 4.00	74,791
	1995 Stock Incentive Plan	26/11/2013	$ 4.00	12,604
	1995 Stock Incentive Plan	26/11/2013	$ 4.00	37,396
	2004 Stock Incentive Plan	14/12/2014	$12.51	16,302
	2004 Stock Incentive Plan	14/12/2014	$12.51	7,993
	2004 Stock Incentive Plan	14/12/2014	$12.51	52,007
	2004 Stock Incentive Plan	14/12/2014	$12.51	7,993
	2004 Stock Incentive Plan	14/12/2014	$12.51	52,007
	2004 Stock Incentive Plan	24/4/2013	$25.16	16,000
	2004 Stock Incentive Plan	29/4/2014	$ 5.62	50,000

Details of SiRF restricted stock units held by Messrs. Banatao and Chadha as at 22 June 2009 (being the latest practicable date prior to the publication of this document), are as follows:

Director	*Plan*	*Releasable up to (may be earlier, dependent on date of grant)*	*Aggregate no. of shares*
Diosdado Banatao	—	—	—
Kanwar Chadha	2004 Stock Incentive Plan	29/4/2010	25,000

Equity Compensation

SiRF's compensation committee administers its 2004 Stock Incentive Plan for executive officers, employees, consultants and outside directors, under which it grants equity awards, including options to purchase SiRF Shares with an exercise price equal to the fair market value of a share of the common stock on the date of grant, restricted stock and performance share awards.

SiRF generally grants equity awards to its executive officers and other employees once per year. At its discretion, from time to time SiRF's compensation committee may also grant options based on individual achievements and the completion of corporate objectives. These equity awards are made at a meeting of SiRF's compensation committee or SiRF's Board on or before the grant date with the grant date being the third trading day after the first quarter earnings release. In the event SiRF's trading window does not open following the first quarter earnings release, a majority of the independent members of SiRF's Board will determine if and when to grant these annual equity awards.

In addition, SiRF's employees generally are able to participate in its 2004 Employee Stock Purchase Plan. Under the 2004 Employee Stock Purchase Plan, each employee may contribute up to 15 per cent. of their annual salary to purchase a maximum of 1,000 SiRF Shares in a six-month period at a price equal to 85 per cent. of the lower of the fair market value of the SiRF Shares on the first trading day of the offering period or the fair market value on the purchase date. The number of shares that may be purchased by each participant is also limited by applicable tax laws.

At the CSR General Meeting to be held on 25 June 2009, CSR Shareholders will be asked to approve the new CSR plc Employee Share Purchase Plan to allow continuation of SiRF's current employee purchase arrangements for eligible US employees of the Combined Company. A summary of the terms is included at paragraph 10.8 of this Part XII.

Neither of Messrs. Banatao and Chadha participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by SiRF.

Neither of Messrs. Banatao and Chadha participate in or have account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by SiRF.

7. Board Practices

7.1 *Corporate governance*

The CSR Board and the Proposed Directors are fully committed to high standards of corporate governance and corporate responsibility throughout the Combined Company. The CSR Board and the Proposed Directors support the principles of corporate governance contained in the Combined Code. The Combined Code sets out the governance rules which apply to all UK companies which are listed on the London Stock Exchange.

As at the date of publication of this document, CSR is in compliance with all the provisions of the Combined Code including the Principles set out in Section 1, other than the provision relating to the composition of the CSR Board, the balance of executive and non-executive directors over the period 27 May 2009 to the present. With the retirement of Mr David Tucker from the CSR Board as a non-executive director on 27 May 2009, the number of executive directors is greater than the number of non-executive directors. The CSR Board considers that an appropriate balance of skills and experience has been in place to enable the CSR Board to perform its responsibilities effectively. Following Completion, the CSR Board will be enhanced through the addition as a non-executive director and executive director respectively of Mr Banatao and Mr Chadha, both existing board members of SiRF. Following a suitable period after these appointments, and with due regard and consideration given to the balance of skills and experience, the CSR Board will address the appointment of an additional non-executive director.

7.2 *Committees*

(A) *Audit Committee*

The current members of CSR's Audit Committee are Mr Allner (chairman), Mr Giacoletto and Mr Carlisle. All are Non-executive Directors determined by the CSR Board to be independent in accordance with the Combined Code. Appointments to the Committee are made by the CSR Board on the recommendation of the Nomination Committee. Ron Mackintosh, chairman of the CSR Board, attends meetings of the Committee by invitation. The Committee also invites the Chief Executive Officer, Chief Financial Officer, internal auditor and senior representatives of the external auditors to attend meetings as appropriate to the business being considered. In addition the Committee has the right to invite any other employees to attend meetings where this is considered appropriate.

The Committee operates under defined terms of reference. The Committee is responsible for the development, implementation and monitoring of CSR's policy on external audit and for overseeing the objectivity and effectiveness of the auditors. The Committee monitors the conduct of the statutory audits of the consolidated reports and financial statements. This includes consideration of the areas of focus of the audits in conjunction with the external auditors and assessment of their findings and recommendations, where relevant.

The Committee recommends the appointment and re-appointment of the CSR Group's external auditors and considers the scope of their audit work, the terms of their appointment, their fees and the cost effectiveness of their work.

In relation to the appointment of external auditors and in order to safeguard auditor independence and objectivity, the Committee has a policy of permitted services which details the services that can be provided by the CSR Group's auditors and those services which require specific approval by the Committee. The policy also details services that the Group's auditors are not permitted to provide.

The Committee reviews all proposed announcements to be made by the Group to the extent they contain financial information.

The Committee focuses particularly on compliance with legal requirements, accounting standards and the Listing Rules and ensuring that an effective system of internal financial and non-financial controls is maintained. The Committee also monitors and reviews the effectiveness of the CSR Group's internal control systems, procedures for handling allegations from whistleblowers, accounting policies and practices, risk management procedures and compliance controls, as well as the statement on internal controls before they are agreed by the CSR Board for each year's annual report.

The Committee monitors and reviews the effectiveness of the internal audit function, approving the annual internal audit plan, and thereafter reviewing reports on the results of internal audit work which has been conducted. These reports also up-date the Committee on the progress in addressing any recommendations that have been made arising from the audits which have been conducted.

(B) *Remuneration Committee*

The current members of CSR's Remuneration Committee are Mr Giacoletto (chairman), Mr Carlisle, Mr Mackintosh and Mr Allner. Each of Mr Giacoletto, Mr Carlisle and Mr Allner are non-executive Directors determined by the CSR Board to be independent in accordance with the Combined Code. Mr Mackintosh is chairman of the CSR Board and was considered by the CSR Board to be independent of management at the time of his appointment to the CSR Board and as chairman. Appointments to the committee are made by the CSR Board, with the chairman of the Committee being recommended by the Nomination Committee.

The Committee operates under defined terms of reference and its principal function is to establish and review the terms and conditions for the executive directors and the overall policy framework for the remuneration of other senior executives and the CSR Group as a whole.

The Committee's principal duties include the following:

- to determine the participation of the executive directors in any discretionary employee share or other incentive schemes operated by CSR;
- to review the design and implementation of all share incentive plans and ask the CSR Board, when appropriate, to seek shareholder approval for any long term incentive arrangements;
- to determine targets for any performance-related payments for executive directors and individual incentives for executive directors;
- to determine the policy for, and scope of, pension arrangements for executive directors;
- to determine the policy for, and scope of, any termination payments and the severance terms for executive directors; and
- to make recommendations to the CSR Board on the framework for the remuneration of such members of the CSR Group's executive management as it is designated to consider and its cost;
- to prepare and submit to the CSR Board a draft report on remuneration to be considered and approved by the CSR Board.

The Committee is authorised to obtain outside legal or other independent professional advice including the advice of independent remuneration consultants and to secure the attendance of external professional advisers at its meetings if it considers this necessary. In accordance with the Committee's terms of reference, no director may participate in discussions relating to his or her own terms and conditions of service or remuneration.

(C) *Nomination Committee*

The current members of the Company's Nomination Committee are Mr Mackintosh (chairman), Mr Carlisle, Mr Giacoletto and Mr Allner. Each of Mr Giacoletto, Mr Carlisle and Mr Allner are non-executive Directors determined by the CSR Board to be independent in accordance with the Combined Code. Mr Mackintosh is chairman of the CSR Board and was considered by the CSR Board to be independent of management at the time of his appointment to the CSR Board and as chairman. The members of the Committee and the chairman of the Committee are appointed from time to time by the CSR Board.

The Committee operates under defined terms of reference and its principal responsibilities include meeting as appropriate to consider appointments to the CSR Board and to consider succession planning at senior levels within CSR. The Committee reviews the composition of the CSR Board, particularly in relation to the diversity of skills, experience and terms of office and seeks to ensure that both executive and non-executive directors have the necessary skills and attributes for the future success of the CSR Group. The Committee retains external search consultants as appropriate.

The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of external professional advisers at its meetings if it considers this necessary.

8. Employees

8.1 *CSR Group*

The following table details average employee numbers for the CSR Group for FY 2006, FY 2007 and FY 2008 including a breakdown of persons employed by geographical location.

	2008	*2007*	*2006*
UK	617	659	576
India	73	113	120
USA	62	85	88
Sweden	52	58	52
Denmark	51	43	43
South Korea	31	30	21
Taiwan	31	26	25
Japan	22	18	21
France	20	17	12
China	16	13	11
Total	975	1062	969

The following table details the average monthly employee numbers for the CSR Group for FY 2006, FY 2007 and FY 2008 by category of activity:

	2008	*2007*	*2006*
R&D	630	670	541
Sales and marketing	240	232	184
General and administrative	105	110	91

8.2 *SiRF Group*

The following table details average employee numbers for the SiRF Group for FY 2006, FY 2007 and FY 2008 including a breakdown of persons employed by main category of activity.

	2008	*2007*	*2006*
R&D	408	571	281
Sales and marketing	69	120	82
Operations	48	36	25
General and administrative	46	80	57
Total	571	807	445

9. Pensions

The CSR Group operates a defined contribution retirement benefit scheme for all qualifying employees. The total cost charged to income of $7,221,000 represents contributions payable to this scheme by the CSR Group at rates specified in the rules of the plan. As at 2 January 2009, contributions of $nil due in respect of current reporting period had not been paid over to the scheme.

10. CSR Share Schemes

10.1 CSR has four share option plans: the Founders Share Option Plan, the Global Share Option Plan, the CSR plc Share Option Plan and an HMRC approved SAYE Share Option Scheme.

The Founders Share Option Plan and Global Share Option Plan were established prior to CSR's flotation. Whilst not all awards under these two plans have been exercised, the plans are closed for the purpose of any new awards, and neither plan was used during 2008 for grants to executive directors. The Founders Share Option Plan has been superseded by the Global Share Option Plan. However, there are still some remaining awards under the Founders Share Option Plan which are exercisable up to 1 September 2009.

Under the CSOP, established in 2004, awards are made to executive directors and other employees at the discretion of the remuneration committee. The awards are subject to a three-year retention period and the requirement that, subject to certain mitigating factors, the participant is an employee at the end of the retention period. CSR's policy is to grant options to executive directors up to a maximum of 200 per cent. of salary, taking into account individual performance. The remuneration committee also has the discretion to grant awards at a higher proportion of basic salary, which, in exceptional circumstances only, such as recruitment of a new executive or key employee, could be up to 400 per cent. of basic salary.

Under the HMRC approved SAYE Share Option Scheme, options may be granted to eligible employees at a discount of up to 20 per cent. of market value. Executive directors are eligible to participate in the SAYE Share Option Scheme.

10.2 The CSR Share Award Plan was introduced in 2005, under which awards are made to executive directors and other employees at the discretion of the remuneration committee. Since the introduction of the CSR Share Award Plan, vesting of the share awards made to executive directors and senior management have been subject to total shareholder return, over a fixed three year period with an additional requirement that CSR should have achieved a sustained improvement in underlying financial performance over the same three year period. Grants of share awards below this level (which have been small in value) have been subject only to employment at the end of the retention period.

10.3 At the CSR General Meeting convened for 25 June 2009, CSR is seeking approval of a new CSR plc Employee Share Purchase Plan (the "**Share Purchase Plan**") to allow a continuation of the current equivalent SiRF stock option purchase arrangements for eligible US employees of the Combined Company.

Set out at sections 10.4 to 10.8 below are the principal features of the CSR Share Schemes and Share Purchase Plan.

10.4 ***Global Share Option Plan***

(A) *Eligibility*

Any *bona fide* employee of any member of the CSR Group is eligible for the Global Share Option Plan.

(B) *Grant of Options*

Options may be granted by CSR or any member of the CSR Group on the instructions of the Directors.

(C) *Option price*

The price payable for each share subject to an option award shall be determined on the occasion of each grant and shall not be less than the nominal value of the share. Optionholders are not required to pay for the grant of an option award.

(D) *Exercise of options*

Options will normally be exercisable in whole or in part at any time between the date when some or all of the Ordinary Shares under the options become capable of being exercised and the tenth anniversary of the date on which the option was granted.

The exercise of options granted to employees may be conditional upon (i) the performance of CSR, the CSR Group or the employee over a period and measured against such objective criteria as shall be notified to the employee when the option is granted ("Performance-Related Option") and/or (ii) any condition related to the continued employment of the employee as determined by the Directors and notified to that employee when the option was granted ("Service-Related Option").

Options may be satisfied by the payment of a cash sum representing the price at which each share subject to an option may be purchased, which shall be determined by the Directors at grant but shall be not less than the nominal value of the share.

(E) *Termination of employment*

The following special rules apply on termination of employment:

(i) if an employee dies, his personal representatives may exercise his vested options in the 12 months following his death;

(ii) if an employee's employment ends as a result of disability, injury, retirement, redundancy or ill-health, he may exercise his vested options in the six months following the termination of his employment;

(iii) if the employee begins employment with an Associated Company, he may exercise his vested options in the six months following the termination of his employment;

(iv) if the employee becomes entitled to repudiate his contract of employment, he may exercise his vested options in the six months following the termination of his employment;

(v) if the employee terminates his contract of employment on full notice after the fourth anniversary of the commencement of such a contract, he may exercise his vested options in the three months following the termination of his employment;

(vi) if the Directors believe there is any other reason which justifies the continuance of an option, the employee may exercise his vested options during a period specified by the Directors,

whereupon if not exercised all option awards will lapse.

Options will lapse immediately in the following circumstances:

(a) if the employee's contract of employment with a member of the CSR Group is terminated owing to a repudiatory breach of that contract by the employee;

(b) if the employee terminates his contract of employment in circumstances where (a) he is not entitled to repudiate the contract or (b) he terminates the contract prior to the fourth anniversary following the commencement of the contract; or

(c) if the employee's contract of employment with a member of the CSR Group is terminated in circumstances where the relevant CSR Group company is entitled to terminate that contract summarily.

(F) *Lapse of options*

Options will also lapse immediately in the following circumstances:

(i) if the employee is declared bankrupt or makes an arrangement or compromise with his creditors;

(ii) if the employee attempts to transfer or assign, mortgage, charge, or otherwise dispose of his option;

(iii) if the employee is deprived of legal or beneficial ownership of the option by operation of law; and

(iv) if a resolution is passed or compulsory order is made by the court for the compulsory winding up of CSR.

(G) *Variation of Plan*

The Directors may at any time alter or add to any of the provisions of the Global Share Option Plan provided that no such alteration or addition shall affect the liabilities of any person other than CSR without the prior consent of such person.

(H) *Shares*

All shares allotted or transferred under the Global Share Option Plan shall be, prior to being quoted, fully paid "B" ordinary shares in the capital of CSR and after such a quotation, Ordinary Shares in the capital of CSR.

(I) *Variation of capital*

In the event of any variation in the share capital of CSR the Directors may approve a variation in the options award under the Global Share Option Plan, having received confirmation from the auditors that the mathematical accuracy of the application of any such variation formula is correct, provided that no variation shall be made which would result in the exercise price for an allotted share being less than its nominal value.

(J) *Limit*

The maximum number of shares in respect of which option awards may be granted under the Global Share Option Plan shall not exceed 5,700,000.

(K) *Corporate events*

On a change of control of CSR optionholders may be required to release their old options for new equivalent options over shares in the acquiring company. If no such offer is made then the existing options will be exercisable for specified periods following the change of control.

10.5 ***CSR plc Share Option Plan***

(A) *Administration*

The CSOP is administered by a Committee duly appointed by the CSR Board. In relation to the grant of options to executive directors, the members of the Committee are the remuneration committee of CSR. In relation to the grant of options to other employees, the members of the Committee are such duly authorised persons as are appointed from time to time by the CSR Board.

(B) *Eligibility*

All employees of CSR, its subsidiaries and any other group member designated by the CSR Board, and any executive director of a participating company who devotes substantially the whole of his working time to the business of a participating company is eligible to participate in the CSOP at the discretion of the Committee provided that they are more than 6 months from their anticipated date of retirement.

(C) *Awards*

Awards are in the form of options over Ordinary Shares with an exercise price determined by the grantor (being a committee appointed by the CSR Board, or the Trustees acting on the recommendation of such committee) at the date of grant, being not less than the market value of a share subject to any adjustments as detailed in the CSOP.

Awards made to any one person under the UK Inland Revenue Approved Addendum shall not exceed £30,000 based on the market value at the date of grant.

The market value of Ordinary Shares which may be placed under option to any eligible employee in any financial year shall not exceed 200 per cent. of that employee's base salary, save that this figure shall be up to 400 per cent. where the grant of the option in question is made at the time of the recruitment of the employee concerned.

(D) *Performance Targets*

The grantor may impose conditions on the exercise of an option at the date of grant. Such conditions must be objective and stated in writing, and may not be waived or amended unless in accordance with the terms of such conditions (or where such waiver or amendment is at the discretion of the grantor, such discretion shall only be exercised in a manner which the grantor has determined to be fair and reasonable).

(E) *Exercise of Options*

In normal circumstances, an option may be exercised no earlier than the third anniversary of the date of the grant, and only while the participant is a director or employee of a participating company, being CSR, its subsidiaries and any other group member designated by the CSR Board.

If notice is given of a resolution for the voluntary winding-up of CSR, CSR shall give notice to all participants in the CSOP. Participants may exercise their options until the resolution is passed or defeated or the meeting concluded or adjourned provided that any such exercise shall be conditional upon the said resolution being duly passed. If such resolution is passed all options shall, to the extent they have not been exercised, lapse.

In the event of a takeover or compromise or arrangement, an employee may, by agreement with the relevant company, release any option that has not lapsed in consideration of the grant to him of a new option relating to shares in a different company.

In all cases, an option may be exercised only to the extent that any conditions upon exercise imposed have been fulfilled to the satisfaction of the grantor.

(F) *Termination of employment*

If a participant ceases to be employed then the following rules will apply:

(i) If the participant's employment terminates by reason of death, injury or disability, retirement or early retirement or redundancy, or the company which employs the participant ceases to be a member of the CSR Group or upon the transfer or sale of the undertaking in which the participant is employed to a person who is not a member of the CSR Group or as a result of any other reason determined at the discretion of the grantor within one month of the cessation, exercise of an option is permitted within six months; and

(ii) If the participant's employment ends for any other reason, the participant will forfeit his award unless and to the extent the grantor decides otherwise.

(G) *Change of control*

In the event of a change of control of CSR by reason of a general offer to acquire all of its shares, an employee may exercise his options within six months.

In the event that the Court sanctions a compromise or arrangement proposed in relation to the reconstruction or amalgamation of CSR, an employee may exercise his options before the earlier of six months and the date on which the Court sanctions the compromise or arrangement.

(H) *Variation of Capital*

In the event of any capitalisation issue, demerger, or other variation in the share capital of CSR or any other exception or length which in the opinion of the auditors justifies such an adjustment, the grantor may adjust the number of shares over which an option is granted, the conditions of exercise and the option price. No adjustment may have the effect of reducing the option price to less than the nominal value of a share.

(I) *Benefits non-pensionable*

Any awards made under CSOP shall not form part of the emoluments of individuals or count as remuneration for pension or other purposes.

(J) *Amendments*

The CSR Board may at any time alter or add to any of the provisions of the CSOP in any respect (but only with the prior consent of the Trustees if there are subsisting options which they have agreed to satisfy or which will be affected by the alteration or addition).

No alteration or addition to the material advantage of participants or employees shall be made to:

(i) the persons to whom options may be granted;

(ii) the limitations on the number of Ordinary Shares which may be issued;

(iii) the individual limits;

(iv) the principal terms of the options;

(v) option price;

(vi) the rights of participants in the event of the variation of the share capital; and

(vii) the terms by which alterations to the CSOP may be made,

without the prior approval by ordinary resolution of Shareholders in general meeting.

No such restrictions apply to any minor alteration or addition which is to benefit the administration of the CSOP, or is necessary or desirable in order to design or maintain favourable tax, exchange control, or regulatory or legislative treatment.

No alteration or addition shall be made which would adversely affect the rights of a participant unless it is made with the consent in writing of such number of participants as hold options under the CSOP to acquire 75 per cent. of the shares which would be issued or transferred if all options granted under the CSOP were exercised, or by resolution at a meeting of participants passed by not less than 75 per cent. of those who attend and vote.

(K) *Termination of the CSOP*

All options lapse upon the tenth anniversary of the date on which those options are granted.

(L) *Scheme Limits*

The number of Ordinary Shares which may be allocated under the CSOP on any day shall not, when added to the aggregate number of Ordinary Shares which have been allocated during that and the previous nine years under the CSOP and under any other employees' share scheme adopted by CSR, exceed 10 per cent. of the Ordinary Share capital of CSR in issue immediately prior to that day.

(M) *Shares*

The shares to be used for the purposes of the CSOP are fully paid Ordinary Shares of CSR. Ordinary Shares issued pursuant to the CSOP rank *pari passu* in all respects with the Ordinary Shares then in issue except that they do not rank for any right attaching to Ordinary Shares by reference to a record date preceding the date of exercise.

10.6 ***SAYE Share Option Scheme***

(A) *Administration*

The SAYE Share Option Scheme is operated and administered by the Remuneration Committee, being a duly appointed committee of the CSR Board comprising a majority of directors who do not hold any executive office with CSR or any of its subsidiaries or who will not participate in the SAYE Share Option Scheme.

(B) *Eligibility*

All employees of CSR and its subsidiaries including directors working 25 hours or more per week (with such qualifying period of continuous service as the Remuneration Committee may determine), or those nominated by the Remuneration Committee are eligible to participate. Such individual may not have at the date of grant (and not have had within the preceding 12 months) a material interest in a close company which is or the Company a company which has control of the Company or is a member of a consortium which owns the Company.

(C) *Options*

Options entitle the holder to acquire Ordinary Shares in CSR. Options may either be options to subscribe for new Ordinary Shares to be issued by CSR or options to purchase existing Ordinary Shares from an employee benefit trust. Options are personal to the participant and may not be transferred, except as provided in the SAYE Share Option Scheme. No amount shall be paid in respect of the grant of an option.

(D) *Timing*

Invitations may normally only be issued in the period beginning the day after the announcements of the results of CSR and ending 42 days later.

(E) *Exercise price*

The exercise price may not be less than the higher of (i) an amount equal to 80 per cent. of the market value of the Ordinary Shares, and (ii) the nominal value of an Ordinary Share.

(F) *Individual limit*

No eligible employee will be granted an option if it would cause the aggregate amount of his contributions under all SAYE contracts to exceed the lesser of (i) such maximum monthly contribution as may be permitted pursuant to paragraph 25 of schedule 3 of the Income Tax (Earnings and Pensions) Act 2003, or (ii) such maximum monthly contribution as may be determined by the Remuneration Committee.

(G) *Exercise of options*

Options may be exercisable in whole or in part, but once only, normally during the six month period starting on the date when the bonus under the related SAYE contract is payable.

If an optionholder dies his personal representatives may exercise his options in the 12 months following his death or, if earlier, the bonus date.

If an optionholder ceases to be employed within the group for a permitted reason, the optionholder may exercise his options in the six months following the termination of his employment. Permitted reasons are: injury, disability, pregnancy (if cessation of office or employment is more than three years after the grant date), redundancy, retirement at normal retirement age or early retirement with the agreement of the employer (if such cessation of office or employment is more than three years after the grant date), the sale outside the group of the company or business in which the optionholder works or, in the case of any option which the optionholder has held for at least three years, any other reason.

If an optionholder ceases to be employed for a reason other than a permitted reason, his option will lapse.

If an optionholder reaches 60 years of age but continues to be employed by a participating company then any option held by him may be exercised within six months after the date upon which he reaches that age.

If an optionholder gives or is deemed to give notice that they wish to stop paying contributions under the SAYE contract, relevant options shall lapse unless exercised in accordance with the SAYE Share Option Scheme rules.

The exercise of options will also be permitted in the event of a change of control, the sanction of a compromise or arrangement by the Court or voluntary winding up of CSR. In the event of a change in control, participants may surrender their options in return for substitute options over shares in a new company.

(H) *Shares*

The shares to be used for the purposes of the SAYE Share Option Scheme are fully paid Ordinary Shares.

(I) *Variation of capital*

In the event of any capitalisation or rights issue by CSR, or any consolidation, subdivision or reduction of the share capital of CSR or any other variation of share capital, the number and exercise price of Ordinary Shares subject to an option may be adjusted by the grantor.

(J) *Amendments*

The directors may vary the SAYE Share Option Scheme provided the Board of the Inland Revenue approve, and that such variation would not adversely affect the subsisting rights of the optionholders (except with the consent of optionholders who, on exercise of their options, would be entitled to not less than 75 per cent. of all the Ordinary Shares which fall to be allotted upon the exercise of all outstanding options). No major amendment benefiting optionholders may be made to certain scheme provisions. Such provisions relate to the persons to whom options may be granted, the limitations on the grant of options, the exercise price, the adjustment of options, the restrictions on the exercise of options, the rights of Ordinary Shares issued upon the exercise of options, the rights of optionholders on the winding-up of CSR, and the transferability of options. Such restrictions do not apply to any alteration or addition made by the directors in order to comply with legislation, or to gain favourable tax treatment, provided that such changes do not affect the basic principles of the SAYE Share Option Scheme.

(K) *Scheme limits*

The number of Ordinary Shares which may be allocated under the SAYE Share Option Scheme may not, when added to the number of Ordinary Shares which have been allocated on or after the date which the listing of CSR occurs, and in the previous ten years under all CSR employee share or incentive schemes, exceed 10 per cent. of the Ordinary Share capital of CSR.

For these purposes Ordinary Shares which may be issued to the trustees to satisfy the exercise of an option shall be included.

10.7 ***CSR Share Award Plan***

(A) *Administration*

The CSR Share Award Plan is administered by the Remuneration Committee, or such other committee comprising a majority of non-executive directors, of CSR.

(B) *Eligibility*

Any executive director or employee of CSR or its group is eligible to participate in the CSR Share Award Plan. The committee has absolute discretion as to the selection of persons to whom performance share awards may be granted and in determining the criteria

for selecting those individuals to whom retention awards may be made. An award shall not be granted to any employee or executive director within the period of six months ending on the date on which that person is bound to retire.

(C) *Awards*

Awards are in the form of a right to acquire Ordinary Shares subject to the terms and conditions of the CSR Share Award Plan and may be in the form of either an option to acquire a number of Ordinary Shares for nil-cost or to subscribe for a number of Ordinary Shares at the aggregate par-value of those Ordinary Shares.

An award includes a performance share award (subject to a performance target relating to the performance of CSR) or a retention award. In the 2005 AGM circular, CSR specified that performance share awards would be granted to executive directors and other senior employees and retention awards would be granted to selected key employees.

The grantor may grant awards under the CSR Share Award Plan to acquire Ordinary Shares normally within six weeks following the announcement of the financial results of CSR. The Remuneration Committee may also grant awards under the CSR Share Award Plan at any other time when the Remuneration Committee considers there are exceptional circumstances which justify the granting of awards.

Awards under the CSR Share Award Plan are not transferable except on death.

No award shall be made after 3 May 2015.

(D) *Performance Targets*

Each performance share award is subject to a performance target of CSR over the period of three years beginning with the year in which the award is granted (unless the Remuneration Committee otherwise determine) which determines the number or proportion of award shares which will vest. The Committee has discretion to determine the performance target. The performance targets are determined by the Committee when the award is made.

(E) *Vesting of Awards*

An award may only be exercised in respect of vested shares, and normally only by an award holder who remains a director or employee of a member of the CSR Group. No award may be exercised after the period of ten years beginning on the date on which the award is made.

Awards will normally vest only after the passing of the third anniversary of the award date and, in respect of a performance share award, the performance target having been met.

An award may be exercised in such form and manner as the directors may from time to time determine.

(F) *Termination of employment*

As a general rule, an award under the CSR Share Award Plan will lapse upon a participant ceasing to hold employment or office within the CSR Group. However, if a participant ceases to be an employee or to hold office because of death, injury, disability, redundancy, retirement or as a consequence of the CSR Group member company or business for which he works being sold out of the CSR Group, or any other reason permitted by the Remuneration Committee, then the award holder or his personal representatives may exercise those shares deemed to have vested at that date within the period of six months from the date he so ceases to hold office or employment.

The extent to which retention awards shall vest shall (unless the Remuneration Committee determines otherwise in exceptional circumstances) be determined by applying a *pro rata* reduction to the number of shares awarded (on the basis of the ratio that the number of complete months from the award date to the date of the cessation of office or employment bears to 36 months).

The extent to which performance share awards shall vest shall be determined according to the extent to which relevant performance targets have been satisfied and by applying a similar *pro rata* reduction.

(G) *Change of control*

In the event of a takeover, scheme of arrangement or winding-up of CSR, all awards under the CSR Share Award Plan will vest early subject to:

(i) the extent to which performance conditions have been satisfied at that time (unless the Remuneration Committee determines otherwise); and

(ii) the pro rating of the awards to reflect the reduced period of time between the commencement of the performance period and the date of the relevant event relative to the full 36 month performance period. The Remuneration Committee may decide not to pro rate an award in exceptional circumstances.

Vested awards may be exercised within a period of six months following a takeover, and within three months following a scheme of arrangement.

If in consequence of a demerger, reconstruction, reorganisation or amalgamation, CSR shall come under the control of another company and the award holder is granted new awards in consideration of the release of his previous awards, such previous awards shall lapse.

In the event of a demerger, CSR (acting with the consent of the Remuneration Committee) may notify the award holders that awards may be exercised within one month (or such longer period as may be specified in the notice).

If notice is given of a resolution for the voluntary winding-up of CSR, CSR shall give notice of such resolution to all award holders. An award may then be exercised to the extent that award shares have vested before such notice has been given.

(H) *Variation of Capital*

If the Ordinary Share capital of CSR is altered by way of capitalisation or rights issue, sub-division, consolidation or reduction, or there is any other variation, or a demerger, the Remuneration Committee may make such adjustment as it considers appropriate to the number of award shares, and the price, if any, payable for such Ordinary Shares, provided that (except in the case of a sub-division, consolidation or capitalisation issue): (i) the auditors shall give written confirmation that the adjustment is fair and reasonable; (ii) that the number of Ordinary Shares so adjusted is rounded down to the nearest whole number; and (iii) that no such adjustment shall be made without the grantor's consent if the grantor of an award is not CSR.

(I) *Amendments*

Directors may at any time alter or add to any of the provisions of the CSR Share Award Plan in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility to participate, the overall limitations on the issue of new shares, the individual limitations on awards granted under the CSR Share Award Plan, the basis for determining award holders' rights to acquire shares, the adjustment of such rights in the event of a variation of the ordinary share capital, or the terms by which CSR Share Award Plan alterations may be made.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the CSR Share Award Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants of any company in the CSR Group. Additionally, no alteration may be made in relation to any award without the approval of the grantor if the grantor of that award is not CSR.

(J) *Individual Limit*

An individual may not receive awards under the CSR Share Award Plan in any financial year of CSR with a market value exceeding 100 per cent. of the award holder's salary, save that the figure may be 200 per cent. if the Remuneration Committee considers that exceptional circumstances apply.

If the Remuneration Committee or directors determine that an award holder should bear the cost of the employer's NICs arising upon the acquisition of shares pursuant to an award, this limit may be increased by such number of shares as the Remuneration Committee or the directors determine for the purpose of compensating the award holder for assuming the burden of such NICs.

(K) *Participants' Rights*

The making of an award does not form part of the award holder's entitlement to remuneration or benefits pursuant to his contract of employment, and the rights and obligations of an award holder under the terms of his contract of employment with CSR or any member of the CSR Group shall not be affected by the making of an award.

(L) *Rights attaching to Ordinary Shares*

All Ordinary Shares issued or transferred under the CSR Share Award Plan rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

(M) *Plan Limits*

In any ten calendar year period, CSR may not issue (or grant rights to issue) more than ten per cent. of its issued Ordinary Share capital under the CSR Share Award Plan and any other employee share plan adopted by CSR.

10.8 ***CSR plc Employee Share Purchase Plan***

(A) *Purpose*

The purpose of the Share Purchase Plan is to incentivise eligible employees by providing them with an opportunity to purchase Ordinary Shares at a discount to the prevailing market price, which will provide an incentive for those employees to have an ownership interest. The effectiveness of the Share Purchase Plan is conditional on the Merger being approved and shareholder approval as provided herein.

The Share Purchase Plan is intended to satisfy the requirements of Section 423 of the US Internal Revenue Code. For US federal income tax purposes, participants do not recognise ordinary income upon the purchase of shares under the Share Purchase Plan and the employer will not be entitled to a compensation deduction. If a participant holds shares purchased under the scheme for two years from the start of the offering period in which purchased and one year after the purchase date, then upon disposition of such shares the participant will recognise ordinary income equal to no more than 15 per cent. of the market price of the shares at the start of the offering period in which such shares were purchased. If a participant does not satisfy these holding period requirements, he or she must recognise ordinary income up to the amount by which the market price on the date of purchase exceeded the purchase price.

(B) *Administration*

The Share Purchase Plan will be administered by the Remuneration Committee of CSR's Board, referred to as 'the Committee' which has full power to administer and interpret the Share Purchase Plan. The decisions of the Committee are final and binding upon all participants.

(C) *Shares Reserved for Issuance*

Subject to the 10 per cent. limitation described below and adjustments for certain changes in capital structure or upon a corporate transaction, the maximum number of Ordinary Shares that will be made available for sale under the Share Purchase Plan is 700,000, plus an annual increase on the first day of each fiscal year equal to the lower of (i) 500,000 Ordinary Shares, (ii) 1.5 per cent. of the outstanding Ordinary Shares of CSR on the last day of the immediately preceding fiscal year or (iii) the number of Ordinary Shares of CSR determined by the Committee.

The number of Ordinary Shares of CSR which may be issued under the Share Purchase Plan on any day shall not, when added to the aggregate number of shares which have been issued during the previous 10 years under the Share Purchase Plan and under any other employee share scheme adopted by CSR (other than certain SiRF equity plans assumed by CSR in connection with the Merger), exceed 10 per cent. of the Ordinary Share capital of CSR in issue immediately prior to that day.

(D) *Eligibility*

All employees of a participating employer under the Share Purchase Plan, including officers and employee directors but excluding 5 per cent. or greater shareholders, are eligible to participate if they are customarily employed for more than 20 hours per week and for more than five months in any calendar year. However, no employee will be eligible to participate in the scheme if he or she is a citizen or resident of a non-US jurisdiction and (i) his or her participation in the scheme would violate the laws of such non-US jurisdiction or (ii) compliance with the laws of such jurisdiction would cause the scheme to violate the requirements of Section 423 of the US Internal Revenue Code. Eligible employees may become participants in the Share Purchase Plan by filing an enrollment form prior to an offering date.

(E) *Participating Employers*

Initially, the participating employers in the Share Purchase Plan will be Cambridge Silicon Radio, Inc., Clarity Technologies Inc., and SiRF Technology, Inc. Additional participating employers may be designated by the Committee from among any present or future CSR subsidiary incorporated in the United States.

(F) *Offering Periods and Purchase Dates*

The Share Purchase Plan will be implemented by a series of overlapping "offering periods" generally lasting 24 months each, and purchases will be made at the end of each "accumulation period" (generally lasting 12 months each) during an offering period, unless otherwise determined by the Committee.

Accordingly, if one 24-month offering period would start each year, each offering period would have two purchase dates. Participating employees may authorise payroll deductions in an amount specified by the Committee, which deductions will accumulate during each accumulation period, without interest, and automatically be applied to purchase shares from CSR on the last day of each accumulation period.

The Committee has authority to determine the length and timing of offering and accumulation periods, but it is generally expected that offering periods will commence on or about 15 March of each year, beginning 2010. The Committee may decide to commence an offering period prior to that date, which would likely commence during the 42-day period (expected to commence on or about 30 July 2009) following the release of CSR's financial results for the second quarter of fiscal year 2009, which initial offering period may continue until 14 March 2010 or 14 March 2011 or such other date, as the Committee determines. Accumulation periods are generally expected to run for 12 months, for example, from 15 March of one calendar year to 14 March of the following calendar year. In no event may the duration of an offering period be longer than 27 months, nor the duration of an accumulation period be longer than 12 months.

Ordinary Shares of CSR are purchased under the Share Purchase Plan on the last day of each accumulation period. On each purchase date, each participant is automatically deemed to have elected to purchase Ordinary Shares of CSR with the entire balance of the payroll deductions accumulated in the participant's payroll deduction account during the relevant 12 month accumulation period, unless the participant has withdrawn or ceased to be an eligible employee prior to the purchase date.

The Committee may set a limit on the number of shares that may be purchased by each participant for an offering period or accumulation period and may also limit the number of shares to be purchased by all participants in the aggregate. In addition under US Internal Revenue Code Section 423, no employee's rights to purchase Ordinary Shares pursuant to the Share Purchase Plan may accrue at a rate that exceeds $25,000 per calendar year in which the employee is eligible to purchase shares pursuant to the Share Purchase Plan and no employee will be eligible to purchase shares under the Share Purchase Plan to the extent that, immediately after the purchase, that employee would have owned 5 per cent. or more of either the voting power or the value of all classes of shares of CSR or a subsidiary. The Committee may impose other limitations on the dollar amount or number of shares purchased under the Share Purchase Plan.

(G) *Purchase Price, Shares Purchased*

Ordinary Shares are purchased under the Share Purchase Plan at a price equal to 85 per cent. of the fair market value of the Ordinary Shares on the first trading day of the offering period or the last trading day of the accumulation period, whichever is less. The number of whole Ordinary Shares of CSR a participant purchases in each purchase period is determined by dividing the total amount of payroll deductions withheld from the participant's compensation during that purchase period by the purchase price (as converted to US Dollars).

The shares to be used for the purposes of the Share Purchase Plan are fully paid Ordinary Shares of CSR. Ordinary Shares issued pursuant to the Share Purchase Plan will rank *pari passu* in all respects with the shares then in issue except that they shall not rank for any rights attaching to Ordinary Shares by reference to a record date preceding the date of issue. CSR may direct the CSR Employee Benefit Trust to deliver shares purchased under the Share Purchase Plan.

(H) *Termination of Employment*

Termination of a participant's employment for any reason, including death, immediately terminates his or her participation in the Share Purchase Plan. In such event, the payroll deductions credited to the participant's account will be returned without interest to him or her or, in the case of death, to his or her estate or beneficiary.

(I) *Adjustments upon Changes in Capitalisation, Merger or Sale of Assets*

In the event that the number of outstanding Ordinary Shares is increased or decreased by reason of any subdivision or consolidation of shares or the payment of a share dividend, any other increase or decrease in such shares effected without receipt or payment of consideration by CSR, the distribution of the shares of a subsidiary to shareholders or a similar event, the Committee may in its sole discretion make proportional adjustments in the aggregate number of Ordinary Shares offered under the Share Purchase Plan, the individual participant share limitations and the price of shares that any participant has elected to purchase. The Committee's determination of any such adjustment will be final and binding. Immediately before a sale of all or substantially all of CSR's assets or its merger or consolidation with another company, the offering period then in progress will terminate and shares will be purchased with the accumulated payroll deductions, unless the Share Purchase Plan is assumed or continued by the surviving corporation or its parent corporation under the plan of merger or consolidation.

(J) *Amendment and Termination of the Plan*

The Committee may suspend or terminate the Share Purchase Plan at any time. The Committee may also amend the Share Purchase Plan at any time except that (i) it may not increase the number of shares subject to the Share Purchase Plan or amend the definition of participating employer without the prior approval of Shareholders in a general meeting and (ii) any provisions relating to:

1. limitations on the number or amount of Ordinary Shares issuable under the Share Purchase Plan;
2. the maximum entitlement for any one participant; and
3. the basis for determining a participant's entitlement to, and the terms of, Ordinary Shares, and for the adjustment thereof on a subdivision or consolidation of shares or other variation of capital;

cannot be altered to the advantage of participants (except in the case of 1-3 above for minor amendments to benefit the administration of the scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the scheme or for CSR or for any member of the CSR Group) in each case without the prior approval of shareholders in a general meeting.

Unless earlier terminated by the Committee, the Share Purchase Plan will terminate on 25 June 2019.

(K) *Withdrawal*

Generally, a participant may withdraw from the Share Purchase Plan at any time during an offering period prior to the next scheduled purchase date. If a participant elects to withdraw, all of the participant's payroll deductions for that accumulation period will be returned to the participant, and the participant may not make any further contributions to the Share Purchase Plan during that offering period. A participant's voluntary withdrawal during an offering period will not have any effect upon the participant's eligibility to participate in the Share Purchase Plan during a subsequent offering period.

(L) *New Plan Benefits*

Because benefits under the Share Purchase Plan will depend on employees' elections to participate and the fair market value of Ordinary Shares at various future dates, it is not possible to determine the benefits that will be received by executive officers and other employees if the Share Purchase Plan is approved by the shareholders. Non-employee directors are not eligible to participate in the Share Purchase Plan.

(M) *Benefits not pensionable*

Benefits under the Share Purchase Plan will not be pensionable (used to calculate benefits) under UK pension schemes or taken into account for purposes of employer contributions under any US based Internal Revenue Code Section 401(k) plans.

10.9 Details of aggregate options and awards outstanding under the CSR Share Schemes as at 22 June 2009, the latest practicable date prior to the publication of this document (inclusive of the options and awards granted to Directors disclosed above) are set out below:

Grant date	*Number of shares subject to option or share award*	*Exercise price per share £*	*Vesting period*
1 September 1999 to 25 November 1999	97,522	0.05367	5 years
21 February 2000 to 16 October 2000	395,101	0.50333	5 years
30 October 2000 to 8 July 2002	499,350	2.38500	5 years
30 September 2002 to 10 November 2003	218,927	1.01000	5 years
18 November 2003 to 2 February 2004	175,835	1.02500	5 years
26 February 2004	376,420	2.35000	3 years

Grant date	*Number of shares subject to option or share award*	*Exercise price per share £*	*Vesting period*
26 February 2004	92,882	2.35000	3 years[2]
26 February 2004	126,800	2.00000	3 years
26 February 2004	275,803	2.00000	3 years[2]
30 June 2004	10,000	4.02000	3 years[2]
30 September 2004	20,000	3.62500	3 years[2]
5 May 2005	253,150	3.21000	3 years[2]
5 May 2005	107,451	0.00100	3 years
5 May 2005	139,567	0.00100	3 years[1]
1 March 2006	25,000	9.05000	3 years
31 March 2006	12,965	7.81070	3 years[3]
25 May 2006	488,860	12.4100	5 years
25 May 2006	30,753	0.00100	3 years
2 August 2006	24,764	11.0967	5 years
1 November 2006	1,763	9.08800	3 years[3]
15 November 2006	98,451	6.27000	5 years
28 February 2007	53,285	7.68000	5 years
28 February 2007	25,122	0.00100	3 years[1]
28 February 2007	57,399	7.68000	3 years[2]
28 March 2007	57,327	5.84800	3 years[3]
9 May 2007	48,799	7.57000	5 years
5 June 2007	135,831	0.00100	3 years[1]
5 June 2007	342,419	7.86000	3 years[2]
5 June 2007	102,945	0.00100	3 years
1 August 2007	69,648	7.2900	5 years
14 November 2007	186,190	6.4450	3 years[2]
14 November 2007	102,108	6.4450	5 years
14 November 2007	93,603	0.00100	3 years[1]
14 November 2007	25,000	0.00100	3 years
10 December 2007	40,957	5.156	3 years[3]
5 March 2008	77,439	3.160	5 years
5 March 2008	315,202	3.160	3 years[3]
5 March 2008	173,510	0.00100	3 years[1]
28 March 2008	277,447	2.528	3 years[3]
11 June 2008	335,962	0.00100	3 years[1]
11 June 2008	622,986	3.110	3 years[2]
11 June 2008	234,794	0.00100	3 years
11 June 2008	179,954	0.00100	2 years
11 June 2008	35,966	3.110	5 years
4 August 2008	15,584	0.00100	3 years[1]
12 August 2008	103,463	3.2875	3 years[2]
25 September 2008	80,789	2.7850	3 years[2]
4 November 2008	33,999	0.00100	3 years
4 November 2008	16,746	2.045	3 years
12 March 2009	1,052,320	2.0825	3 years[1]
12 March 2009	1,337,376	0.00100	3 years[2]
12 March 2009	49,443	0.00100	2 years
16 March 2009	1,174,764	1.652	3 years[3]
Total outstanding options	10,929,741		

1 These options have vesting conditions based on CSR's performance against comparator companies based on TSR rankings over the vesting period.

2 These options have vesting conditions based on EPS growth over the vesting period.

3 These options have been issued as part of the CSR's SAYE Share Option Scheme.

Exercise period: Vested options and share awards are exercisable within ten years from the grant date, SAYE options are exercisable within six months of the vesting date.

10.10 Each outstanding option to acquire SiRF Shares and other equity-based awards will be converted automatically at the effective time of the Merger into an equivalent option or award in respect of Ordinary Shares. The conversion mechanics are summarised in paragraph 2 of Part II (The Merger Agreement) of this document.

10.11 Save as disclosed in paragraph 10.9 of this Part XII, no share or loan capital of CSR or any of its subsidiaries is under option or is agreed, conditionally or unconditionally, to be put under option.

PART XIII

ADDITIONAL INFORMATION

1. Information on the share capital

1.1 The authorised share capital and issued and fully paid share capital of CSR as at 22 June 2009 (the latest practicable date prior to publication of this document) is as follows:

	Authorised		*Issued*	
	Number	*Nominal Amount (£)*	*Number*	*Nominal Amount (£)*
Ordinary Shares of 0.1p each	350,000,000	350,000	133,675,808*	133,675.81*

* No Shares are held in treasury

1.2 The following table shows the changes to the issued capital of CSR which have occurred between 31 December 2005 and 22 June 2009 being the latest practicable date prior to the publication of this document:

	Issued Share Capital	
Ordinary Shares	*Number of Shares*	*Nominal Value (£)*
At 31 December 2005	127,879,155	127,879.16
Allotment of Ordinary Shares pursuant to exercise of Options	2,327,053	2,327.05
At 31 December 2006	130,206,208	130,206.21
Allotment of Ordinary Shares pursuant to exercise of Options	1,867,368	1,867.37
At 31 December 2007	132,073,576	132,073.58
Allotment of Ordinary Shares pursuant to exercise of Options	817,245	817.25
At 31 December 2008	132,890,821	132,890.82
Allotment of Ordinary Shares pursuant to exercise of Options	784,887	784.89
At 22 June 2009	133,675,808	133,675.81

1.3 ***Existing Shareholder Authorities***

At the CSR Annual General Meeting held on 27 May 2009, CSR Shareholders approved resolutions (based on the issued share capital of CSR as at 17 March 2009, the latest practicable date prior to publication of CSR's Notice of Annual General Meeting), to:

(a) allot equity securities up to a nominal amount of £44,442 (representing one third of the issued share capital);

(b) allot equity securities up to a nominal amount of £88,884 (representing two-thirds of the issued share capital) in connection with a rights issue;

(c) allot equity securities for cash, free of pre-emption rights up to a nominal amount of £6,666 (representing approximately 5 per cent. of the issued share capital); and

(d) purchase a maximum of 13,332,657 ordinary shares of 0.1p each (representing 10 per cent. of the issued share capital).

1.4 ***Shareholder authorities proposed at the CSR General Meeting***

The following ordinary and special resolutions relating to CSR's share capital are set out in the Circular and CSR Shareholders will be asked to consider and vote on such resolutions at the CSR General Meeting:

"Ordinary Resolutions

1. THAT:

   (A) the proposed merger (the "**Merger**") of SiRF Technology Holdings, Inc. ("**SiRF**"), with the Company's subsidiary, Shannon Acquisition Sub, Inc. ("**Merger Sub**") on the terms and subject to the conditions of the agreement and plan of merger dated as of 9 February 2009 between the Company, SiRF and Merger Sub (the "**Merger Agreement**") (a copy of which is produced to the meeting and signed for identification purposes by the chairman of the meeting) and as described in the circular to shareholders of the Company (the "**Circular**") outlining the Merger dated 4 June 2009 (a copy of which is produced to the meeting and signed for identification purposes by the chairman of the meeting) be and is hereby approved and the board of directors of the Company (the "**Board**") (or any duly constituted committee thereof) be and is authorised:

      a. to take all such steps as may be necessary or desirable in connection with, and to implement, the Merger; and

      b. to agree such modifications, variations, revisions or amendments to the terms and conditions of the Merger (provided such modifications, variations, revisions or amendments are not material), and to any documents relating thereto,

      as they may in their absolute discretion think fit; and

   (B) conditional upon and with effect from the Merger Agreement becoming unconditional in all respects (save as regards any conditions relating to the passing of this resolution and to the admission of the Company's ordinary shares of nominal value of 0.1 pence each to be issued in connection with the Merger to listing on the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange plc becoming effective ("**Admission**")), pursuant to section 80 of the Companies Act 1985, and in addition to any previously existing authority conferred upon the Board under that section, the Board be and are hereby authorised unconditionally to allot relevant securities (as defined in the Companies Act 1985) in connection with the Merger up to an aggregate nominal amount of £51,057 (the "**New Ordinary Shares**"), which authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2010 (or, if earlier, at the close of business on 30 June 2010), save that the Company may allot relevant securities in connection with the Merger pursuant to the Merger Agreement or any other agreement entered into prior to such date which would, or might, require relevant securities to be allotted after the authority expires and the Board may allot relevant securities under any such agreement as if the authority had not expired.

2. THAT, the CSR plc Employee Share Purchase Plan (the "**Plan**"), a summary of which is set out in the Circular, be and is hereby approved and that the Board be and is hereby authorised to do all acts and things necessary to establish and carry the Plan into effect.

3. THAT, subject to and conditional upon Resolution 1 being passed and the New Ordinary Shares being allotted in connection with the Merger, in substitution for any previously existing authorities to allot relevant securities conferred on the Board at the 2009 Annual General Meeting of the Company (the "**Annual General Meeting**"), the Board be and is hereby authorised to allot relevant securities (as defined in the Companies Act 1985) pursuant to section 80 of the Companies Act 1985:

   A. up to a nominal amount of £61,529; and

B. comprising equity securities (as defined in the Companies Act 1985) up to a nominal amount of £123,058 (including within such limit any shares issued under (A) above) in connection with an offer by way of a rights issue:

i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

ii. to people who are holders of other equity securities if this is required by the rights of those securities or, if the Board consider it necessary, as permitted by the rights of those securities,

provided that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to expire at the conclusion of the annual general meeting to be held in 2010 (or, if earlier, at the close of business on 30 June 2010) but, in each case, so that the Company may make offers and enter into agreements prior to the expiry of such authority which would, or might, require relevant securities to be allotted after the authority expires and the Board may allot relevant securities under any such offer or agreement as if the authority had not expired.

Special Resolutions

4. THAT, subject to and conditional upon Resolution 1 above being passed and the New Ordinary Shares being allotted in connection with the Merger, in substitution for any previously existing authority to allot conferred on the Board at the Annual General Meeting, the Board be given power to allot equity securities (as defined in the Companies Act 1985) for cash under the authority given by Resolution 3 and/or to sell relevant shares where the sale constitutes an allotment of equity securities by virtue of section 94(3A) of the Companies Act 1985, in each case free of the restriction in section 89(1) of the Companies Act 1985, such power to be limited:

A. to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under Resolution 3(B), by way of a rights issue only);

i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

ii. the holders of other equity securities if this is required by the rights of those securities or, if the Board considers it necessary, as permitted by the rights of those securities,

provided that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

B. to the allotment (otherwise than under Resolution 4(A) above) of equity securities up to a nominal amount of £9,229 representing approximately 5 per cent. of the total issued share capital following the Merger,

such authority to expire at the conclusion of the annual general meeting to be held in 2010 (or, if earlier, on the close of business on 30 June 2010) but so that the Company may make offers and enter into agreements prior to the expiry of such authority which would, or might, require equity securities to be allotted after the authority expires and the Board may allot equity securities under any such offer or agreement as if the power had not expired.

5. THAT, subject to and conditional upon Resolution 1 being passed and the New Ordinary Shares being allotted in connection with the Merger, in substitution for any previously existing authority to allot conferred on the Board at the Annual General Meeting, the Company be and is hereby generally and unconditionally authorised for the purposes of

section 166 of the Companies Act 1985 to purchase the Company's own fully paid ordinary shares of 0.1p each by way of one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) provided that:

A. the maximum number of ordinary shares which may be purchased is 18,458,000 (representing 10 per cent. of the issued share capital following the Merger);

B. the minimum price (exclusive of expenses) which may be paid for any ordinary share is 0.1p;

C. the maximum price (exclusive of expenses) which may be paid for any ordinary share is no more than 5 per cent. above the average of the middle market quotations of a share of the Company as published on the London Stock Exchange for the five business days immediately before the day on which such ordinary share is purchased; and

D. this authority will expire at the conclusion of the next Annual General Meeting of the Company to be held in 2010 or, if earlier, on the close of business on 30 June 2010, unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may, before such authority expires, agree or make an offer to purchase ordinary shares where the purchase will or may be completed, either fully or partly, after this authority expires and may make a purchase of ordinary shares pursuant to any such agreement as if the authority conferred hereby has not expired."

1.5 The authorised share capital and the approximate issued and fully paid share capital of CSR following completion of the Merger will be as follows:

	Authorised		*Issued*	
	Number	*Nominal Amount (£)*	*Number*	*Nominal Amount (£)*
Ordinary Shares of 0.1p each	350,000,000	350,000	184,732,808*	184,732.81*

* Based on CSR's issued share capital as at 22 June 2009 (the latest practicable date prior to the publication of this document) and up to 51,057,000 New Ordinary Shares being issued in connection with the Merger.

1.6 The Existing Ordinary Shares are admitted to the Official List and admitted to trading on the Main Market of the London Stock Exchange.

1.7 As at 22 June 2009 (the latest practicable date prior to the publication of this document) no Existing Ordinary Shares are held in treasury.

1.8 CSR has no convertible securities, exchangeable securities or securities with warrants in issue.

1.9 Save as disclosed in paragraph 10.9 of Part XII (Directors, Senior Management and Employees), neither CSR nor any of its subsidiaries has granted any options over its share or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such options.

1.10 The Existing Ordinary Shares currently in issue are, and the New Ordinary Shares will be, in registered form and capable of being held in uncertificated form in CREST. Where Ordinary Shares are held in certified form, share certificates will be sent to the registered member.

1.11 When admitted to trading, the New Ordinary Shares will be registered with the same International Security Identification Number (ISIN) as is used for Existing Ordinary Shares, which is GB0034147388.

1.12 The New Ordinary Shares will be issued credited as fully paid and on identical terms to and will rank *pari passu* with the Existing Ordinary Shares, including the right to receive and retain all dividends and other distributions declared, paid or made on Ordinary Shares after the Merger becomes effective.

1.13 Save in consequence of the Merger, none of the New Ordinary Shares have been or will be marketed or made available to the public in whole or in part in conjunction with the applications for admission to listing of those securities on the Official List and to trading of those securities on the Main Market of the London Stock Exchange.

2. Interests of natural and legal persons involved in the Merger

2.1 The interests of the Directors in the issued share capital of CSR are set out in paragraph 1.6 of Part XII (Directors, Senior Management and Employees).

2.2 No Director or Proposed Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the CSR Group and which was effected by any member of the CSR Group during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.

3. Major Shareholders

3.1 The following table provides the name of each person (other than any Director) who, so far as is known to CSR by virtue of the notifications made to it pursuant to the Companies Acts and/or the Disclosure Rules and Transparency Rules, is directly or indirectly interested in three per cent. or more of CSR's issued share capital, and the amount of such person's interest: (i) as at 22 June 2009 (being the latest practicable date prior to the publication of this document); and (ii) immediately following completion of the Merger (based on CSR's issued share capital as at 22 June 2009 and up to 51,057,000 New Ordinary Shares being issued in connection with the Merger).

Name	*Number of Ordinary Shares as at 22 June 2009*	*Percentage Ownership as at 22 June 2009*	*Number of Ordinary Shares immediately following the Merger*	*Percentage Ownership immediately following the Merger*
Schroders plc and its subsidiaries	20,574,860	15.39%	20,574,860	11.14%
The Blackrock Group	14,523,318	10.86%	14,523,318	7.86%
Fidelity	13,291,738	9.94%	13,291,738	7.20%
Aberforth Partners LLP	7,788,410	5.83%	7,788,410	4.22%
Majedie Asset Management Ltd	6,868,139	5.14%	6,868,139	3.72%
Legal & General Group plc and its subsidiaries	6,838,025	5.12%	6,838,025	3.70%
Norges Bank	4,986,704	3.73%	4,986,704	2.70%
Total	74,871,194	56.01%	74,871,194	40.53%

3.2 None of the major shareholders in CSR have voting rights that differ from those of other CSR Shareholders.

3.3 As at 22 June 2009 (being the latest practicable date prior to publication of this document), CSR is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over CSR nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of CSR.

3.4 As at 22 June 2009 (being the latest practicable date prior to publication of this document), CSR is not aware of any person who, following the Merger, directly or indirectly, jointly or severally, will exercise or could exercise control over CSR.

4. Related party transactions

4.1 Save as disclosed in the financial information set out in the related party transaction notes to the 2008 Group Financial Statements, 2007 Group Financial Statements and 2006 Group Financial Statements, incorporated by reference into this document, CSR has not entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) with any related party during the financial years ended 29 December 2006, 28 December 2007 and 2 January 2009 and during the period between 3 January 2008 and 22 June 2009, the latest practicable date prior to the publication of this document.

4.2 Save as disclosed in the related party transaction note to the financial information on SiRF set out on page 166 of Part IX (Historical Financial Information Relating to SiRF), SiRF has not entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) with any related party during the financial years ended 31 December 2006, 31 December 2007 and 27 December 2008 and during the period between 28 December 2008 and 22 June 2009, the latest practicable date prior to the publication of this document.

5. Memorandum and Articles of Association

The following is a summary of CSR's Memorandum and Articles of Association, which are available for inspection as set out in paragraph CSR's of this Part XIII (Additional Information).

CSR's principal objects are to engage in any activity of whatsoever nature in which a person may lawfully engage whether with a view to profit or otherwise. The objects of CSR are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 12 below.

The Articles, which were adopted by special resolution passed on 18 February 2004 with effect from admission of CSR's Ordinary Share capital to listing on the Official List and to trading on the Main Market of the London Stock Exchange and amended on 15 May 2008, contain (amongst others) provisions to the following effect:

(A) ***Share Capital***

The authorised share capital of CSR is £350,000 divided into 350,000,000 ordinary shares of 0.1p each.

(B) ***Share Rights***

Subject to the Companies Acts, any resolution passed by CSR under the Companies Acts and other shareholders' rights, shares may be issued with such rights and restrictions as CSR may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the CSR board (as defined in the Articles) may decide. Redeemable shares may be issued. Subject to the articles, the Companies Acts and other shareholders' rights, Unissued shares are at the disposal of the CSR board.

(C) ***Deferred Shares***

In the event of either a distribution of the assets or a return of capital on liquidation (as defined in the Articles) (other than on a conversion, redemption or purchase of shares), or of a distribution of the net proceeds of sale remaining after payment of all of the CSR's liabilities on a sale of all or a substantial part of the business and/or assets of CSR, or of a repayment of net proceeds of the sale of the whole of the issued share capital of CSR (to the extent not already owned by the purchaser or persons acting in concert with such purchaser, as defined in the Articles), each holder of deferred shares is entitled to receiving an amount equal to the paid up amount of each deferred share before the balance is distributed to other shareholders.

The deferred shares shall not entitle the holders thereof to receive notice of, to attend, to speak or to vote at any general meeting of CSR and shall carry no rights to income whatsoever.

(D) ***Voting Rights***

Subject to any rights or restrictions attaching to any class of shares, every member and every duly appointed proxy present at a general meeting or class meeting has, upon a show of hands, one vote and every member present in person or by proxy has, upon a poll, one vote for every share held by him.

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

(E) ***Restrictions***

No member shall be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the articles) after failure to provide CSR with information concerning interests in those shares required to be provided under the Companies Acts.

(F) ***Dividends and Other Distributions***

CSR may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the CSR Board. Subject to the Companies Acts, the CSR Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of CSR, in the opinion of the CSR Board, justifies its payment. If the CSR Board acts in good faith, it is not liable to holders of shares with preferred or *pari passu* rights for losses arising from the payment of interim or fixed dividends on other shares.

The CSR Board may withhold payment of all or any part of any dividends or other moneys payable in respect of CSR's shares from a person with a 0.25 per cent. interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid. Except as set out above, dividends may be declared or paid in any currency.

The CSR Board may if authorised by an ordinary resolution of CSR offer ordinary shareholders (excluding any member holding shares as treasury shares) in respect of any dividend the right to elect to receive Ordinary Shares by way of scrip dividend instead of cash.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and revert to CSR.

CSR may stop sending cheques, warrants or similar financial instruments in payment of dividends by post in respect of any shares or may cease to employ any other means of payment, including payment by means of a relevant system, for dividends if either (i) at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable inquiries have failed to establish any new postal address or account of the holder. In addition, CSR must resume sending dividend cheques, warrants or similar financial instruments or employing that means of payment if the holder requests such resumption in writing.

(G) ***Variation of Rights***

Subject to the Companies Acts, the rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

(H) ***Transfer of Shares***

The shares are in registered form. Shares may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Provisions of the Articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form or with the transfer of shares by means of a relevant system.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the CSR Board may approve. The instrument of transfer must be signed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register.

The CSR Board can decline to register any transfer of any share which is not a fully paid share. The CSR board may also decline to register a transfer of a certificated share unless the instrument of transfer:

(i) is duly stamped or certified or otherwise shown to the satisfaction of the CSR Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the CSR Board may reasonably require;

(ii) is in respect of only one class of share; and

(iii) if to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The CSR Board may decline to register a transfer of any certificated shares by a person with a 0.25 per cent. interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide CSR with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the CSR Board to be pursuant to an arm's length sale (as defined in the Articles).

(I) ***Alteration of Share capital***

CSR may by ordinary resolution increase, consolidate, consolidate and then sub-divide, or (subject to the Companies Acts) sub-divide its shares or any of them. CSR may, subject to the Companies Acts, by special resolution reduce its share capital, share premium account, capital redemption reserve or any other undistributable reserve.

(J) ***General Meetings***

The Articles rely on the Companies Act 2006 provisions dealing with the calling of general meetings. The Companies Act 2006 provides that a general meeting (other than an adjourned meeting) must be called by notice of at least 21 days in the case of an annual general meeting and at least 14 days in any other case. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every member and every director. It must state the time and date and the place of the meeting and the general nature of the business to be dealt with at the meeting. A notice calling an annual general meeting must state that the meeting is an annual general meeting.

Each director shall be entitled to attend and speak at any general meeting. The chairman of the meeting may invite any person to attend and speak at any general meeting where he considers that this will assist in the deliberations of the meeting.

(K) ***Directors***

(a) *Number of directors*

The directors shall be not less than two and not more than fifteen in number. CSR may by ordinary resolution vary the minimum and/or maximum number of directors.

(b) *Directors' shareholding qualification*

A director shall not be required to hold any shares in CSR.

(c) *Appointment of directors*

Directors may be appointed by CSR by ordinary resolution or by the CSR Board. A director appointed by the CSR Board holds office only until the next following annual general meeting of CSR and is then eligible for re-appointment.

The CSR Board or any committee authorised by the CSR Board may from time to time appoint one or more directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

(d) *Retirement of directors*

At every annual general meeting of CSR any director who has been appointed by the CSR Board since the last annual general meeting, or who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or who has held office with CSR, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for re-appointment by the members.

(e) *Removal of directors by special resolution*

CSR may by special resolution remove any director before the expiration of his period of office.

(f) *Vacation of office*

The office of a director shall be vacated if:

(i) he resigns or offers to resign and the CSR Board resolve to accept such offer;

(ii) his resignation is requested by all of the other directors and all of the other directors are not less than three in number;

(iii) he is or has been suffering from mental or physical ill health and the board resolves that his office be vacated;

(iv) he is absent without the permission of the CSR Board from meetings of the CSR Board (whether or not an alternate director appointed by him attends) for six consecutive months and the CSR Board resolves that his office is vacated;

(v) he becomes bankrupt or compounds with his creditors generally;

(vi) he is prohibited by a law from being a director;

(vii) he ceases to be a director by virtue of the Companies Acts; or

(viii) he is removed from office pursuant to CSR's Articles.

If the office of a director is vacated for any reason, he must cease to be a member of any committee or sub-committee of the board

(g) *Alternate director*

Any director may appoint any person to be his alternate and may at his discretion remove such an alternate director. If the alternate director is not already a director, the appointment, unless previously approved by the CSR Board, shall have effect only upon and subject to being so approved.

(h) *Proceedings of the board*

Subject to the provisions of the Articles, the CSR Board may meet for the despatch of business, adjourn and otherwise regulate is meetings as it thinks fit. The quorum necessary for the transaction of the business of the CSR Board may be fixed by the CSR Board and, unless so fixed at any other number, shall be two. A meeting of the CSR Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the CSR Board.

The CSR Board may appoint a director to be the chairman or a deputy chairman and may at any time remove him from that office. Questions arising at any meeting of the CSR Board shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

All or any of the members of the CSR Board may participate in a meeting of the CSR Board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The CSR Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the Articles for regulating the meetings and proceedings of the CSR Board so far as the same are applicable and are not superseded by any regulations imposed by the CSR Board.

(i) *Remuneration of directors*

Each of the directors shall be paid a fee at such rate as may from time to time be determined by the CSR Board, but the aggregate of all such fees so paid to the directors shall not exceed £2,000,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of CSR. Any director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the CSR Board or any committee authorised by the CSR Board may decide, either in addition to or in lieu of his remuneration as a director. In addition, any director who performs services which in the opinion of the CSR Board or any committee authorised by the CSR Board go beyond the ordinary duties of a director, may be paid such extra remuneration as the CSR Board or any committee authorised by the CSR Board may determine. Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the CSR Board, or committees of the CSR Board or of CSR or any other meeting which as a director he is entitled to attend, and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of CSR's business or in the discharge of his duties as a director. CSR may also fund a director's or former director's expenditure and that of a director or former director of any holding company of CSR for the purposes permitted under the Companies Acts and may do anything to enable a director or former director or a director or former director of any holding company of CSR to avoid incurring such expenditure as provided in the Companies Acts.

(j) *Pensions and gratuities for directors*

The CSR Board or any committee authorised by the CSR Board may exercise the powers of CSR to provide benefits either by the payment of gratuities or pensions or by insurance or in any other manner for any director or former director or his relations, dependants or persons connected to him, but no benefits (except those provided for by the Articles) may be granted to or in respect of a director or former director who has not been employed by or held an executive office or place of profit under CSR or any of its subsidiary undertakings or their respective predecessors in business without the approval of an ordinary resolution of CSR.

(k) *Directors' interests*

The CSR Board may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a director breaching his duty under the Companies Acts to avoid conflicts of interest. Where the CSR Board gives authority in relation to a conflict of interest the CSR Board may (a) require the relevant director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest; (b) impose upon the relevant director such other terms for the purpose of dealing with the conflict of interest as it may determine; and (c) may provide that the relevant director will not be obliged to disclose information obtained otherwise than through his position as a director of CSR and that is confidential to a third party or to use or apply the information in relation to CSR's affairs, where to do so would amount to a breach of that confidence. The CSR Board may revoke or vary such authority at any time.

Subject to the provisions of the Companies Acts, and provided he has declared the nature and extent of his interest to the CSR Board as required by the Companies Acts, a director may:

(i) be party to, or otherwise interested in, any contract with CSR or in which CSR has a direct or indirect interest;

(ii) hold any other office or place of profit with CSR (except that of auditor) in conjunction with his office of director for such period and upon such terms, including remuneration, as the CSR Board may decide;

(iii) act by himself or through a firm with which he is associated in a professional capacity for CSR or any other company in which CSR may be interested (otherwise than as auditor);

(iv) be or become a director or other officer of, or employed by or otherwise be interested in any holding company or subsidiary company of CSR or any other company in which CSR may be interested; and

(v) be or become a director of any other company in which CSR does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company.

A director shall not, by reason of his office be liable to account to CSR for any benefit realised by reason of having an interest permitted as described above or by reason of having a conflict of interest authorised by the CSR Board and no contract shall be liable to be avoided on the grounds of a director having any such interest.

(l) *Restrictions on voting*

No director may vote on or be counted in the quorum in relation to any resolution of the CSR Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with CSR or any other company in which CSR is interested save to the extent permitted specifically in the Articles.

Subject to certain exceptions set out in the Articles, no director may vote on, or be counted in a quorum in relation to, any resolution of the CSR Board in respect of any contract in which he has an interest and, if he does so, his vote shall not be counted.

Subject to the Companies Acts, CSR may by ordinary resolution suspend or relax to any extent the provisions relating to directors' interests or the restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(m) *Borrowing powers*

Subject to CSR's Memorandum of Association, the Articles, the Companies Acts and any directions given by CSR by special resolution, the business of CSR will be managed by the CSR Board who may exercise all the powers of CSR, whether relating to the management of the business of CSR or not. In particular, the CSR Board may exercise all the powers of

CSR to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of CSR or of any third party. The CSR Board must restrict the borrowings of CSR and exercise all voting and other rights or powers of control exercisable by CSR in relation to its subsidiary undertakings so as to secure that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles) by the CSR Group (exclusive of borrowings within the CSR Group) shall not, without the previous sanction of an ordinary resolution of CSR, exceed an amount equal to the greater of (i) £300,000,000 and (ii) an amount equal to three times the adjusted capital and reserves (as defined in the Articles).

(n) *Indemnity*

To the extent permitted by the Companies Acts, CSR may indemnify any director or former director of CSR or any associated company against any liability and may purchase and maintain for any director or former director of CSR or any associated company insurance against any liability.

6. Material contracts

CSR

6.1 The following is a summary of contracts (not being entered into in the ordinary course of business) which have been entered into by members of the CSR Group: (i) within the two years immediately preceding the date of this document and which are, or may be material; or (ii) which contain any provision under which any member of the CSR Group has any obligation or entitlement which is material to the CSR Group as at the date of this document.

(A) *Merger Agreement*

On 9 February 2009, CSR entered into a Merger Agreement with SiRF and Merger Sub which sets out their respective obligations governing the Merger. Further details of the Merger Agreement are set out in Part II (The Merger Agreement) of this Document.

(B) *Sponsor's Agreement*

On 4 June 2009, an agreement was entered into between CSR and UBS, pursuant to which UBS agreed to act as sponsor to CSR in connection with the Merger. Pursuant to this agreement, CSR has agreed to provide UBS with certain indemnities, undertakings and warranties in connection with its role as CSR's sponsor. The indemnities provided by CSR indemnify UBS against claims made against it or loss suffered or incurred in connection with its role as sponsor subject to certain exceptions.

SiRF

6.2 Other than the Merger Agreement (further details of which are set out in Part II (The Merger Agreement of this Document), no material contract (other than contracts entered into in the ordinary course of business) has been entered into by any member of the SiRF Group within the two years immediately preceding the date of this document and no other contract (other than contracts entered into the ordinary course of business) has been entered into by any member of the SiRF Group which contains a provision under which any member of the SiRF Group has any obligation or entitlement which is material to the SiRF Group as at the date of this document.

Combined Company

6.3 Save as disclosed in paragraphs 6.1 and 6.2 above, no material contract (other than contracts entered into in the ordinary course of business) has been entered into by any member of the Combined Company within the two years immediately preceding the date of this document and no other contract (other than contracts entered into the in ordinary course of business) has been entered into by any member of the Combined Company which contains a provision under which any member of the Combined Company has any obligation or entitlement which is material to the Company Company as at the date of this document.

7. Working capital

CSR

7.1 In the opinion of CSR, the working capital available to the CSR Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.

8. No significant change

CSR

8.1 There has been no significant change in the trading or financial position of the CSR Group since 2 January 2009 (the date to which the latest audited published financial information of the CSR Group was prepared).

SiRF

8.2 There has been no significant change in the trading or financial position of the SiRF Group since 27 December 2008 (the date to which the latest audited published financial information of the SiRF Group was prepared).

Combined Company

8.3 There has been no significant change in the trading or financial position of the Combined Company since 2 January 2009 (the date to which the latest audited published financial information of the CSR Group and SiRF Group is available).

9. Legal and arbitration proceedings

CSR

9.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which CSR is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this document) a significant effect on CSR and/or the CSR Group's financial position or profitability.

SiRF

9.2 Save as disclosed in paragraph 19 of Part IV (Information on SiRF) of this document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which CSR is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this document) a significant effect on SiRF and/or the SiRF Group's financial position or profitability.

Combined Company

9.3 Save as disclosed in paragraph 9.2 above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which CSR is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this document) a significant effect on the Combined Company's financial position or profitability.

10. Sources and bases information

The sources and bases of statements relating to the market position of CSR and SiRF are set out in this document where the statement is made. Certain information has been obtained from external publications and is sourced in this document where the information is included. The Directors and Proposed Directors confirm that where information has been sourced from a third party, that information has been accurately reproduced and, as far as Directors and Proposed Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

11. General

11.1 The Sponsor is authorised and regulated in the United Kingdom by the Financial Services Authority.

11.2 Each of UBS and Rothschild has given and not withdrawn its consent to the inclusion in this document of its name and the references thereto in the form and context in which they are included.

11.3 The auditors of CSR are Deloitte LLP who have audited the accounts of CSR for the years ended 29 December 2006, 27 December 2007 and 2 January 2009.

11.4 Deloitte LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion in Parts IX (Historical Financial Information relating to SiRF) and X (Unaudited Proforma Financial Information on the Combined Group) of this document of its reports and the references thereto in the form and context in which they are included and has authorised the contents of those parts of the document which comprise its reports for the purposes of paragraph 5.5.3R(2)(f) of the Prospectus Rules.

11.5 The registrar of CSR is Equiniti of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

11.6 The total costs, charges and expenses of the Merger are estimated to amount to approximately £10 million (excluding any amounts in respect of value added tax thereon).

11.7 The New Ordinary Shares are not being marketed or made available to the public in whole or in part other than in connection with the Merger.

11.8 Notices of the CSR General Meeting to be sent to CSR Shareholders have been posted to their registered addresses and, in the case of joint holders, have been posted to the registered address of the first-named holder. In addition, appropriate public announcements and advertisements have been made in accordance with the Listing Rules.

12. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Churchill House, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ and at the offices of Slaughter and May, the Company's solicitors, at One Bunhill Row, London, EC1Y 8YY up to and including the date of Admission:

(A) this document;

(B) the Memorandum and Articles of Association of the Company;

(C) the Group 2006 Financial Statements, the Group 2007 Financial Statements and the Group 2008 Financial Statements;

(D) SiRF's annual report on Form 10-K for the year ended 27 December 2008;

(E) the service contracts and letters of appointment referred to in paragraphs 2 and 3 of Part XII (Directors, Senior Management and Employees) of this document;

(F) the written consents referred to in paragraph 11 of Part XIII (Additional Information) of this document; and

(G) the reports of Deloitte LLP set out in Parts IX and X of this document;

(H) the material contracts referred to in paragraph 6 of Part XIII (Additional Information) of this document;

(I) the CSR Share Schemes and Share Purchase Plan; and

(J) the Circular.

PART XIV

DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the various sections of documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of CSR and of the Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of CSR, and of the rights attaching to the Ordinary Shares. These documents are also available on the Company's website at http://www.csr.com/investorrelations/reportandaccounts/.

Information incorporated by reference into this document	*Location of incorporation into this document*	*Page numbers in this document*
Group 2006 Financial Statements	Part VIII (Historical Financial Information relating to CSR)	123
Group 2007 Financial Statements	Part VIII (Historical Financial Information relating to CSR)	123
Group 2008 Financial Statements	Part VIII (Historical Financial Information relating to CSR)	124
Related party disclosure note 30 set out in the notes to the Group 2006 Financial Statements	Part XIII (Additional Information)	231
Related party disclosure note 33 set out in the notes to the Group 2007 Financial Statements	Part XIII (Additional Information)	231
Related party disclosure note 34 set out in the notes to the Group 2008 Financial Statements	Part XIII (Additional Information)	231

The documents incorporated by reference in this document have been incorporated by reference in compliance with Prospectus Rule 2.4.1.

Information which is itself incorporated by reference or referred or cross-referred to in these documents is not incorporated by reference into this document. Except as set for the above no other portion of these documents is incorporated by reference into this document.

DEFINITIONS

The definitions set out below apply throughout this document, unless the context requires otherwise.

"Admission"	the re-admission of the Existing Ordinary Shares and the admission of the New Ordinary Shares to listing on the Official List and to trading on the Main Market of the London Stock Exchange becoming effective;
"Annual Report and Accounts"	the annual report and accounts prepared by CSR for FY 2006, FY 2007 and/or FY 2008 (as the case may be);
"Articles of Association" or "Articles"	the articles of association of CSR, details of which are set out in paragraph 5 of Part XIII (Additional Information) of this document;
"ASE"	Advanced Semiconductor Engineering, Inc.;
"Associated Company"	(a) any company of which CSR has Control, or by which CSR is Controlled; or (b) any company which is controlled by a person or persons where that person or those persons also Control CSR;
"Broadcom"	Broadcom Corporation;
"Centrality"	Centrality Communications, Inc.;
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (that is, not in CREST);
"Circular"	the circular dated 4 June 2009 and sent to holders of Existing Ordinary Shares, containing the notice convening the CSR General Meeting;
"City Code"	the City Code on Takeovers and Mergers issued from time to time by the Panel;
"Combined Code"	the 2006 Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority;
"Combined Company"	means, from Completion, the CSR Group (including the SiRF Group);
"Combined Company Board"	the enlarged board of directors of CSR;
"Companies Act 1985"	the Companies Act of England and Wales 1985, as amended;
"Companies Act 2006"	the Companies Act of England and Wales 2006, as amended;
"Companies Acts"	every statute (including any orders, regulations or other subordinate legislation passed under it) from time to time in force concerning companies in so far as it applies to CSR;
"Completion"	completion of the Merger;
"Conditions"	the conditions to the Merger, the principal conditions being summarised in paragraph 22 of Part II (The Merger Agreement) of this document;
"Control"	means, in relation to a body corporate, the power of a person to secure: (a) by means of the holding of shares or the possession of voting rights in or relating to that or any other body corporate; or

(b) by virtue of any powers conferred by articles of association or other documentation regulating that or any other body corporate,

that the affairs of the first mentioned body corporate are conducted in accordance with the wishes of that person;

"CPS"	Cambridge Positioning Systems Limited;
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK;
"CREST Manual"	the rules governing the operation of CREST;
"CREST member"	a person who has been admitted by Euroclear UK as a system-member (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"CREST Shareholders"	Shareholders holding Ordinary Shares in uncertificated form;
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor;
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member;
"CSOP"	CSR plc Share Option Plan;
"CSR" or "the Company"	CSR plc, a company incorporated in England and Wales with registered number 04187346, whose registered office is at Churchill House, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ;
"CSR Board"	the board of directors of CSR from time to time;
"CSR Group"	CSR and its subsidiary undertakings;
"CSR Annual General Meeting"	the annual general meeting of CSR held on 27 May 2009;
"CSR General Meeting"	the general meeting of CSR to be held on 25 June 2009 and convened for the purposes of, amongst other things, considering and, if thought fit, approving the Merger and the Resolutions, notice of which is set out in the Circular;
"CSR Shareholders"	holders of Existing Ordinary Shares;
"CSR Share Schemes"	the Founders Share Option Plan, the Global Share Option Plan, the CSR plc Share Option Plan, the SAYE Share Option Scheme and the CSR Share Award Plan;
"Deferred Shares"	the 7,500 deferred shares of 0.1p each in the capital of CSR;
"Director"	a director of CSR as at the date of this document, excluding, for the avoidance of doubt, the Proposed Directors;
"Disclosure Rules and Transparency Rules"	the disclosure rules and transparency rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;
"EEA State"	a state which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being;

"EPS"	earnings per share;
"EU"	the European Union first established by the treaty made at Maastricht on 7 February 1992;
"Euro" or "€"	the single currency of the member states of the European Communities that adopt or have adopted the Euro as their lawful currency under the legislation of the EU or European Monetary Union;
"Euroclear UK"	Euroclear UK & Ireland Limited (formerly named CRESTCo Limited), the operator of CREST;
"Existing Ordinary Shares"	the ordinary shares of 0.1 pence each in the capital of CSR at the date of this document;
"Financial Statements"	Group 2006 Financial Statements, Group 2007 Financial Statements and Group 2008 Financial Statements;
"Form F-4"	the Registration Statement and Proxy Statement/Prospectus filed with the SEC on 29 May 2009 and declared effective on 2 June 2009;
"FSA" or "Financial Services Authority"	the Financial Services Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"FY 2006", "FY 2007" and "FY 2008"	the financial years ended 29 December 2006, 28 December 2007 and 2 January 2009, respectively;
"GAAP"	generally accepted accounting principles;
"Global"	Global Share Option Plan;
"Global Locate"	Global Locate, Inc.;
"Group 2006 Financial Statements"	the historical audited consolidated financial statements of CSR and its subsidiaries for the year ended and as at 29 December 2006, and the related auditor's report of Deloitte LLP for the year ended and as at 29 December 2006;
"Group 2007 Financial Statements"	the historical audited consolidated financial statements of CSR and its subsidiaries for the year ended and as at 28 December 2007, and the related auditor's report of Deloitte LLP for the year ended and as at 28 December 2007;
"Group 2008 Financial Statements"	the historical audited consolidated financial statements of CSR and its subsidiaries for the year ended and as at 2 January 2009, and the related auditor's report of Deloitte LLP for the year ended and as at 2 January 2009;
"Hart-Scott-Rodino Act"	Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended;
"HMRC"	HM Revenue and Customs;
"IAS"	International Accounting Standards;
"IFRS"	International Financial Reporting Standards as issued by the International Accounting Standards Board;
"IFRS-EU"	International Financial Reporting Standards as adopted in the European Union;

"IP"	intellectual property;
"ITC"	United States International Trade Commission;
"ITC Final Determination"	the final determination issued by the United States International Trade Commission in connection with the Broadcom Corporation patent infringement investigation;
"Kisel"	Kisel Microelectronics, AB;
"Listing Rules"	the listing rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;
"London Stock Exchange"	London Stock Exchange plc or its successor(s);
"Main Market"	the main market for listed securities;
"Memorandum of Association" or "Memorandum"	the memorandum of association of CSR, details of which are set out in paragraph 5 of Part XIII (Additional Information) of this document;
"Merger"	the proposed acquisition of SiRF by CSR pursuant to the terms of and subject to the conditions in the Merger Agreement;
"Merger Agreement"	the agreement and plan of Merger between (1) CSR, (2) Merger Sub, and (3) SiRF setting out the terms and conditions of, and the arrangements for implementation of, the Merger, summarised in Part II of this document;
"Merger Sub"	Shannon Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of CSR;
"Motorola"	Motorola, Inc.;
"New Ordinary Shares"	the ordinary shares of 0.1 pence each in the capital of CSR to be issued by CSR pursuant to the Merger;
"NICs"	national insurance contributions;
"NordNav"	NordNav Technologies AB;
"Notice of General Meeting"	the notice of general meeting set out in the Circular;
"NYSE"	New York Stock Exchange;
"Official List"	the official list of the UK Listing Authority;
"Ordinary Shares"	ordinary shares of 0.1 pence each in the share capital of CSR (and, for the avoidance of doubt, includes the Existing Ordinary Shares and the New Ordinary Shares as appropriate);
"Overseas Shareholders"	holders of Ordinary Shares with registered addresses outside the UK or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the UK;
"Panel"	the Panel on Takeovers and Mergers;
"Performance Award"	CSR Share Award Plan;
"Pounds" or "£" or "Sterling"	the lawful currency of the United Kingdom;
"Proposed Directors"	Diosdado Banatao and Kanwar Chadha;
"Prospectus Rules"	the prospectus rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;

"Proxy Statement/Prospectus"	the proxy statement/prospectus for SiRF Shareholders filed with the SEC on 29 May 2009;
"R&D"	research and development;
"Registrar"	Equiniti Limited;
"Registration Statement"	the registration statement of CSR filed with the SEC on 29 May 2009 and declared effective on 2 June 2009;
"Regulation S"	Regulation S under the US Securities Act;
"Remuneration Committee"	means a duly appointed committee of the CSR Board comprising a majority of directors who do not hold any executive office with the Company or any of its subsidiaries, or who will not themselves participate in the SAYE Share Option Scheme;
"Resolutions"	the resolutions to be proposed at the CSR General Meeting as set out in the Circular and as detailed in paragraph 1.4 of Part XIII (Additional Information);
"Restricted Jurisdiction"	any jurisdiction where either sending this document or the issuing of Ordinary Shares would violate the law of that jurisdiction;
"RoHS Directive"	Restriction of Hazardous Substances Directive;
"Rule 144"	Rule 144 under the US Securities Act;
"SAYE"	SAYE Share Option Scheme;
"SDRT"	United Kingdom stamp duty reserve tax;
"SEC"	United States Securities and Exchange Commission, the government agency having primary responsibility for enforcing the federal securities laws;
"SG&A"	Selling, General & Administrative;
"Shareholders"	holders of Ordinary Shares;
"Shareholder Meetings"	the CSR General Meeting and the SiRF Special Meeting;
"SiRF"	SiRF Technology Holdings, Inc., a Delaware Corporation;
"SiRF Board"	the board of directors of SiRF from time to time;
"SiRF Group"	SiRF and its subsidiary undertakings;
"SiRF Shareholders"	holders of SiRF Shares;
"SiRF Shares"	shares of common stock, par value $0.0001 per share in SiRF;
"SiRF Special Meeting"	the special meeting of the SiRF Shareholders to be convened for the purposes of considering and, if thought fit, approving the Merger;
"SiRF Technology"	SiRF Technology, Inc.;
"Sponsor"	UBS Investment Bank;
"subsidiary"	a subsidiary as that term is defined in Section 736 of the Companies Act 1985;

"subsidiary undertaking"	a subsidiary undertaking as that term is defined in section 258 of the Companies Act 1985;
"TSMC"	Taiwan Semiconductor Manufacturing Company Limited;
"TSR"	total shareholder return;
"Ubinetics"	Ubinetics (VPT) Limited;
"UBS" and "UBS Investment Bank"	UBS Limited of 1 Finsbury Avenue, London, EC2M 2PP;
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of FSMA;
"uncertificated" or "in uncertificated form"	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"US Customs"	the United States Customs and Border Protection;
"US Exchange Act"	the US Securities Exchange Act of 1934, as amended;
"US GAAP"	accounting principles generally accepted in the United States;
"US Patent Office"	the United States Patent and Trademark Office;
"US Securities Act"	the United States Securities Act of 1933, as amended;
"US Shareholder"	a Shareholder (i) whose address appears on the register of members of the Company as being in the United States, or (ii) any other Shareholder to the extent such Shareholder holds Existing Ordinary Shares on behalf of a person located within the United States;
"US$", "US Dollars" or "$"	the lawful currency of the United States;
"WEEE Directive"	European Waste from Electrical and Electronic Equipment Directive;
"WRF"	Washington Research Foundation;

GLOSSARY

AGPS: assisted GPS: an augmentation to GPS where the mobile phone network can provide the almanac and ephemeris data. By using the mobile phone network, the GPS receiver does not need to decode data from the satellites, thus both speeding up acquisition of a fix and allowing fixes to be made in areas where GPS signals are too weak to allow decoding of data but are nonetheless strong enough to be used to measure time of arrival (see also 'GPS')

attach rate: represents the rate of adoption of additional products or technologies on to the primary or 'hosting' product

baseband: describing that part of a radio telecommunication system in which information is processed before modulating on to, or after demodulating off, a radio frequency (RF) carrier wave

BiCMOS or Bi-polar CMOS: is a process which combines bipolar junction transistors on CMOS technology. The combination utilises the high speed, high gain and low output characteristics of the bipolar technology with the high density logic gates of the CMOS technology. It has advantages for RF performance, reduced power consumption and low noise circuits

bipolar: bipolar refers to the enhancement of the conduction of current within a transistor that enables the control of a larger electrical current thereby providing an amplified signal

bill of materials: a list of the individual parts (or material) which comprise a finished product and the cost of each of those individual parts

BlueCore: means the CSR family of single chip CMOS based (see below) Bluetooth solutions which integrate onto one chip the Radio Frequency (RF), baseband and communications protocol stack

Bluetooth: is an open wireless protocol for exchanging data over short distances from fixed and mobile devices

Bluetooth low energy: is designed to work side-by-side with and complement Bluetooth. It operates in 2.4 GHz ISM band. Devices using ULP Bluetooth will be smaller and more energy-efficient than their Bluetooth counterparts

cellular: derives from 'cellphone' and means a mobile phone or other device which communicates through a network of radio 'cells'

CMOS: Complementary Metal Oxide Semiconductor technology: a semiconductor process technology that uses planar transistors to make chips that consume relatively low power and permit a high level of integration

chip: short for a microchip; semiconductor device or integrated circuit

co-exist/co-existence: means the ability of two systems to operate in parallel without interfering with the other

connectivity: enabling two electronic devices to communicate with each other and transfer data (voice /audio/music/picture/word files) using radio waves

Connectivity Centre: a term first promulgated by CSR in its application to wireless connectivity solutions; the Connectivity Centre brings together many aspects of short range wireless connectivity products with excellent co-existence capable of operating concurrently without degradation in optimum performance of each of the individual functions. Bluetooth, FM radio, Wi-Fi, UWB high quality audio for music, GPS location finding technology and Near Field Communications can all ultimately co-exist alongside each other

CSP: Chip-Scale Package: a semiconductor package which is as small as the semiconductor chip and is used for small form factor applications such as mobile phones, PDAs and wireless devices

design win: CSR records a design win when a product using one of its IC's becomes Bluetooth qualified

die: another word for chip: often used to refer to the 'chips' whilst they are still an integral part of the silicon 'wafer' or where they have been cut from the 'wafer' but are, as yet, unpackaged

digital: the representation of data by a series of bits or discrete values such as 0s and 1s

EGPS: enhanced GPS: as the name suggests an enhancement to GPS whereby measurements are made by the GPS receiver on the signals received from the mobile phone network which allow both fine time and frequency assistance to the GPS receiver. This further accelerates acquisition of a fix, as well as allowing, when GPS signals are unavailable, fall-back to a fix made solely from the measurements made on the cellular network (see also 'GPS')

fabless: short for fabricationless, a business model used in the semiconductor industry, where the manufacture (or fabrication) of IC's is subcontracted to a foundry

fabless semiconductor company: company that uses a third party semiconductor fabrication service to manufacture silicon chips as opposed to fabrication facilities owned directly

feature phone: a mobile phone which has added functionality over and above a base model designed specifically to meet the requirements of a particular market segment. Typically these 'features' can include a digital camera, Bluetooth connectivity, FM radio or MP3 player. These phones are intended to occupy the mid-market segment

firmware: software which interfaces with and typically configures and manages the hardware in a system

flash memory: electronic memory where the contents (usually an applications programme) may be programmed prior to use and which retains its contents irrespective of applied power

foundry: a semiconductor manufacturing site that makes integrated circuits

GPS: Global Positioning Systems: a satellite based radio navigation system that allows receiving devices to take an accurate location fix of the device on the surface of the earth. Positions are derived by measuring the time of arrival of signals broadcast from the constellation of satellites, and knowledge of the instantaneous positions of the satellites. (The information required to calculate this being broadcast at a very low data rate by the satellites themselves, and is known as almanac and ephemeris data)

host software: software running on the system in which the device is embedded

IC or integrated circuit: a semiconductor device consisting of many thousands or millions of interconnected transistors and other components

ISM Bands: ISM Bands or Industrial, Scientific and Medical are radio frequencies reserved around the world for unlicensed use originally intended for industrial, scientific and medical products rather than general communication. Their international unlicensed status makes them suitable for lower power communication systems like Bluetooth, WirelessLAN etc and means they are being widely adopted in these areas

ISO: International Standards Organisation: the international organisation responsible for developing and maintaining worldwide standards for manufacturing, environmental management systems, computers, data communications, and many other fields

ISO 9000: a series of international standards for quality assurance in business practices, ratified by the ISO beginning in 1987. Certification of ISO 9000 compliance is important for selling many types of goods and services including data-communications equipment and services

location-based service (LBS): is an information and entertainment service, accessible with mobile devices through the mobile network and utilising the ability to make use of the geographical position of the mobile device. LBS services include services to identify a location of a person or object, such as discovering the nearest banking cash machine or the whereabouts of a friend or employee

memory: any device that can store data in machine-readable format which may include RAM, ROM and Flash

microcontroller: often defined as being a microprocessor together with its memory and a means of allowing input and output

MP3: a file format which compresses or 'shrinks' voice and music files for transfer between one electronic device to another whilst retaining CD quality audio

non-cellular: as used by CSR means an electronic device which uses Bluetooth but is not a cellular device

NFC or Near Field Communication: is a short-range high frequency wireless communication technology which enables the exchange of data between devices over a distance of about four centimetres. Its application includes secure payment transactions using the customers mobile phone or transfer of files for example photo images from a digital camera to a PC

ODM: or Original Design Manufacturer: a manufacturer that designs and manufactures equipment for another company who will, in turn sell this to the end-user

OEM: or Original Equipment Manufacturer: a manufacturer that sells equipment to retail and wholesale outlets

PC: personal computer

PDA: personal digital assistant: a pocket-sized personal computer

Personal Navigation Device or PND: is a portable electronic product which combines a positioning capability (such as GPS) and navigation functions and enables the user to find out where they are located and get directions to move from one place to another

package: the package of a semiconductor is the physical and electrical interface between the chip and the system in which it operates

playback: the characteristic of a device to be able to play selected music or video tracks which are stored on that device

product qualification: the approval of a product or process for use by an ODM or OEM

protocol: a method by which two dissimilar systems can communicate

RF: radio frequency: frequencies of electromagnetic waves between approximately 3 kHz and 300 GHz

ROM: read only memory

semiconductor: a material, typically crystalline, that can be altered to allow electrical current to flow or not flow in a pattern; common semiconductors are silicon, germanium and gallium-arsenide and the term is also used to apply to IC's made from these materials

silicon: a semiconducting material used to make wafers, widely used in the semiconductor industry as the basic material for integrated circuits

short range: Bluetooth is principally used for communicating over ranges of up to ten metres

stereo headset: a mobile headset which connects to a mobile phone, PDA, MP3 player or other device using Bluetooth and sits on both ears of the user

SoC: System on chip is a technology that takes all the necessary electronic circuits and parts for a complete system and integrates them into a single circuit (Silicon chip)

software solution: a solution where instructions and data are read from memory (or memories) and then the instructions interpreted and executed by a microprocessor to modify the data in the intended way

Tier 1: a description of a leading, normally global manufacturer that supplies products in high volume to end user markets

UWB: Ultra WideBand

urban canyon: is a built up urban environment similar to a natural canyon which interrupts radio signals. It is caused by streets cutting through dense blocks of structures, especially skyscrapers or other tall buildings

VAM: value added manufacturers or sometimes, value added manufacturing where the value of gross output is greater than the value of intermediate inputs used in production

Wi-Fi: Wi-Fi short for 'wireless fidelity' (also known as IEEE 802.11a/b/g) is an 1155 Mbs raw radio bit rate data centric wireless communication standard typically associated with wireless computer networks at home and in the office and public spaces

wafer: a disc made of a semiconducting material such as silicon, usually between 150mm (6') and 300mm (12') in diameter, in which integrated circuits are manufactured; a wafer may contain several thousand individual integrated circuits

WLCSP: Wafer Level Chip Scale Packaging: the technology of packaging a chip at the wafer level instead of the traditional process of assembling the package after the wafer has been diced into individual chips (see CSP)

yield: when used in connection with manufacturing, the ratio of the number of usable products to the total number of products on a wafer