

# Annual Report 2008

*your position is our focus*



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# u-blox at a glance

## Profile

- u-blox is a leading fabless semiconductor provider of embedded positioning and wireless communications solutions for the consumer, industrial and automotive markets

## Background

- Founded in 1997 in Switzerland, listed on the SIX Swiss Exchange (UBXN)

## People

- Approximately 155 employees world-wide (including acquisition of Neonseven in March 2009)

## Presence

- Headquartered in Thalwil, Switzerland with regional offices in Italy, the USA, Singapore, Hong Kong, China, Taiwan, Korea and Japan

## Revenue

- 2008 revenue of CHF 74.5 million

## Net profit

- 2008 net profit of CHF 8.8 million

## Market penetration

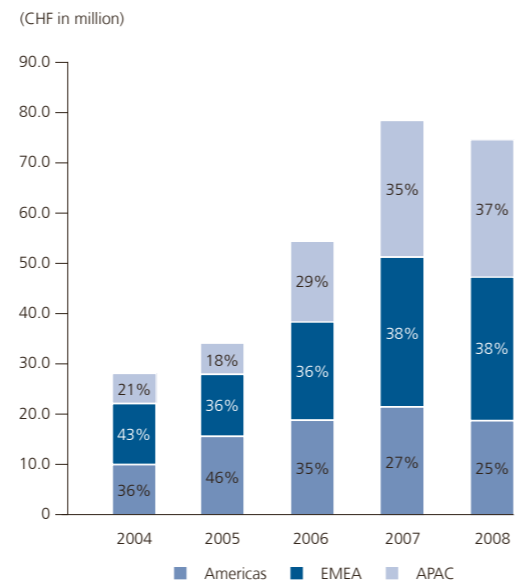
- More than 1'500 customers world-wide benefit from our solutions
- More than 10'000 products, applications and devices rely on our solutions
- More than 10'000'000 people and machines utilize our solutions

# Financial highlights

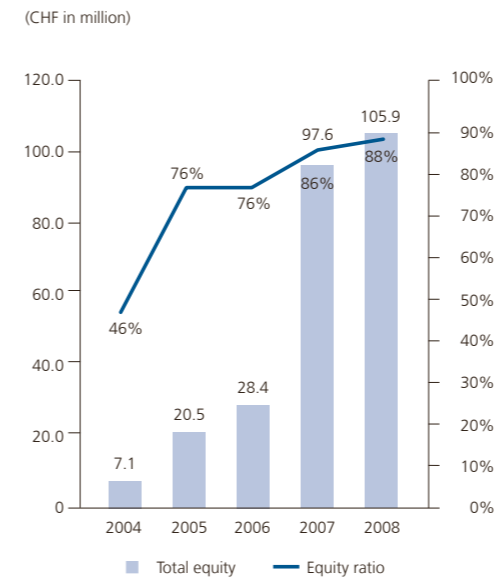
## Key figures

(CHF in million)	2006	2007	2008
<b>Sales</b>	<b>54.38</b>	<b>78.36</b>	<b>74.51</b>
Growth / (decline) rate over previous year	44.1%	-4.9%	
<b>EBITDA</b>	<b>9.06</b>	<b>8.87</b>	<b>12.88</b>
Margin on sales	16.7%	11.3%	17.3%
(Decline) / growth rate over previous year	-2.1%	45.2%	
<b>Net profit</b>	<b>7.36</b>	<b>5.44</b>	<b>8.76</b>
Margin on sales	13.5%	6.9%	11.8%
(Decline) / growth rate over previous year	-26.0%	60.9%	
<b>Cash Flow from operations</b>	<b>8.78</b>	<b>16.66</b>	<b>2.57</b>
Margin on sales	16.1%	21.3%	3.4%
Growth / (decline) rate over previous year	89.9%	-84.6%	

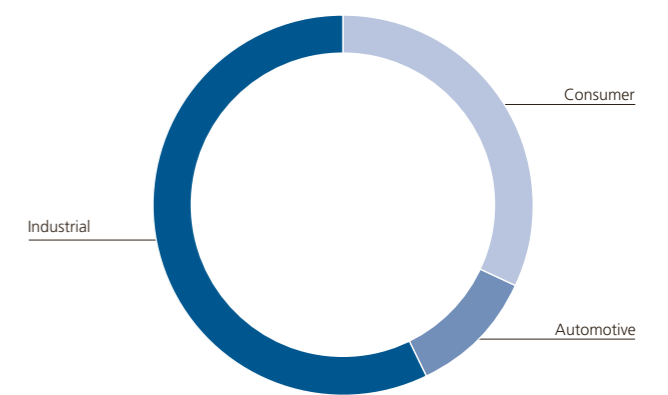
## Revenues by geography



## Total equity and equity ratio

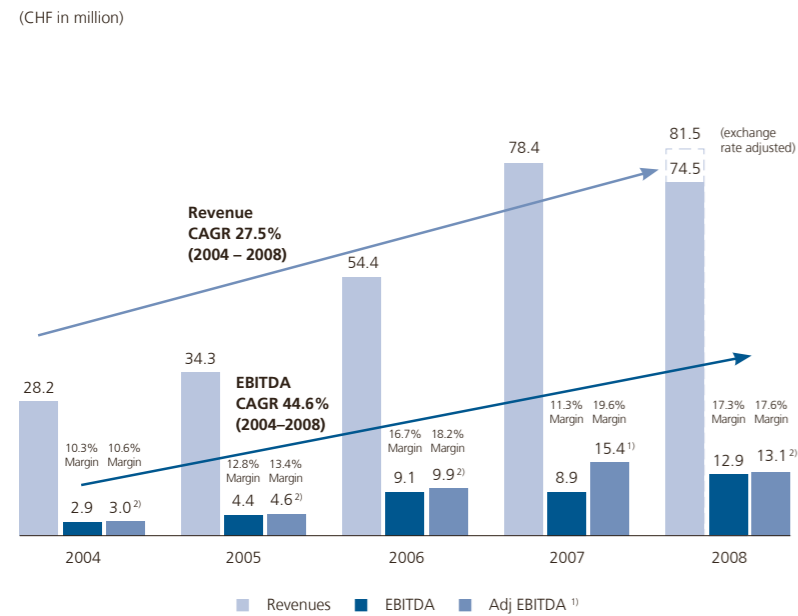


## u-blox sales split per market



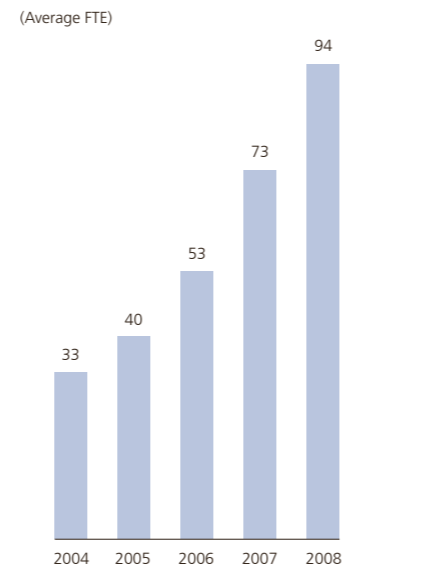
Note: Approximate estimation

## Financial performance



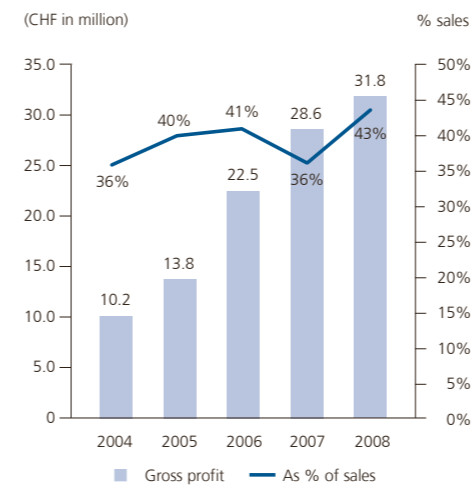
Note: <sup>1)</sup> Numbers are adjusted for share-based payments and related social security costs, IPO costs as well as accruals for litigation expenses.  
<sup>2)</sup> Numbers are adjusted for share-based payments and related social security costs.

## Employee development

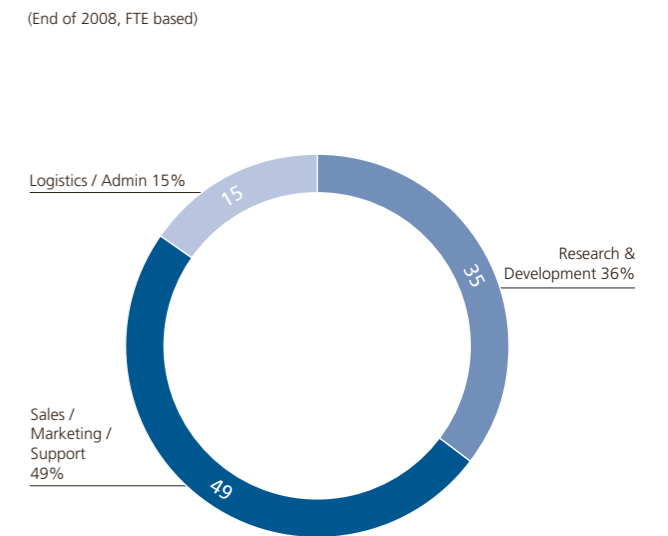


Note: Average number of employees (FTE = full time equivalent)

## Gross profit and gross profit margin



## Employee breakdown



Note: 31 employees based outside Switzerland (spread over 7 countries)

# To our shareholders

## Dear shareholders

Looking back on our first full year as a publicly traded company, we have seen remarkable progress. Despite the current economic downturn, u-blox is evolving for the better and a distinctively resilient company has emerged. The strategy of focusing on our core strengths in technological know-how, innovation, quality and close market contact is now paying off. We delivered new products, won new customers, opened new markets and optimized processes to cost-effectively meet the demands of next-generation GPS receiver technology.

## A year of challenges

Due to the slowdown in the global economy, particularly in November and December, we were not able to grow our revenue and operating margin as anticipated. Our chip and module businesses, however, generated positive income from operations in 2008. Volumes rose 37% year-over-year. Consolidated sales were down by CHF 3.9 million to CHF 74.5 million in 2008, while EBIT was increased from CHF 5.5 million to CHF 8.4 million, a 52.3% increase over the prior year. Net profit increased by 60.9% from CHF 5.4 million to CHF 8.8 million, representing a 11.8% net profit margin for 2008.

Despite a difficult year we are satisfied with our performance and believe that the tenacity and underlying maturity of u-blox has enabled us to effectively deal with the challenges.

## Seizing opportunities in target markets

We address three core markets: Consumer, Industrial and Automotive. In 2008, we grew volumes in all our markets and in all the regions in which we operate. Volumes in the first half of 2008 hit record levels, followed by a constant demand for our products in Q3 and Q4. The long-term prospects of our industry remain positive:

- We have entered into new strategic business relationships with leading players in our industry. By constantly expanding our product portfolio and providing a vision for what is possible with our module and chipset roadmaps, we have built trust among existing and new customers in each of our markets.
- Our existing customers continued to favor our company, products and services in 2008. Throughout 2008, we won various new orders with consumer electronics manufacturers: one from Microsoft for GPS in a USB stick, and one from the US company SkyGolf for GPS in golf trackers. In the industrial market, we attracted new customers such as Mobile Knowledge, a leading US provider of fleet solutions, and Falcom, a German manufacturer of automatic vehicle location solutions. In the automotive market, we won a strategically important deal with Bosch-Blaupunkt in Europe and one from the Italian Company AvMap, which develops navigation systems among others for Peugeot.
- Favorable trends in technological convergence created a growing field of location-based services, pushing GPS technology into a wide range of consumer products such as mobile internet devices, digital cameras and portable navigation devices. Increasing awareness and new safety regulations in the automotive industry also opened up opportunities for effective GPS-based tracking and safety systems.
- As our competition faces uncertainties and severe challenges, new opportunities for expanding our market leadership have arisen. Looking ahead, u-blox is able to seize this opportunity due to our unique position of developing and supplying both GPS modules as well as chipsets. This dual-approach gives our customers a wide spectrum of application and product flexibility in their choice of design and integration while keeping time to market requirements to a minimum.

## Continued strong demand for our products

We continued to minimize risks with a more diversified product offering that addresses the needs of

players in all our markets; from the markets of high-volume consumer devices, to the industrial and automotive applications characterized by stringent quality requirements and longer product lifecycles. In late 2007, our unique u-blox 5 product platform became available and by the end of 2008 a large number of our existing customers had seamlessly migrated to u-blox 5-based products. With its unique features and advantages, our u-blox 5 platform will continue to give us a competitive edge and enable us to win additional new customers.

## Innovation at the forefront

We have increased our R&D investment year-over-year to capitalize on the opportunities and ever increasing demand for new technology. u-blox continued to make innovative progress that strengthened our technology roadmaps and met our customers' expectations for smaller, more powerful devices with longer battery lives.

There were a number of milestones in 2008. Based upon the u-blox 5 platform, we launched two innovative modules to the market. In September, we pioneered AMY, a new state-of-the-art module. AMY is the smallest GPS receiver module available on the market especially suited for portable consumer electronics products where space is at premium. In October, we introduced two new modules under the name NEO, especially designed for battery powered mass market consumer electronics devices, such as navigation and tracking devices.

In September, we pioneered AMY, a new state-of-the-art module. AMY is the smallest GPS receiver module available on the market today especially suited for portable consumer electronics products where space is at premium.

In 2008, we grew volumes in all our markets and in all the regions in which we operate.

From left to right: **Fritz Fahrni** Chairman, **Thomas Seiler** CEO, **Jean-Pierre Wyss** CFO



# Brief an unsere Aktionäre

## Focused business operations and processes

With the introduction of u-blox 5, we have expanded and intensified our processes for the effective management, fabrication and packaging of the u-blox 5 chipset. We have also introduced new processes in production logistics and have invested heavily in improved testing, verification and quality control. As volumes continued to increase and in order to meet ever growing demands, we expanded capacities in manufacturing through our fabrication partners to obtain economy of scale as well as cost reductions.

## Changes in the Board of Directors

Following his chairmanship on the Board of Directors of u-blox Holding AG, Edzard Reuter announced in February that he would not run for re-election to the Board. The shareholders elected Prof. Fritz Fahrni at the General Assembly in April 2008 as his successor for a three year period. Two Board Members, Jürg Stahl and Hansjörg Sage, resigned as Board Members.

## Outlook 2009

The stability, strength and expertise of our global team and its passion for innovation and customer orientation positions u-blox for future growth. Going forward, we are committed to executing on our strategy and are confident that we are well positioned for profitable development in a dynamic environment. We will continue to take steps to increase the value and attractiveness of our company:

- We will continue to expand our product portfolio with new innovative GPS receiver products and execute on our strategy to deliver products that meet our customers' needs.
- We will improve and add new functionality and features to our existing products to be able to provide our customers with the richest set of choices.
- We have strengthened our positions in key markets and have the necessary support, processes and manufacturing capacity in place to provide new and existing customers with higher volumes.
- We will create value for shareholders through organic expansion and pursue acquisitions where opportunities arise to expand our technology portfolio or geographic reach according to our strategy. In March 2009, we acquired Neonseven, a design house for wireless telecommunications devices for consumer, industrial and automotive OEMs. The acquisition forms an important step in our strategy. The synergies arising from the Neonseven acquisition will help us to achieve our targets of expanding our product offering with positioning and wireless solutions. Based on co-operation with Neonseven, we were able to launch our first GSM/GPRS module to the market in February 2009.

## Acknowledgment

On behalf of the Board of Directors and the Executive Board, we would like to thank all employees for their commitment and outstanding performance they delivered throughout the year. Our gratitude also goes to shareholders for their trust and to our customers and suppliers for the close partnerships that we share with them.



**Fritz Fahrni**  
Chairman of the Board of Directors



**Thomas Seiler**  
CEO



**Jean-Pierre Wyss**  
CFO

## Sehr geehrte Aktionärinnen und Aktionäre

Wir blicken auf das erste vollständige Jahr als kotierte Aktiengesellschaft zurück, in dem wir eine bemerkenswerte Entwicklung durchlaufen haben. Trotz des Wirtschaftsabschwungs weist die Tendenz von u-blox nach oben und ein Unternehmen mit deutlicher Robustheit ist entstanden. Die Strategie, den Schwerpunkt auf unsere Kernstärken in technologischem Know-how, Innovationskraft, Qualität und Marktorientierung zu legen, trägt heute ihre Früchte. Wir haben neue Produkte eingeführt, neue Kunden gewonnen, neue Märkte erschlossen und unsere Prozesse optimiert, um die Anforderungen modernster GPS-Empfängertechnologie kosteneffektiv zu erfüllen.

## Ein Jahr der Herausforderungen

Wegen der Verlangsamung der globalen Wirtschaft, vor allem im November und Dezember, waren wir nicht in der Lage, unseren Umsatz und die operative Marge wie erwartet zu steigern. Dennoch erzielten wir im 2008 mit GPS Chips und Modulen ein positives Betriebsergebnis. Das Volumen stieg gegenüber dem Vorjahr um 37%. Der Konzernumsatz ging in 2008 um CHF 3.9 Mio. auf CHF 74.5 Mio. zurück. Der Betriebsgewinn (EBIT) erhöhte sich von CHF 5.5 Mio. auf CHF 8.4 Mio., was einer Zunahme von 52.3% gegenüber dem Vorjahr entspricht. Der Konzerngewinn stieg um 60.9% von CHF 5.4 Mio. auf CHF 8.8 Mio. Daraus ergibt sich für das Geschäftsjahr 2008 eine Nettogewinnmarge von 11.8%.

Trotz eines schwierigen Jahres hat sich unser Unternehmen in einem äusserst angespannten Umfeld gut behauptet. Wir sind zufrieden mit unserer Leistung und glauben, dass u-blox dank ihrer Zuverlässigkeit und Reife diese schwierige Lage gemeistert hat.

## Chancen in Zielmärkten ergreifen

Wir sprechen drei Hauptmärkte an: Konsum, Industrie und Automobil. 2008 verzeichneten wir in allen Märkten und allen Regionen, in denen wir tätig sind, starkes Volumenwachstum. Nachdem die Volumen im ersten Halbjahr 2008 Rekordhöhe erreicht hatten, blieb die Nachfrage nach unseren Produkten im 3. und 4. Quartal stabil. Die langfristigen Prognosen für die Branche sind weiterhin günstig:

- Wir sind neue strategische Geschäftsbeziehungen zu führenden Unternehmen der Branchen eingegangen. Durch eine konstante Erweiterung des Produktangebots und die Vermittlung einer Vision, was mit unseren Modul- und Chipsatz-Produkten möglich ist, haben wir Vertrauen bei bestehenden und neuen Kunden in den einzelnen Märkten gewonnen.
- Bestehende Kunden sind 2008 unserem Unternehmen, Produkten und Dienstleistungen treu geblieben. Im Jahresverlauf 2008 gewannen wir verschiedene Neuaufträge von Konsumelektronikherstellern: von Microsoft für GPS in einem USB-Stick und vom US-Unternehmen SkyGolf für GPS in Golf-Trackern. Im Industriemarkt gewannen wir neue Kunden wie zum Beispiel Mobile Knowledge, ein führender US-Anbieter von Flottenlösungen, und Falcom, ein deutscher Hersteller für automatische Fahrzeugortungslösungen. Im Automobilmarkt schlossen wir den strategisch wichtigen Vertrag mit Bosch-Blaupunkt in Europa ab und erhielten einen Auftrag von der italienischen Firma AvMap, die Navigationssysteme unter anderem für Peugeot entwickelt.
- Durch den Trend zu mobilen leistungsfähigen Computern ist ein wachsender Bereich standortbezogener Dienste entstanden, wodurch GPS-Technologie in ein breites Spektrum von Konsumprodukten, wie mobile Internetendgeräte, Digitalkameras und tragbare Navigationssysteme, Einzug gehalten haben. Zunehmendes Bewusstsein und mögliche Sicherheitsvorschriften in der Automobilindustrie haben ausserdem Möglichkeiten für den Einsatz effektiver GPS-basierter Überwachungs- und Sicherheitssysteme eröffnet.

2008 verzeichneten wir in allen Märkten und allen Regionen, in denen wir tätig sind, starkes Volumenwachstum.

- Da das Wettbewerbsumfeld mit Unsicherheiten und ernsthaften Herausforderungen zu kämpfen hatte, sind für uns neue Möglichkeiten entstanden, um unsere Marktführung auszubauen. Mit Blick in die Zukunft ist u-blox gut positioniert, um die Gelegenheiten des Geschäftsaufbaus zu ergreifen. Wir befinden uns in der einzigartigen Position, sowohl GPS-Module als auch GPS-Chipsätze zu entwickeln und zu liefern. Dieser duale Ansatz gibt unseren Kunden in ihrer Wahl von Design und Integration ein breites Spektrum von Applikations- und Produktflexibilität, bei gleichzeitiger Minimierung der Markteinführungszeiten.

#### Weiterhin starke Nachfrage nach unseren Produkten

Wir haben die Risiken mit einem noch grösser diversifizierten Produktangebot weiter reduziert, das die Bedürfnisse der Akteure in allen unseren Märkten erfüllt: vom Markt der hochvolumigen Konsumprodukte, der hochqualitativen Industrieanwendungen bis zur Anwendung im Bereich Automobil, der durch höhere Qualitätsanforderungen und längeren Produktlebenszyklen gekennzeichnet ist. Ende 2007 kam die einzigartige Produktplattform u-blox 5 auf den Markt; bis Ende 2008 hatte ein Grossteil unserer bestehenden Kunden nahtlos auf u-blox 5 basierte Produkte umgestellt. Die u-blox 5-Plattform wird uns aufgrund ihrer einzigartigen Merkmale und Vorteile auch künftig einen Wettbewerbsvorteil verschaffen und es uns ermöglichen, weitere Neukunden zu gewinnen.

#### Innovation an vorderster Front

Die R&D-Investitionen wurden gegenüber dem Vorjahr erhöht, um das vorhandene Potenzial und die steigende Nachfrage nach neuer Technologie zu nutzen. u-blox hat durch weitere innovative Fortschritte die Technologie-Roadmap gestärkt und die Kundenerwartungen nach kleineren, leistungsfähigen Geräten mit längerer Batterielebensdauer erfüllt.

2008 wurden zahlreiche Meilensteine erreicht. Wir brachten zwei innovative Produkte auf Grundlage der u-blox 5-Plattform auf den Markt. Im September präsentierten wir mit AMY ein Pionierprodukt, ein neues Modul auf dem modernsten Stand der Technik. AMY ist das kleinste GPS-Empfängermodul, das derzeit auf dem Markt erhältlich ist und eignet sich besonders für mobile Konsumelektronikprodukte, bei denen die Grösse eine Schlüsselfunktion hat. Im Oktober wurden unter dem Namen NEO zwei neue Module eingeführt, die sich speziell an den Massenmarkt für batteriebetriebene Konsumelektronikgeräte, wie Navigations- und Tracking-Geräte, richten.

#### Gestaffte betriebliche Abläufe und Prozesse

Mit der Einführung von u-blox 5 wurden die Führung der Herstellprozesse für die Bausteine des u-blox 5-Chipsatzes erweitert und intensiviert. Wir haben neue Prozesse in der Fertigungslogistik eingeführt und umfassend in Test, Verifizierung und Qualifizierung für diese Produktlinie investiert. In Anbetracht der weiterhin steigenden Volumen und zur Bewältigung der wachsenden Nachfrage wurden die Fertigungskapazitäten mit Hilfe unserer Produktionspartner erhöht. Dies ermöglicht Mengenvorteile und Kosteneinsparungen.

#### Veränderungen im Verwaltungsrat

Der bisherige Präsident des Verwaltungsrates der u-blox Holding AG, Edzard Reuter, teilte im Februar mit, dass er nicht für eine erneute Kandidatur zur Verfügung steht. Auf der Generalversammlung im April 2008 wählten die Aktionäre Prof. Fritz Fahrni als Nachfolger für eine Amtszeit von drei Jahren. Zwei Verwaltungsratsmitglieder, Jürg Stahl und Hansjörg Sage, schieden aus dem Verwaltungsrat aus.

Im September präsentierten wir mit AMY ein Pionierprodukt, ein neues Modul auf dem modernsten Stand der Technik. AMY ist das kleinste GPS-Empfängermodul, das derzeit auf dem Markt erhältlich ist und eignet sich besonders für mobile Konsumelektronikprodukte, bei denen die Grösse eine Schlüsselfunktion hat.

#### Ausblick 2009

Die Stabilität, Stärke und Fachkompetenz unseres weltweit tätigen Teams und der passionierte Einsatz für Innovation und Kundenorientierung unserer Mitarbeiter versetzt u-blox in eine ideale Ausgangslage für künftiges Wachstum. Mit Blick in die Zukunft halten wir konsequent an der Umsetzung unserer Strategie fest und vertrauen darauf, dass wir in einem dynamischen Umfeld gut für einen profitablen Firmenaufbau gerüstet sind. Wir werden weiterhin Massnahmen ergreifen, um den Wert und die Attraktivität des Unternehmens zu erhöhen:

- Wir werden unser Produktportfolio weiter mit neuen innovativen GPS-Empfänger-Produkten erweitern und unsere Strategie fortsetzen, Produkte zu liefern, die den individuellen Anforderungen unserer Kunden gerecht werden.
- Wir werden die Funktionalität erweitern und Merkmale bestehender Produkte optimieren, um unseren Kunden das interessanteste Spektrum an Auswahlmöglichkeiten bieten zu können.
- Wir haben unsere Position in unseren Hauptmärkten gestärkt und besitzen die erforderlichen Fähigkeiten für Kundenunterstützung, Prozesse und Herstellungskapazitäten, um neuen und existierenden Kunden höhere Volumina zu liefern.
- Wir werden durch organisches Wachstum eine Wertsteigerung für die Aktionäre erzielen und Akquisitionen anstreben, wenn sich Gelegenheit dazu bietet, um das Technologieportfolio oder die geografische Reichweite in Übereinstimmung mit unserer Strategie zu erweitern. Im März 2009 erwarben wir Neoseven, eine Entwicklungsfirma für drahtlose Telekommunikationsgeräte für Gerätehersteller in der Konsumelektronik-, Industrie- und Automobilbranche. Diese Übernahme bildet einen wichtigen Schritt in unserer Strategie. Die Synergien, die sich durch die Übernahme von Neoseven ergeben, werden uns helfen, mit Positionierungs- und drahtlosen Kommunikationslösungen unser Produktangebot wie geplant auszubauen. Basierend auf der Kooperation mit Neoseven, waren wir in der Lage, unser erstes GSM/GPRS Modul im Februar 2009 auf den Markt zu lancieren.

#### Dank

Im Namen des Verwaltungsrates und der Geschäftsleitung möchten wir allen Mitarbeitenden für ihren Einsatz und ihre herausragende Leistung während des Jahres danken. Unser Dank gilt auch den Aktionären für ihr Vertrauen und unseren Kunden und Lieferanten für die engen partnerschaftlichen Beziehungen, die wir mit ihnen führen.



**Fritz Fahrni**  
Präsident des Verwaltungsrates



**Thomas Seiler**  
CEO



**Jean-Pierre Wyss**  
CFO

Im März 2009 erwarben wir Neoseven, eine Entwicklungsfirma für drahtlose Telekommunikationsgeräte für Gerätehersteller in der Konsumelektronik-, Industrie- und Automobilbranche.



## Company

u-blox is a fabless semiconductor provider of embedded positioning and wireless communication solutions for the consumer, industrial and automotive markets. Our solutions enable people, devices and machines to locate and communicate their exact position – reliably, instantly and accurately.

With a broad portfolio of chips, modules and wireless design services, u-blox is uniquely positioned to enable its OEM customers to develop feature-rich and innovative solutions quickly and cost-effectively.

Headquartered in Switzerland and with global presence in Italy, the USA, Singapore, Hong Kong, China, Taiwan, Korea and Japan, u-blox is employing 155 people. The company was founded in 1997 and is listed on the SIX Swiss Exchange.

For more information, please visit:  
[www.u-blox.com](http://www.u-blox.com)



## Values

Our core values are the essential and enduring beliefs of our organization. They guide us in how we behave and set the tone for our actions towards our work, customers, partners and colleagues.

### **We are customer minded**

We maintain close relationships with our customers and strive to anticipate their wishes and exceed their expectations.

### **We are innovation driven**

Creativity and innovation are the essence of our thinking. They enable our customers to reach new application horizons.

### **We are reliable partners**

We look after every aspect of our customers' requirements and create dependable, cost-effective solutions. Customers can count on our capabilities in a long lasting partnership and enjoy trust in our mutual relationship nurtured by our high level of integrity.

### **We are quality focused**

Our products are engineered with precision and dedication. We have all our products qualified by applying thorough testing methodology and certification by independent laboratories.



## Products and services

Simply put, we offer positioning and wireless communication solutions for the consumer, industrial and automotive markets. These technologies allow people and valuable assets to “phone-home” and reveal where they are, where they were, and when they arrive. You can find our technology in cars, trucks, containers, personal navigation devices, PCs, mobile phones and golf equipment... to name just a few.

Our products and services can be divided into three categories:

### **Chips**

Our compact chips provide OEMs a cost-effective solution for high volume, low power and space sensitive devices such as handheld consumer devices.

### **Modules**

Our modules are easy to integrate into a final product, cutting our customers' development efforts and accelerating their products' time to market. We are one of the few companies world-wide combining GPS and wireless technologies.

### **Design services**

We provide design services to our customers. Our extensive experience and in-depth knowledge of both GPS and wireless communications technology supports the high volume, high-quality requirements of the consumer, industrial and automotive industries.



## People

Our employees are our most valuable asset and represent the innovative spirit on which u-blox is built.

155 people in 9 countries develop and deliver high quality products. With their ideas, expertise and passion for their work, they contribute to the successful achievement of u-blox' strategic goals.

To foster this innovative spirit, u-blox actively promotes employee development and takes further steps to improve the quality of life at work. As part of our strategy, we continue to place a high priority on attracting, developing and retaining highly talented people.



## Global presence

Our global presence ensures that we can react quickly to changing customer demands. It also puts us in a stronger position to share knowledge and market requirements with our customers. u-blox has offices in all its key markets.

With our staff in every region of the world, we are able to support our customers from the very beginning right through to product design and final production set-up.



## Milestones

- January
  - SkyGolf selects u-blox' GPS chip for their innovative SkyCaddie SG5 device
- February
  - u-blox' entire product portfolio is available on u-blox 5 platform
- April
  - u-blox introduces a high performance, precision timing GPS module
  - u-blox expands its presence with an office in Silicon Valley, California
- June
  - u-blox Japan K.K. expands to match growth opportunities
  - Paragon and Magna introduce rear-view mirror navigator with u-blox GPS module
- July
  - Mobile Knowledge commissions u-blox' GPS module for New York Yellow Cab Passenger Information Monitor
- August
  - u-blox' GPS module powers Peugeot 107 navigator by AvMap
  - Microsoft and u-blox partner to develop GPS-enabled MapPoint 2009 USB stick
- September
  - u-blox continues pioneer lead with the launch of AMY – the smallest GPS module available on the market
  - u-blox gains recognition from Frost and Sullivan for "Product Innovation of the Year"
- October
  - u-blox launches low-voltage GPS module series to the market
  - u-blox tightens relationship with the Chinese company Skypine to offer GPS navigation systems to major car audio brands
  - u-blox celebrates its first full year as a public company
- November
  - Bosch-Blaupunkt chooses u-blox as supplier of GPS positioning technology
  - Longcheer launches more u-blox GPS-enabled mobile phones to the Chinese and European markets
- December
  - u-blox 5 platform makes up 44% of volumes after only 11 months in the market

# Strategy

Our overall goal is to profitably grow the business by following a four part strategy that capitalizes on our strengths and market opportunities to achieve higher growth.

Four strategic elements underpin everything we do at u-blox and provide a framework which helps us to create value for our customers and shareholders while keeping us ahead of our competitors. In 2008, we focused on consistent execution of this strategy and are confident that it is a solid foundation for 2009 and beyond.

## Technology and innovation

Our commitment to technology and innovation continues to be the core of our strategy. We continuously improve and expand our product offering and services to deliver essential value to our customers. We will meet the market's increasing demand for truly differentiated, customized and innovative technology.

## Market position

We will continue to leverage the strength and success of the core markets we operate in to win and retain customers. We will also strive to expand our position in new markets and geographical regions through careful market analysis.

## Operational excellence

The key criterion for operational excellence is a dedicated, professional and talented workforce. We, the u-blox team, will continue to focus on excellence and quality, enhance operational efficiency and contain costs without compromising quality.

## Strategic partnership and acquisition opportunities

Our partners are a key to our success. We will maintain close cooperation and work closely together with them to ensure continued improvements to our capabilities and efficiency. We continuously evaluate strategic acquisitions of complementary businesses, technologies or products that we believe will accelerate one or more of the elements of our strategy.

# Financial summary

## Consolidated income statement

(in CHF 000s)	For the year ended December 31, 2008		For the year ended December 31, 2007	
		% sales		% sales
<b>Sales</b>	<b>74'506</b>	100.0%	<b>78'360</b>	100.0%
Cost of sales	-42'710	-57.3%	-49'810	-63.6%
<b>Gross profit</b>	<b>31'796</b>	42.7%	<b>28'550</b>	36.4%
Distribution and marketing expenses	-11'434	-15.3%	-10'821	-13.8%
Research and development expenses	-9'277	-12.5%	-9'653	-12.3%
General and administrative expenses	-2'813	-3.8%	-3'410	-4.4%
Other income	139	0.2%	855	1.1%
<b>Profit from operations (EBIT)</b>	<b>8'411</b>	11.3%	<b>5'521</b>	7.0%
Financial income	2'268	3.0%	665	0.8%
Finance costs	-7	0.0%	-1'932	-2.5%
<b>Profit before income tax (EBT)</b>	<b>10'672</b>	14.3%	<b>4'254</b>	5.4%
Income tax (expense) / benefit	-1'911	-2.6%	1'190	1.5%
<b>Net profit</b>	<b>8'761</b>	11.8%	<b>5'444</b>	6.9%
Profit from operations (EBIT)	8'411		5'521	
Depreciation and amortization	4'466		3'346	
EBITDA (unaudited) <sup>1)</sup>	12'877	17.3%	8'867	11.3%

## Adjusted figures (all adjusted figures are not audited)

Adjustments	272	0.4%	7'321	9.3%
Adjusted Gross profit <sup>2)</sup>	31'812	42.7%	30'568	39.0%
Adjusted EBIT <sup>3)</sup>	8'683	11.7%	12'027	15.3%
Adjusted EBITDA <sup>4)</sup>	13'149	17.6%	15'373	19.6%
Adjusted Net profit <sup>5)</sup>	9'033	12.1%	12'765	16.3%

<sup>1)</sup> Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to profit from operations (EBIT), in each case determined in accordance with IFRS.

<sup>2)</sup> Adjusted Gross profit is Gross profit adjusted by share-based payments and related social security costs, one-time IPO costs and accruals for litigation expenses.

<sup>3)</sup> Adjusted EBIT is EBIT adjusted by share-based payments and related social security costs, one-time IPO costs and accruals for litigation expenses.

<sup>4)</sup> Adjusted EBITDA is EBITDA adjusted by share-based payments and related social security costs, one-time IPO costs and accruals for litigation expenses.

<sup>5)</sup> Adjusted Net profit is Net profit adjusted by share-based payments and related social security costs, one-time IPO costs and accruals for litigation expenses.

## Adjustment-details

(in CHF 000s)	For the year ended December 31, 2008	For the year ended December 31, 2007
Share-based payments incl. related social security costs	272	3'986
IPO costs (consulting fees)	0	815
Litigation expenses	0	2'520
<b>Total</b>	<b>272</b>	<b>7'321</b>

### Financial highlights

u-blox demonstrated strong results despite challenging times:

- Consolidated sales of CHF 74.5 million in 2008, a decline of 4.9% compared to 2007. Adjusted for exchange rate effects, however, growth would have been plus 3.9%
- Significant gross profit margin improvement from 36.4% in 2007 to 42.7% in 2008
- Profit from operations (EBIT) rose from CHF 5.5 million to CHF 8.4 million, up 52.3% from previous year
- Solid EBIT margin of 11.3%
- Positive financial results from conservative asset strategy (fixed-term deposits with best-rated bank)
- CAPEX kept at a low level due to the fabless business model
- Net profit increased by 60.9% from CHF 5.4 million to CHF 8.8 million, which represents a 11.8% net profit margin for 2008
- Cash flow from operations was impacted by increasing inventory level
- Healthy balance sheet with a good equity ratio of 87.6%
- Close monitoring of debtors, no significant bad debts despite the downward business cycle

### Solid sales

The number of invoiced GPS modules and chipsets grew by approximately 37% during 2008. By the end of 2008, u-blox 5-based products made up 44% of the total volume and ANTARIS-based products 53%, the rest coming from sales of accessory products. In 2008, the company made about 80% of its revenue from sales to 62 customers. u-blox' biggest customer accounted for less than 6% of the total sales turnover. u-blox was able to increase the total number of customers as compared to 2007 as well as achieve global expansion into new regions and markets.

Revenues for the regions Americas, Europe and Asia fell slightly compared to 2007, despite an increase in the total number of units shipped caused by the weak US currency and continued price pressure. Americas revenues decreased to 25.3% of u-blox' total revenue compared to 27.5% in 2007. Revenues for the Europe, Middle East and Africa region made up 38.2% of u-blox total revenue compared to 37.9% in 2007. In Asia, revenue share increased slightly. In 2008, Asia generated 36.5% of the total revenue compared to 34.6% in 2007.

### Increased gross profit

Gross profit increased by 11.4% to CHF 31.8 million in 2008 from CHF 28.6 million in 2007. Gross margin was 42.7% for 2008 compared to 36.4% for 2007. The increase in relative margin in 2008 was primarily due to the migration to u-blox 5-based modules and u-blox 5 chipset sales which allowed to achieve better gross margin as compared to the ANTARIS generation.

### Expansion of distribution and marketing activities

Distribution and marketing expenses increased in 2008, mainly due to increased personnel costs incurred from further expansion in Asia Pacific, Europe and the Americas.

### Focus on research and product development

During 2008, u-blox hired additional Research and Development (R&D) staff, both in hardware and software, to strengthen its team of highly talented R&D engineers in Thalwil, Switzerland. The expansion of the R&D team further strengthened the company's commitment and strategic focus on R&D to ensure that its product portfolio, technology and IP platforms remain competitive in the market also in the future. R&D expenses in 2007 were influenced as a one-time expense from the exercise of stock-options prior to the completion of the Initial Public Offering (IPO) on the SIX Swiss Exchange.

### Strong increase of profit from operations (EBIT)

EBIT increased by 52.3% to CHF 8.4 million in the year 2008 from CHF 5.5 million in the previous year. EBIT margin increased from 7.0% in 2007 to 11.3% in 2008. EBITDA margin increased to 17.3% in 2008. In 2007, EBIT and EBITDA were negatively influenced by one-time adjustments prior to the IPO.

### Financial income and costs

In 2008, financial income of CHF 2.3 million was realized. Finance costs in 2008 were at a very low level.

The above comparisons are based on non-adjusted figures.

### Positive cash flow from operating activities

In 2008, u-blox generated cash from operating activities in the amount of CHF 2.6 million compared to CHF 16.7 million in 2007. This decrease was mainly due to the strong increase in inventories in the amount of CHF 10.4 million and one-time payments for outlays in the context of the IPO in 2007 and the settlement of the CEVA claim. Due to the new production setup for u-blox 5 with an extended value-creation chain for the benefit of enlarged gross margins, our inventory level increased by work-in-progress material and additional finished products. Due to the slowdown in the market at the end of the fiscal year 2008 and additions to the product portfolio, inventory of finished products grew. u-blox does not expect an obsolete risk as all products are standard off-the shelf products and continued demand will decrease these inventories.

### Condensed consolidated cash flow statement

(in CHF 000s)	For the year ended December 31, 2008	For the year ended December 31, 2007
Net cash provided by operating activities	2'570	16'663
Net cash used in investing activities	-50'239	-4'974
Net cash (used in) / provided by financing activities	-364	58'870
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>-48'033</b>	<b>70'559</b>
Cash and cash equivalents at beginning of year	85'922	16'011
Effect of exchange rate fluctuations on cash and cash equivalents	-742	-648
<b>Cash and cash equivalents at end of year</b>	<b>37'147</b>	<b>85'922</b>

### Investing activities

In 2008, main investments were CHF 1.2 million in capitalized development costs, CHF 1.1 million in tools and test infrastructure and approximately CHF 0.6 million in office and laboratories expansion. Furthermore, CHF 0.9 million were invested in software tools and CHF 0.7 million in Intellectual Property rights. In 2008, several short-term investments in the amount of CHF 47.5 million were made. These fixed-term deposits were denominated in Swiss Francs with a maturity of between 3 and 6 months at the time of investment.

### Financing activities

In 2008, there were no major financing activities. In 2007, the proceeds from the issue of shares on the SIX Swiss Exchange and the exercise of employee stock options and net of transaction costs were CHF 59.4 million.

### Strong balance sheet

u-blox has a very strong balance sheet with an equity ratio of 87.6%.

### Condensed consolidated balance sheet

(in CHF 000s)	At December 31, 2008	At December 31, 2007
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	37'147	85'922
Short-term investments	47'500	0
Other current assets	25'605	15'350
<b>Total current assets</b>	<b>110'252</b>	<b>101'272</b>
<b>Non-current assets</b>		
Property, plant and equipment	2'466	2'511
Intangible assets	3'314	3'129
Financial assets	307	247
Deferred tax assets	4'529	6'034
Total non-current assets	<b>10'616</b>	<b>11'921</b>
<b>Total assets</b>	<b>120'868</b>	<b>113'193</b>
<b>Liabilities and equity</b>		
Current liabilities	12'626	14'210
Non-current liabilities	2'325	1'381
<b>Total liabilities</b>	<b>14'951</b>	<b>15'591</b>
<b>Shareholders' equity</b>		
Share capital	5'619	5'619
Share premium	102'132	101'860
Cumulative translation differences	176	156
Accumulated losses	-2'010	-10'033
<b>Total equity</b>	<b>105'917</b>	<b>97'602</b>
<b>Total liabilities and equity</b>	<b>120'868</b>	<b>113'193</b>

# Markets

## Markets and industry trends

u-blox groups its markets into three core markets: Consumer, Industrial and Automotive. The needs and processes of the players in the automotive industry differ widely from the needs of the players in the industrial and consumer electronics industry and therefore each requires different products and technologies. By offering a diverse portfolio of solutions tailored to specific markets world-wide, we are ideally positioned to respond to the requirements of OEMs.

Markets served	Products with u-blox' GPS solutions inside
<b>Consumer</b>	Digital cameras
	Mobile computing
	People & animal tracking
	Recreational devices
	Personal navigation devices
	Mobile phones
<b>Industrial</b>	Vehicle & asset tracking
	Road pricing
	Machine control
	Timing & synchronization
	Surveying & mapping
	Marine
	Military & government
	Aviation
	Agriculture
<b>Automotive</b>	In-vehicle navigation systems
	Anti-theft
	Safety

u-blox' previous market categorization has been consolidated into three core markets – cannot be compared to 2007.

## Inspiring new wireless businesses and services

In 2008, the consumer electronics market remained a dynamic market. We improved our position and were able to expand our market share. We experienced increased demand for our GPS technology in digital consumer electronics such as mobile phones and recreational devices and believe that the unique features of our u-blox 5 platform have significantly helped us achieve growth and acceptance among consumer electronics manufacturers. The steady evolution of technology will continue to create new opportunities that can be used to offer new unexplored consumer applications. We foresee two trends that will open up new opportunities and fuel a new generation of GPS devices, increasing u-blox' growth opportunities in this market:

- Driven by the ongoing consumer demand for feature-rich portable devices, OEMs increasingly consider GPS functionality as a value-added differentiator in consumer products such as laptops, mobile internet devices and recreational devices. There is still untapped potential and IMS Research forecasts the overall market for GPS to demonstrate a 21.2% CAGR between 2008 and 2013 (Source: IMS Research, The Worldwide Market for GPS/GNSS in Portable Devices – 2008 Edition).
- Geotagging, the process of adding geographical identification to photos, will drive demand for GPS in cameras and we expect it to become an important location-based service in the near future. Photo sharing sites such as Flickr and YouTube are already heavily promoting geotagging functionality.

## Creating value and efficiency

While much of current attention around GPS technology is focused on consumer navigation, industrial GPS applications such as vehicle and asset control, precision agriculture and network timing are increasingly being adopted by companies to increase quality, security and supply chain efficiency, as well as to reduce costs.

The industrial market has been and continues to be our strongest market. Throughout 2008, demand was substantial and volumes sold were growing considerably. However growth was impacted by decreasing prices. The primary driver of revenue was vehicle and asset tracking. More and more vehicles, assets and employees are on the move and a growing number of companies requested our GPS solutions to enable them to locate goods, services and mobile employees worldwide. In 2009, we expect the use of industrial GPS-based tracking and control applications to rise again. Smaller, more affordable GPS engines will continue to push the market for vehicle and asset tracking and we continue to extend our product portfolio to target the numerous companies that manage and track assets and mobile employees.

## Anticipating opportunities

Interest and demand for our products continued to accelerate in 2008 thanks to a strong demand for safety applications, the rising popularity of multimedia entertainment and integration of location-based services in cars. We expect the market to decrease during the first half of 2009 but foresees a turnaround late 2009. In-car navigation systems will increasingly be used to manage a full range of services from cell phone, radio and web access to location-based services and security systems. Car manufacturers will therefore invest heavily to integrate these features into mainstream vehicles' in-car navigation systems. Safety and security in cars will also drive GPS market growth over the coming years in order to reduce injury severity, traffic fatalities and theft.

- The eCall initiative, a pan-European automatic emergency call system, is expected to become standard equipment in all new vehicles from September 2010, resulting in an expansion of the total market and new opportunities of growth.
- To reduce the high levels of vehicle theft, governments worldwide are increasingly taking action. In Brazil, for example, the government plans to equip vehicles with a GPS anti-theft device from August 2009 onwards. In the event that a car is stolen, the device calls a control center that will inform the police of the car's location. Car theft is not only a major issue in Brazil, but in many other countries. We expect further adoption of such legislative measures around the world.

Consumer

Industrial

Automotive

# Customers

We have become a trusted partner among many of our customers thanks to our unique understanding of the industries we work in, our global presence and a clear insight in our customers' needs and concerns.

of turnover from sales to 62 customers where the biggest customer accounted for less than 6% of sales. We continued to solidify our leading position in the market and increased market share by winning new customers and getting repeat orders from existing customers. Our existing worldwide customer base of more than 1'500 customers continued to expand.

## Consumer

Interest and demand for our products continues to accelerate in the consumer market. We won new orders, including one from the US company SkyGolf for GPS in golf trackers and one from Microsoft for GPS in USB sticks. Longcheer, a long-term Chinese mobile phone manufacturer partner, continued to launch new GPS-enabled mobile phones with our GPS technology.

## Industrial

In 2008, the industrial domain continued to be our most important market, contributing to more than an estimated 50% of sales. Especially in fleet management and asset tracking, our modules have become and continue to be the preferred choice due to valuable features that promote ease of use, scalability and performance. We were able to repeat sales from important existing customers, while attracting new customers such as Mobile Knowledge, a leading US provider of fleet solutions, and Falcom, a German manufacturer of solutions for automatic vehicle location and automatic meter reading.

## Automotive

OEMs in the automotive market continued to recognize the benefits of our products and technology and we were able to add new customers to our growing client portfolio. Among others, we won a strategically important deal with Bosch-Blaupunkt in Europe, a deal with the Chinese OEM Skypine, and the Italian Company AvMap which develops portable and in-car navigation systems for large car manufacturers including Peugeot.

These few examples are a fine representation of the quality of customer we have been able to add to our global customer base.

## Strong customer portfolio

Customer orientation is our key focus. By understanding our customers' needs and translating them into feature-rich products that enable customers to gain competitive advantages in their fields, we strengthen our own position in our markets and secure our own success.

There is no question that the macro economic environment had an impact on our customers and slowed down our ability to grow the top line, especially in the latter half of the fiscal year. That said, we were able to increase the total number of customers across different regions and in all markets we participate in. We made about 80%

## Consumer



## Hole in one with GPS

Every golfer has now and then wished for a caddy to predict the distance to the upcoming hole and the terrain ahead. Here, GPS helps. Our module was chosen by the US company SkyGolf to power its golf rangefinder. SkyCaddie SG5 is a pocket size device that provides the avid golfer with a map of the golf course coupled with GPS technology to clearly show golf course hazards, distance and the overall layout of each hole.

*"We chose u-blox for their high performance GPS engine and experience, and integrated u-blox specific receiver algorithms which culminated in TruePoint™ precision GPS. This new technology, when used in combination with our high-precision golf course maps, gives golfers yet another level of accuracy improvement they need to play smarter, faster and have more fun."*

Richard Edmonson, CEO at SkyGolf

## Industrial



## Tracking taxi availability with GPS

Tracking cabs with GPS can generate cost savings and increased customer satisfaction for taxi companies. Mobile Knowledge, a provider of fleet solutions, chose our GPS product for a passenger information monitor and point-of-sale system. Today, the system is being used by New York City's Yellow Taxi fleet. When a call for a cab comes in, a dispatcher uses GPS to locate the cab nearest to the pick-up place and its availability to take passengers.

*"We knew the challenges of the dense urban canyon of Manhattan and went to great lengths to source the best available position and location technology. When sourcing a GPS receiver, we selected u-blox' LEA-4R dead reckoning GPS module for its unmatched reliability, accuracy and ease of integration."*

Kevin French, Chief Operating Officer at Mobile Knowledge

## Automotive



## Instant driving directions with GPS

Drivers' needs are diverse. Some need a navigation system that calculates instant driving directions, others require high GPS accuracy in dense urban areas and in-door environments. Manufacturers therefore rely on a wide range of GPS receivers to deliver differentiated navigation systems quickly to the market. Our GPS proved to be the perfect solution for this application: LEA-5S was selected by AvMap to enable drivers to know within seconds which direction they need take as soon as they switch on the navigator.





*"u-blox' long-term roadmap of pin-to-pin compatible modules enabled us to quickly and easily integrate the LEA-5S as soon as it became available. This enabled us to introduce our products into the market at record speed, benefiting from all the technological advances of the u-blox 5 engine without having to redesign our PCBs."*

Simone Lazzarini, AvMap CEO.

# Products and innovation

**An exceptional product portfolio**

We develop and sell chips, modules and technologies to drive positioning and wireless communications innovation around the world. Through our robust technology roadmaps and platforms, we provide leading products in terms of performance and costs, adding unique value to our customers. In 2008, we kept our promises and built on our strategy to introduce new revolutionary products to the market while improving existing products.

Product portfolio	Product	
GPS chips	Single chip (Available as standard and automotive grade)	
	Chipset (Available as standard and automotive grade)	
GPS modules	AMY	
	NEO	
	LEA	
	TIM	
GPS cards New Q1 2009	PCM	
	PCI	
Wireless modules New Q1 2009	LEON	
Wireless services New Q1 2009	Product designs	
	Reference designs	
	Component evaluation	

## Our u-blox 5 platform is the engine behind our products.

### On track with new u-blox 5 platform

Our u-blox 5 platform is the engine behind our products. Based on this platform we develop a wide range of chips and modules to give our customers flexibility in the choice of design and integration while keeping time to market requirements to a minimum. All products can be complemented with a unique set of features that offers additional functionality.

u-blox 5 was successfully introduced to the market. By the end of 2008, the platform had found widespread acceptance among existing and new customers. Primarily in Asia, but also in the US and in

Europe, a large percentage of our customers have migrated from ANTARIS-based products to u-blox 5-based products. By the end of 2008, products based on u-blox 5 made up 44% of the total volume compared to 53% for products based on ANTARIS. We are confident that more customers will migrate in 2009. New potential customers have also recognized the advantages of

u-blox 5, which was clearly visible by the very large number of new business opportunities. With u-blox 5, we are very well positioned to compete successfully and strengthen our position in all markets served. In 2009, u-blox 5-based products will clearly take the lead in shipments over ANTARIS, contributing to additional business opportunities.

We are proud to announce that u-blox 5 was rated by design engineers as the leading product in the GPS industry and in September received the prestigious Frost & Sullivan award "Product innovation of the year" for its technology innovation and ability to satisfy diverse needs of customers.

### AMY – the smallest GPS module for mass market devices

Based on the u-blox 5 platform, we continued to make progress in developing new products. In September, we introduced our new AMY module. AMY is the smallest GPS receiver module available on the market today and will drive GPS innovation in consumer electronics such as mobile phones and netbooks where space is at a premium. We also believe that we will be able to expand the possibilities of GPS integration beyond those that are already capturing the imagination of consumers: GPS will become reality in mass market consumer electronics such as laptops, mobile internet devices and cameras. With the encouraging feedback from market participants, we have already seen the first positive results and therefore expect new customer wins in 2009.

#### Why do OEMs choose our AMY module?

- **AMY is only a quarter of the size of standard modules.** Being the smallest GPS module available on the market, OEMs can fit AMY into any device where size is limited and increased functionality continues to play an important role such as mobile phones, netbooks and cameras.
- **AMY is easier to integrate into virtually any consumer device.** AMY is a standalone GPS receiver module, which means that the module does not need any external components other than an antenna and power to function.
- **AMY reduces the engineering efforts and time to market.** As AMY is easily integrated, the engineering efforts needed to add GPS capabilities to a consumer device are minimized. This has an enormously positive impact on time to market.
- **AMY reduces the total system costs.** Total costs are also reduced as the design, integration and testing is reduced to a minimum.

### NEO – low power consumption modules

Power consumption is a key challenge to many device manufacturers and OEMs. They need innovative and integrated approaches to reduce power consumption and battery life, while still enabling consumers to get the best performance from their applications. To meet these demands, we launched the world's first 1.8 Volt GPS modules. With these versatile modules, we drive down costs and power consumption without compromises in processing power. Potential customers in the consumer and industrial markets showed significant interest in NEO and we are confident that the product has an important potential to generate sales in 2009 and beyond.

### More and better features

We provide a unique set of add-on features in order to enable our customers to increase functionality of our GPS receiver products or to improve performance. In 2008, we released our annual update to our firmware with new functionalities and increased receiver performance. Thanks to their high level of added precision, especially our Dead Reckoning and Precision Timing features continued to be integrated by a growing amount of customers.

### Outlook 2009: New technologies, new opportunities

As communication converges and the demand for navigation, tracking and localization applications is increasing dramatically, we also believe that the future lies in expanding beyond GPS and into new complementary technologies. In March 2009, we acquired Neonseven, a design house for wireless telecommunications, enabling us to offer GSM modems in the future. Combining GSM technology with our leading GPS technology will provide consumer electronics manufacturers and the industrial market with all-in-one position and communications solutions that add significant value to their products and reduce time to market.

### LEON – our new wireless communication module for cost-sensitive industrial applications

In February 2009, we entered into the rapidly expanding embedded GSM/GPRS market with a new wireless communications module "LEON". The module is ideal for cost-sensitive industrial applications such as fleet management, asset and personnel tracking, vehicle recovery, point-of-sales terminals and metering. When combined with our standard GPS modules, OEMs now have a one-stop solution that merges GPS positioning and tracking with the power to communicate over the world's largest mobile network.

#### Why is the combination of GPS and GSM ideally suited for asset and vehicle tracking?

- **GPS positioning** tells us our position on the earth together with other information such as date, time and elevation.
- **GSM wireless communication** is the most popular standard for mobile communications in the world supporting voice, data and SMS. Often the position of assets and vehicles are being communicated via mobile phone technology to a central server. The data can then be accessed at the control center via internet.
- **GPS and GSM technology together** are most commonly used to track and better manage assets, people and vehicles. u-blox' GPS/GSM combination enables the most accurate and timely positioning and location under the most difficult circumstances, i.e. indoors, in parking garages and in urban canyons.



Ask us.

Ask us.

# Technical glossary

## 2G

Is short for second-generation wireless telephone technology. 2G cellular telecom networks were commercially launched in 1991 in Finland under GSM technology. In 2G technology voice and text SMS is possible. The system use digital signalling to connect the radio towers (which listen to the handsets) to the rest of the telephone system. 2G technology is divided into two parts one is TDMA (GSM) and another is CDMA.

## 3G

Is the third generation of technology for mobile networking, superseding 2G. 3G networks enable network operators to offer users a wider range of more advanced services while achieving greater network capacity through improved spectral efficiency. Services include wide-area wireless voice telephony, video calls, and broadband wireless data, all in a mobile environment.

## Acquisition performance

Performance of a GPS receiver in detecting (or ‘acquiring’) GPS satellites. Once acquired, the GPS receiver is able to receive and process the signals emitted and use this information to calculate a position. The speed and sensitivity at which a receiver is able to acquire satellites is referred to as its acquisition performance.

## Almanac

Set of satellite orbit parameters used to calculate GPS satellite positions and velocities. Almanac data contains information on the health status of satellites, as well as parameters for computing satellite clock corrections.

## Antenna

Hardware part of a GPS receiver that receives incoming L-Band signals from satellites (see also: L-Band).

## A-GPS (Assisted GPS) Services

Services under which a user’s receiver is provided with A-GPS aiding data to speed the GPS receiver’s position fix. The aiding data is transferred over mobile networks, enabling receivers to achieve a faster fix, even in situations where GPS signals are too weak for a GPS receiver to detect.

## CDMA (Code Division Multiple Access)

Communication channel access principle that allows for multiple uses of a single frequency. This enables multiple radios to use the same frequency, each accessing a different code. This technology is used, for instance, in the US cellular network market. GPS systems use CDMA techniques for their own individual cross-correlation calculations.

## Channel

Circuitry necessary to receive the signal from a single GPS satellite.

## Cold start

Start mode of a GPS receiver where no data on last position, approximate time or satellite constellation is available. A receiver performing a cold start will take the longest to calculate a position (see also: warm start and hot start).

## Correlator

The GPS receiver “software” or electronic means, implemented in some fashion (either analogue or digital) within a tracking channel, used to shift or compare the incoming signal with an internally generated signal.

## Dead Reckoning

Technology that enables a GPS receiver to calculate current position by measuring distance travelled and direction since the last known position.

## Ephemeris

Data that describes the expected orbit of a satellite in mathematical form.

## Foundry

Factory that manufactures semiconductor chips.

## GALILEO

Galileo is a global navigation satellite system (GNSS) currently being built by the European Union (EU) and European Space Agency (ESA). Galileo is intended to provide more precise measurements than available through GPS or GLONASS (Galileo will be accurate down to the metre range) including the height (altitude) above sea level, and a better positioning services at high latitudes.

## GNSS (Global Navigation Satellite System)

Generic term for satellite navigation systems, such as GPS and GALILEO, which provide autonomous geospatial positioning with global coverage.

## GPRS (General Packet Radio Service)

the packet oriented mobile data service available to users of the 2G cellular communication systems global system for mobile communications (GSM), as well as in the 3G systems.

## GPS (Global Positioning System)

Global positioning system that consists of a constellation of 24-32 satellites orbiting the Earth at a very high altitude. GPS satellites transmit signals that allow GPS receivers to determine their location with great accuracy.

## GSM (Global System for Mobile communications)

The most popular standard for mobile phones in the world.

## Hot start

Start mode of the GPS receiver when current position, clock offset, approximate GPS time and current Ephemeris data are all available. A GPS receiver can only perform a hot start if it has been switched off for less than two hours.

## L-Band

The L-Band is a portion of the microwave band of the electromagnetic spectrum ranging roughly from 1 to 2 GHz. The Global Positioning System carriers are in the L-Band, centered at 1176.45 MHz, 1227.60 MHz, 1381.05 MHz and 1575.42 MHz frequencies.

## LNA (Low Noise Amplifier)

Preamplifier placed between the antenna and the GPS receiver, designed to minimize the amount of thermal noise in the received signal.

## Multipath

Interference of the GPS signal often caused by the bouncing or reflecting of signals from surrounding objects.

## ODM

Original Device Manufacturer.

## OEM

Original Equipment Manufacturer.

## PND (Personal Navigation Device)

Portable electronic product, which combines positioning technology (such as GPS) and navigation functions.

## RF (Radio Frequency)

Any frequency within the electromagnetic spectrum normally associated with radio wave propagation.

## SBAS (Satellite-Based Augmentation Systems)

Augmentation systems that use geostationary satellites to provide ranging signals. The data improves the horizontal and vertical position and also provides information about the quality of the position.

## Sensitivity

Measure of the ability of a GPS receiver to detect and track the potentially weak signals emitted by GPS satellites. Weaker signals are typically found in dense urban landscapes and indoor environments where a receiver has no direct line-of-sight to satellites. In these weaker signal conditions, a high sensitivity receiver is required.

## TTFF (Time-To-First-Fix)

The time a GPS receiver requires to calculate a position. This will vary with the operating state of the receiver, time elapsed since the last fix, the location of the last fix and the receiver (see also: Hot start, Warm start and Cold start).

## Warm start

Start mode of a GPS receiver when current position, clock offset and approximate GPS time are known, enabling the receiver to start up faster.



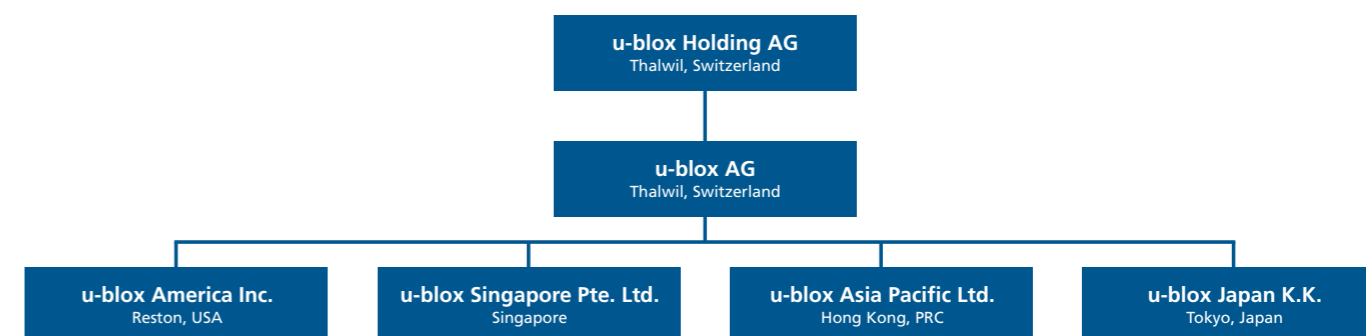
The report describes the management structure, organization and control within the Group at December 31, 2008. The report fulfils the requirements of the “Directive on Information relating to Corporate Governance” of the SIX Swiss Exchange.

## Group structure

### u-blox Group

The registered domicile of u-blox Holding AG and u-blox AG is: Zürcherstrasse 68, 8800 Thalwil, Switzerland. u-blox AG was founded in 1997. u-blox Holding AG, the only shareholder of u-blox AG, was incorporated in September 2007 and listed on the SIX Swiss Exchange on October 26, 2007. Hereinafter, u-blox Holding AG is referred to as u-blox.

Business operations are conducted through u-blox Group companies. u-blox Holding AG directly or indirectly owns all companies belonging to the u-blox Group. The shares of these companies are not publicly traded. u-blox subsidiaries are listed in Note 2 to the Group’s consolidated financial statements.



## Shareholders of u-blox

### Significant shareholders

At December 31, 2008, u-blox had more than 4’800 shareholders. According to the disclosures of shareholders, the largest shareholders were:

• Partners Private Equity Limited Partnership, George Town, Cayman Island	19.37%
• DWS Investment GmbH, Frankfurt, Germany	7.05%
• Zürcher Kantonalbank, Zürich, Switzerland	6.76%
• 3i Group Investments LP, London, United Kingdom	4.99%
• iGlobe Partners Fund L.P., Santa Clara, USA	4.96%

Issued publications concerning shareholdings:

- On April 23, 2008, the group consisting of Partners Private Equity Limited Partnership, Partners Group Private Equity, Performance Holding Limited, 3i Group Investments LP, Zürcher Kantonalbank, iGlobe Partners Fund L.P., Pensionskasse der Credit Suisse Group (Schweiz), Credit Suisse Anlagestiftung, Valor Equity Fund Ltd. and Eden Fund Ltd. was dissolved and the remaining group, consisting of Mr. E. Reuter, Mr. H-U. Müller, Mr. G. Tröster, Mr. T. Seiler, Mr. J-P. Wyss, Mr. D. Ammann and Mr. A. Thiel, held 6.37% of the voting rights.
- On May 2, 2008, Partners Private Equity Limited Partnership announced that it held 19.37% of the voting rights, 3i Group Investments LP announced that it held 5.02% of the voting rights, Zürcher Kantonalbank announced that it held 6.76% of the voting rights, and iGlobe Partners Fund L.P. announced that it held 4.96% of the voting rights.
- On April 30, 2008, the group formed by DWS Investment GmbH and Deutsche Investment Management Americas Inc., which held 7.096% of the shares, was dissolved, leaving DWS with 7.05% of the shares.
- On September 15, 2008, 3i Group Investments LP held 4% of the voting rights.
- On October 25, 2008, the group consisting of Mr. E. Reuter, Mr. H-U. Müller, Mr. G. Tröster, Mr. T. Seiler, Mr. J-P. Wyss, Mr. D. Ammann and Mr. A. Thiel was dissolved.

#### Cross shareholdings

u-blox has no cross shareholdings in any company.

## Capital structure

#### Share capital of u-blox

The share capital of u-blox is CHF 5'619'033 fully paid in and divided into 6'243'370 registered shares of CHF 0.90 nominal value each. u-blox shares are listed on the SIX Swiss Exchange (Valor No. 3336167, ISIN CH0033361673, ticker symbol: UBXN).

#### Authorized share capital

The Board of Directors is authorized, at any time until October 16, 2009, to increase the share capital through the issuance of up to 1'248'674 fully paid-in registered shares with a nominal value of CHF 0.90 each in an aggregate amount not to exceed CHF 1'123'806.60. An increase in partial amounts is permitted. The Board determines the issue price, the date of issue of new shares and the type of payment.

The Board of Directors is authorized to exclude the subscription rights of shareholders and allocate such rights to third parties if the shares are to be used for the acquisition of enterprises through an exchange of shares, or for the financing of an acquisition of enterprises, parts of enterprises or participations, or for new investments of u-blox.

#### Conditional share capital

The share capital of u-blox may be increased by a maximum aggregate amount of CHF 561'903.30 by issuing up to 624'337 fully paid-in registered shares with a nominal value of CHF 0.90 each through the exercise of options granted to directors and employees of the Group and its subsidiaries on the basis of participation plans. The issue price for the new shares and the conditions of the stock option plan are defined by the Board of Directors. For further detail see section "Stock Option Plan" below. The subscription rights of the shareholders are excluded for such a capital increase.

There are no preferential voting shares. All shares have equal voting rights. No participation certificates, nonvoting equity securities (Genussscheine) or profit-sharing certificates have been issued.

## Changes in share capital

#### Changes in 2007

u-blox has changed its share capital since the date of incorporation and prior to the listing as follows: The share capital was increased from CHF 4'226'238 to CHF 4'494'033, divided into 499'337 registered shares with a nominal value of CHF 9 each, as a result of the exercise of 29'755 outstanding stock options. The shares were sourced from the conditional capital available at the date of incorporation of u-blox. The conditional capital of CHF 561'903.30 has been approved after the exercise of the stock options and has therefore remained unchanged.

The shares were split with a split ratio 1:10 into CHF 4'494'033, divided into 4'993'370 registered shares with a nominal value of CHF 0.90 each. The share capital was increased by CHF 1'125'000 by issuing 1'250'000 new fully paid-in registered shares with a nominal value of CHF 0.90 each. Information on changes in u-blox' share capital structure can be found in Note 17 to the financial statements.

#### Changes in 2008

The share capital remained unchanged in 2008.

#### Bonus certificates, options and convertibles

u-blox has not issued bonus certificates, convertible or exchangeable bonds, warrants or other securities granting rights to u-blox shares. Information relating to options granted to employees and members of the board can be found under section "Stock Option Plan" below.

## Shareholder rights

Each registered share entitles the holder to one vote at general meetings. Shareholders representing at least 10% of the share capital may request that an extraordinary general meeting of shareholders be convened. Shareholders representing shares with an aggregate nominal value of at least CHF 1'000'000 may request that an item be included in the agenda of a general meeting. Such requests must be made in writing at least 45 days before the date of the general meeting, specify the item and contain the proposal on which the shareholder requests a vote. Shareholders have the right to receive dividends, appoint a proxy and other rights as are granted under the Swiss Code of Obligations.

#### Registration as shareholder

No restrictions apply to the registration as shareholder. Persons who have acquired registered shares will, upon application, be entered in the register of shares as shareholders with voting power, provided they expressly declare to have acquired the shares in their own name and for their own account. Only shareholders registered in the u-blox share register may exercise their voting rights.

#### No restriction on transfer of shares

No restrictions apply to the transfer of shares.

# Board of Directors

Composition of the Board of Directors at December 31, 2008:

Name	Member since	Term expires	Age	Position
Fritz Fahrni	2008	2011	66	Chairman
Hans-Ulrich Müller	2007	2011	62	Vice-Chairman
Gerhard Tröster	2007	2009	55	Member
Soo Boon Quek	2007	2009	58	Member
Thomas Seiler	2007	2010	52	Member and CEO
Jean-Pierre Wyss	2007	2010	39	Member and CFO

## Election and term of office

All Directors are elected individually. Directors are elected to terms of office of generally three years or less by the shareholders at Annual General Meetings. The terms of office among Directors are to be coordinated so that approximately one-third of all Directors are subject each year to re-election or election.

## Role and functioning of the Board

The Board holds the ultimate decision-making authority for u-blox in all matters, except for those decisions reserved by law for shareholders.

The Chairman sets the agendas of Board meetings. Any Director may request a Board meeting or the inclusion of an item on the agenda. Decisions are made by the Board as a whole, with the support of the Compensation and Nomination Committee and the Audit Committee. Decision on the allotment of options and shares are taken by the Compensation and Nomination Committee.

The primary functions of the Board include:

- Providing the strategic direction of the Group
- Determining the organizational structure and governance rules of the Group
- Supervising the business operations overall
- Approving acquisitions or divestments
- Structuring the accounting system, financial controls and financial planning
- Reviewing and approving the annual financial statements and results
- Appointing and dismissing members of the Executive Committee
- Preparing matters to be presented at General Meetings, including u-blox's financial statements and the consolidated financial statements for the Group
- Evaluating the performance of the Chief Executive Officer and the performance of the members of the Executive Committee

The details are defined in the Rules of Procedure of the Board of Directors and available on the investor relations section of the u-blox website.

The Board has convened 6 times in 2008. The committees have each convened twice.

## Prof. Fritz Fahrni, Swiss

### Function at u-blox

Fritz Fahrni was elected Chairman of the Board of Directors of u-blox and u-blox AG in 2008. He is a member of the audit committee and of the nomination and compensation committee. He is a Non-Executive Director.

### Professional background

Mr. Fahrni holds a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) and a PhD from the Illinois Institute of Technology, Chicago, USA, as well as a SMP from Harvard Business School, USA. He joined Sulzer AG in 1977 and acted as Chief Executive Officer from 1988 to 1999. From 2000 until 2008, he was Professor for Technology Management and Entrepreneurship at both ETH and the University of St. Gallen. He now is an Emeritus Professor at both universities.

### Other positions or consultancy agreements

Fritz Fahrni is member of the Board of Directors of Ammann BauAusrüstung AG, Langenthal and of Business Tools AG, Zurich. He also is a member of the Board of University Hospital Balgrist, Zurich and a member of the Industrial Board of CTI Start up, Bern. He heads the Investment Committee of Emerald Technology Ventures, Zurich. He is a member of the Swiss Science and Technology Council, Bern and an individual member of the Swiss Academy of Technical Sciences.



## Hans-Ulrich Müller, Swiss

### Function at u-blox

Hans-Ulrich Müller has been appointed Vice-Chairman of the Board of Directors since incorporation of u-blox in 2007. From 1998 to 2006 he acted as member of the board of directors of u-blox AG. He was appointed Vice-Chairman of the board of directors of u-blox AG in 2006. He chairs the audit committee. He is a Non-Executive Director.

### Professional background

Hans-Ulrich Müller holds a degree in electronic engineering from the Institute of Technology in Burgdorf (CH) and an MBA diploma from the European University in Cham, Switzerland. He started his career at ESEC SA, Switzerland in 1977 as Electronics Manager. He held several functions within ESEC SA and was appointed member of the board of ESEC Holding SA and COO from 1992 to 1997. Thereafter, he served as Chairman of the board at Kistler Holding SA, Switzerland from 1998 to 2001.

Hans-Ulrich Müller became Partner at Partners Group, Switzerland and General Partner of Partners Group Private Equity L.P. in 1999.

### Other positions or consultancy agreements

Hans-Ulrich Müller is member of the board of Esmertec AG, Switzerland and Spol AG, Switzerland.





**Prof. Gerhard Tröster, German and Swiss**

**Function at u-blox**

Prof. Gerhard Tröster has served as a member of the Board of Directors since the incorporation of u-blox in 2007. He has served as Chairman of the board of directors and as Executive Officer of u-blox AG between 1997 and 2001 and as Vice-Chairman of the board between 2001 and 2003. He is a member of the board of u-blox AG. He chairs the nomination and compensation committee. He is a Non-Executive Director.

**Professional background**

Professor Gerhard Tröster holds a Diploma degree from the Technical University of Karlsruhe and a PhD degree from the Technical University of Darmstadt, both in electrical engineering. He led the Advanced Integrated Circuit Design' group at Telefunken Electronic, Germany from 1984 to 1993. Since 1993 he is Professor for electronics at the Swiss Federal Institute of Technology (ETH) and Head of the Electronics Laboratory. In 1997 he co-founded u-blox AG.



**Soo Boon Quek, Singaporean**

**Function at u-blox**

Soo Boon Quek has served as a member of the Board of Directors of u-blox since the incorporation of u-blox in 2007. In 2006 she was appointed member of the board of u-blox AG. She is a Non-Executive Director.

**Professional background**

Soo Boon Quek holds a B.Sc. degree in mathematics from King's College, University of London. She was Senior Vice President / Deputy General Manager of Vertex Management Inc. from 1987 to 1999. She founded iGlobe Partners, Singapore in 1999 and co-founded iGlobe Advisors Pte Ltd. in 2007. She is Managing Partner of iGlobe Partners.

**Other positions or consultancy agreements**

Soo Boon Quek is a board member of the following companies located in the Asia Pacific region: Aicent Inc, Excelics Semiconductor Inc, Telenav Inc, mTone Wireless Inc, Forte Media (Nanjing) Co. Ltd. and Wise Giant Ltd. She is also Executive Committee member of the Singapore Chinese Chamber of Commerce.



**Thomas Seiler, Swiss**

**Function at u-blox**

Thomas Seiler has served as a member of the Board of Directors and as CEO since the incorporation of u-blox in 2007. In 2006 he was appointed member of the board of u-blox AG. He serves as CEO and Head of Marketing and Sales of u-blox AG since 2002.

**Professional background**

Thomas Seiler holds a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) and a MBA diploma from INSEAD, France. In 1987 he was appointed member of the executive committee of Melcher Holding AG, Switzerland and CEO from 1991 to 1998. Thereafter, he served as CEO of Kistler Holding AG, Switzerland from 1999 to 2001.

**Other positions or consultancy agreements**

Thomas Seiler is a member of the board of Kirchheim Holding AG, Germany.

**Jean-Pierre Wyss, Swiss**

**Function at u-blox**

Jean-Pierre Wyss has served as a member of the Board of Directors and as CFO since the incorporation of u-blox in 2007. He has served as a member of the board of directors, CFO and Head of Production and Logistics of u-blox AG since 1997.

**Professional background**

He holds a degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) and a Finance for Executives diploma from INSEAD in Singapore. From 1995 to 1997 he was a research assistant and project manager at ETH. In 1997, he co-founded u-blox AG.



## Role and functioning of the Board Committees

Each committee member and its chairman is elected by the Board. The Board committees meet regularly to consider the items on the agenda determined by the chair. The committees inform the Board members on issues discussed at meetings.

**Audit Committee**

The Audit Committee is composed of two to three independent Directors. The Chief Financial Officer and representative of the external auditors are, at the request of the chair, invited to meetings of the Audit Committee. It is currently composed of Hans-Ulrich Müller (chair) and Fritz Fahrni.

The Audit Committee's main duties include the assessment of:

- The completeness, integrity and transparency of financial statements, their compliance with applicable accounting principles and proper reporting to the public
- The functionality and effectiveness of external and internal control systems including risk management and compliance, unless such duties, authority and responsibilities are delegated to any other body of u-blox
- The quality of audit services rendered by the external and internal auditors

**Compensation and Nomination Committee**

The Compensation and Nomination Committee is composed of two or more independent Directors. It is currently composed of Gerhard Tröster (chair) and Fritz Fahrni. The committee supports the Board of Directors in the performance of its duties as follows:

- It prepares the personnel-related decisions to be adopted by the Board of Directors, such as personnel planning, appointment and removal of, as well as the structure of, remuneration/compensation payable to members of the Executive Committee
- It submits proposals regarding the amount of fixed and variable remuneration as well as compensation to which members of the Executive Committee are entitled
- It drafts the employee stock ownership program
- It decides on the allotment of options within the scope of the employee stock ownership program

## Information and control systems of the Board vis-à-vis management

The Board ensures that it receives sufficient information from the Executive Committee to perform its supervisory duty. The Board obtains the information required to perform its duties as follows:

- The CEO and the CFO are members of the Board of u-blox. All Board members are members of the board of u-blox AG. The Board is therefore fully informed on all current developments
- The CEO informs all Directors on a monthly basis about relevant developments
- The minutes of Committee meetings are made available to the Directors
- Informal teleconferences are held as required between Directors and the CEO
- All members of the Executive Committee are present at each Board meeting and report on areas of business within their responsibility

## Risk management

A risk assessment plan for the Group is prepared by the Executive Committee and presented to the Board at regular intervals or immediately if necessary. The risk assessment plan identifies the type of risks, the likelihood of the occurrence of the risk, as well as the damage that may be caused if the risk materializes.

A risk mitigation plan identifying the key risks is prepared by the Executive Committee. The plan enables the Board to evaluate the appropriateness of the risk management and to monitor the progress achieved in controlling or mitigating the risks.

The Executive Committee is responsible for the execution and implementation of the plan, as well as ensuring that u-blox has the right processes in place to support the early mitigation and avoidance of risks.

## Executive Committee

### Thomas Seiler, Swiss

#### Function at u-blox

Thomas Seiler has served as a member of the Board of Directors and as CEO since the incorporation of u-blox in 2007. In 2006 he was appointed member of the board of u-blox AG. He serves as CEO and Head of Marketing and Sales of u-blox AG since 2002.

#### Professional background

Thomas Seiler holds a degree in mechanical engineering from the Swiss Federal Institute of Technology (ETH) and a MBA diploma from INSEAD, France. In 1987 he was appointed member of the executive committee of Melcher Holding AG, Switzerland and CEO from 1991 to 1998. Thereafter, he served as CEO of Kistler Holding AG, Switzerland from 1999 to 2001. Thomas Seiler is also a member of the board of Kirchheim Holding AG, Germany.



### Jean-Pierre Wyss, Swiss

#### Function at u-blox

Jean-Pierre Wyss has served as a member of the Board of Directors and as CFO since the incorporation of u-blox in 2007. He has served as a member of the board of directors, CFO and Head of Production and Logistics of u-blox AG since 1997.

#### Professional background

He holds a degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) and a Finance for Executives diploma from INSEAD in Singapore. From 1995 to 1997 he was a research assistant and project manager at ETH. In 1997, he co-founded u-blox AG.



### Daniel Ammann, Swiss

#### Function at u-blox

Daniel Ammann has served as Executive Vice President (R&D Software) of u-blox since its incorporation. He has been a member of the board of u-blox AG from 1997 to 2003 and acts as Executive Vice President R&D Software since 1997.

#### Professional background

He holds a degree in electrical engineering from the Swiss Federal Institute of Technology (ETH). From 1995 to 1997 he was a research assistant and project manager at ETH. In 1997, he co-founded u-blox AG.



### Andreas Thiel, German

#### Function at u-blox

Andreas Thiel has served as Executive Vice President (R&D Hardware) of u-blox since its incorporation and as Executive Vice President R&D Hardware of u-blox AG since 1997.

#### Professional background

He holds a degree in electrical engineering from Aachen University (RWTH) in Germany. From 1994 to 1997 he was a research assistant and project manager at the Swiss Federal Institute of Technology (ETH). In 1997, he co-founded u-blox AG.



## Management of the Group

The four members of the Executive Committee are:

Name	Age	Position
Thomas Seiler	52	CEO
Jean-Pierre Wyss	39	CFO
Andreas Thiel	41	Executive Vice President
Daniel Ammann	39	Executive Vice President

The Board has delegated to the Executive Committee the coordination of the Group's day-to-day business operations. The Executive Committee is headed by the Chief Executive Officer.

The primary functions of the Executive Committee include:

- Implementing the strategies and policies adopted by the Board
- Drawing up corporate policies, strategies and strategic plans for approval by the Board
- Submitting to the Board and its committees any proposed changes in management positions of material significance, capital investments, financial measures, acquisitions or divestitures of companies, participations and businesses, contracts of material significance and budgets
- Implementing matters that have been approved by the Board
- Preparing and submitting annual reports to the Board or its committees
- Manage employees
- Implementing modifications to the Group's organization
- Promoting an active internal and external communications policy
- Promulgating guidelines
- Dealing with any other matters as are delegated by the Board to the Executive Committee

### Management contracts

u-blox does not have management contracts with third parties. The Executive Committee members are employed by u-blox AG and provide management services for u-blox.

## Compensation, shareholdings and loans

### Non-executive members of the Board of Directors

The Chairman of the Board is paid an annual compensation of CHF 40'000. Other members of the Board serving as Chairman of a committee are paid a compensation of CHF 30'000 per year. Each other member of the Board is paid an annual compensation of CHF 20'000.

(in CHF 000s)	Compensation	Share based compensation	Pension and social insurance funds	Total compensation
Fritz Fahrni	27	0	1	28
Hans-Ulrich Müller	20	11	0	31
Gerhard Tröster	20	11	2	33
Soo Boon Quek	20	11	0	31

For details see Note 7 to the financial statements of u-blox Holding AG.

### Executive Committee (including Executive members of the Board of Directors)

In 2008 the employment agreements with the Executive Committee members provide for annual salaries in the amounts indicated in the table below. The employment agreements provide that the members of the Executive Committee earn a base salary and a bonus depending on EBIT ratios and the increase of the turnover of the Group. The bonus is limited to 100%, respectively 150% for Thomas Seiler, of the base salary.

(in CHF 000s)	Salary/bonus and other compensation	Share based compensation	Pension and social insurance funds	Total compensation
Thomas Seiler	437	141	75	653
Jean-Pierre Wyss	269	141	46	456
Andreas Thiel	269	141	46	456
Daniel Ammann	269	141	45	455

For details see Note 7 to the financial statements of u-blox Holding AG.

### Stock option plan

The stock option plan offers eligible persons an opportunity to participate in the share capital of u-blox in order to encourage their commitment. The plan provides for the granting of options to non-executive Board members, members of the Executive Committee and employees, based on their functional rank within u-blox. Every year the Nomination and Compensation Committee defines the number of options to be allotted. Each option grants the owner the right to purchase one share at a certain price (exercise price). The exercise price is the lower of a) the volume-weighted average share price on the SIX Swiss Exchange during the 30 trading days preceding the grant date, and b) the closing share price at the SIX Swiss Exchange on the last trading day before the grant date. The option can be exercised between the third and the sixth year after the grant date and expires six years after the grant date.

The conditional share capital consists of 624'337 shares with a nominal value of CHF 0.90, which are reserved for the stock option plan. For 2007 and 2008 a total number of 173'157 options were allotted.

Each Board member and Executive Committee member is granted options as indicated in the table below.

	Allotment 2007*	Allotment 2008*
Non-executive Board Members (number of options)	624	624
Executive Board Members and Members of the Executive Committee (number of options)	7'804	7'804
Exercise price in CHF / option	46	19.15
Grant date	May 30, 2008	January 1, 2009
Vesting date	May 30, 2011	January 1, 2012
Expiry date	May 30, 2014	January 1, 2015

\* The allotments are made pro rata to the time that the Board or Executive Committee member holds his function. Options are attributed according to the accrual principle, which means that the options allotted in 2007 and 2008, according to the table above, are granted in 2008 and 2009 respectively.

For details see Note 7 to the financial statements of u-blox Holding AG.

## Ownership of u-blox shares

The total number of u-blox shares owned by members of the Executive Committee and the Directors at December 31, 2008 (including holdings of “persons closely linked”<sup>1)</sup>) is shown in the table below.

### Non-executive members of the Board

	Number of shares
Fritz Fahrni	2'500
Hans-Ulrich Müller	16'000
Gerhard Tröster	35'760
Soo Boon Quek	0

### Executive Committee (including executive members of the Board)

	Number of shares
Thomas Seiler	96'748
Jean-Pierre Wyss	75'110
Andreas Thiel	73'710
Daniel Ammann	73'710

<sup>1)</sup> “Persons closely linked” are (i) their spouse, (ii) their children below age 18, (iii) any legal entities that they own or otherwise control, or (iv) any legal or natural person who is acting as their fiduciary.

### Share allotment in the year under review

No shares were allotted to the members of the Board or the Executive Committee in 2008.

### Additional fees and remunerations and loans

No additional fees or remuneration was paid to the members of the Board or the Executive Committee.

No loans were granted by the Group to the members of the Board or the Executive Committee or were outstanding at December 31, 2008.

## Auditors

### Duration of the mandate and term of office of the lead auditor

In 2008, KPMG AG, Root was appointed as Statutory Auditors of u-blox. Mr. Markus Forrer, Partner, has been acting as the lead auditor since the audit of the financial year 2004.

### Auditing fees

Total auditing fees charged by KPMG for mandatory audits of u-blox for the financial year 2008 amount to CHF 103'000 (excl. VAT) and other audit-related work to CHF 44'500 (excl. VAT).

### Additional fees

Additional fees charged by KPMG for other services such as tax advice, etc. during the financial year 2008 amount to CHF 140'827 (excl. VAT).

## Supervisory and control instruments

The Board of Directors monitors the work and audit results of the External Auditors through the Audit Committee. The Audit Committee also reviews the level of the external audit fees. 2 meetings with the External Auditors took place in 2008.

## Information policy

In addition to the annual report, u-blox will publish condensed interim financial information bi-annually. u-blox provides stock-price-sensitive information in accordance with the ad hoc publicity requirements of the Listing Rules of the SIX Swiss Exchange. All information is distributed through third-party electronic and print media resources. Additionally, all interested parties have the possibility to directly receive from u-blox, via an e-mail distribution list, free and timely notification of publicly released information. All of this information as well as the registration form for the e-mail distribution service, general corporate information and company publications can be found on the investor relations section of u-blox' website: [www.u-blox.com](http://www.u-blox.com).

## Consolidated balance sheet

(in CHF 000s)	Notes	At December 31, 2008	At December 31, 2007
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	37'147	85'922
Short-term investments	6	47'500	0
Trade accounts receivable	7	5'940	7'772
Other receivables	8	2'262	1'337
Inventory	9	15'584	5'171
Prepaid expenses and accrued income		1'819	1'070
<b>Total current assets</b>		<b>110'252</b>	<b>101'272</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	2'466	2'511
Intangible assets	11	3'314	3'129
Financial assets		307	247
Deferred tax assets	24	4'529	6'034
<b>Total non-current assets</b>		<b>10'616</b>	<b>11'921</b>
<b>Total assets</b>		<b>120'868</b>	<b>113'193</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade accounts payable	12	6'703	3'620
Other payables	13	874	3'202
Accrued expenses	14	5'049	6'809
Restructured financial liability	16	0	579
<b>Total current liabilities</b>		<b>12'626</b>	<b>14'210</b>
<b>Non-current liabilities</b>			
Pension liabilities	15	1'726	898
Deferred tax liabilities	24	599	483
<b>Total non-current liabilities</b>		<b>2'325</b>	<b>1'381</b>
<b>Total liabilities</b>		<b>14'951</b>	<b>15'591</b>
<b>Shareholders' equity</b>			
Share capital	17	5'619	5'619
Share premium		102'132	101'860
Cumulative translation differences		176	156
Accumulated losses		-2'010	-10'033
<b>Total equity</b>	18	<b>105'917</b>	<b>97'602</b>
<b>Total liabilities and equity</b>		<b>120'868</b>	<b>113'193</b>

These consolidated financial statements should be read in conjunction with the accompanying notes.

## Consolidated income statement

(in CHF 000s)	Notes	For the year ended December 31, 2008	For the year ended December 31, 2007
<b>Sales</b>	4	<b>74'506</b>	<b>78'360</b>
Cost of sales		-42'710	-49'810
<b>Gross profit</b>		<b>31'796</b>	<b>28'550</b>
Distribution and marketing expenses		-11'434	-10'821
Research and development expenses	21	-9'277	-9'653
General and administrative expenses		-2'813	-3'410
Other income		139	855
<b>Profit from operations (EBIT)</b>		<b>8'411</b>	<b>5'521</b>
Financial income	23	2'268	665
Finance costs	23	-7	-1'932
<b>Profit before income tax (EBT)</b>		<b>10'672</b>	<b>4'254</b>
Income tax (expense) / benefit	24	-1'911	1'190
<b>Net profit</b>		<b>8'761</b>	<b>5'444</b>
Earnings per share (in CHF)	19	1.40	1.09
Diluted earnings per share (in CHF)	19	1.40	1.05

These consolidated financial statements should be read in conjunction with the accompanying notes.

## Consolidated statement of recognized income and expense

(in CHF 000s)	Notes	For the year ended December 31, 2008	For the year ended December 31, 2007
Foreign currency translation differences for foreign operations		20	-93
Defined benefit plan actuarial (losses) / gains	15	-915	74
Income tax on income and expense recognized directly in equity	24	177	-14
<b>Net loss recognized directly in equity</b>		<b>-718</b>	<b>-33</b>
<b>Net profit</b>		<b>8'761</b>	<b>5'444</b>
<b>Total recognized income and expense for the year</b>		<b>8'043</b>	<b>5'411</b>

These consolidated financial statements should be read in conjunction with the accompanying notes.

# Consolidated cash flow statement

(in CHF 000s)	Notes	For the year ended December 31, 2008	For the year ended December 31, 2007
<b>Net profit</b>		<b>8'761</b>	<b>5'444</b>
Adjustments for:			
Depreciation	10	1'778	1'141
Amortization of intangible assets	11	2'688	2'205
Share-based payment transactions	20	272	3'166
(Decrease) / increase of pension accrual	15	-87	321
Foreign exchange loss / (gain) (net) on intercompany transactions		63	-106
(Decrease) / increase of allowance for bad debts	7	-147	69
Increase of allowance for obsolete inventory	9	25	25
Financial income	23	-2'268	-665
Finance costs	23	7	1'932
Income tax expense / (benefit)	24	1'911	-1'190
Decrease / (increase) in trade and other receivables, prepaid expenses and accrued income		363	-2'318
Increase in inventories		-10'438	-342
(Decrease) / increase in trade and other payables and accrued expenses		-356	6'981
Income tax paid		-2	0
<b>Net cash provided by operating activities</b>		<b>2'570</b>	<b>16'663</b>
Acquisition of property, plant and equipment	10	-1'732	-2'632
Acquisition of intangible assets	11	-2'873	-2'697
Investments in short-term investments	6	-47'500	0
Acquisition of financial assets		-57	-95
Interest received		1'923	450
<b>Net cash used in investing activities</b>		<b>-50'239</b>	<b>-4'974</b>
Proceeds from issue of share capital, net of transaction costs	17/18	0	59'412
Repayment of restructured financial liability	16	-357	-533
Interest paid		-7	-9
<b>Net cash (used in) / provided by financing activities</b>		<b>-364</b>	<b>58'870</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>-48'033</b>	<b>70'559</b>
Cash and cash equivalents at beginning of year		85'922	16'011
Effect of exchange rate fluctuations on cash and cash equivalents		-742	-648
<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b>37'147</b>	<b>85'922</b>

These consolidated financial statements should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

## 1 Corporate information and basis of preparation

u-blox Group ('u-blox' or the 'Group') consists of u-blox Holding AG ('the Company'), incorporated on September 21, 2007 in Thalwil, Switzerland, and its consolidated subsidiaries. u-blox Holding AG was incorporated by a contribution in kind of all shares of u-blox AG in exchange for shares of the new holding company.

With the initial public offering on October 25, 2007, u-blox opened itself to public investors. The shares of u-blox Holding AG are listed on the main segment of SIX Swiss Exchange.

u-blox' core activities comprise the development, manufacture and marketing of the products and services of GPS positioning products. u-blox offers a range of GPS positioning products, including GPS receiver chipsets, GPS receiver modules, GPS receiver boards, GPS smart antennas and GPS antennas which are in use world-wide for navigation, automatic vehicle location, security, traffic control, location based services, timing and surveying. Hardware production is fully outsourced to external contractors.

### Statement of compliance and basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

They have been prepared using the historical cost convention except for items requiring fair value accounting.

The consolidated financial statements are presented in Swiss Francs (CHF), rounded to the nearest thousand. Group subsidiaries prepare their individual financial statements using their functional currency, which was identified to be the respective local currency.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as disclosure of contingent assets and liabilities. Although these judgments, estimates and assumptions are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimated and underlying assumptions are reviewed on an ongoing basis, and revised if necessary (see Note 3).

## 2 Accounting policies

The following accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

All standards effective at December 31, 2008 have been applied retrospectively or in accordance with the specific transition rule.

### Principles of consolidation

The consolidated financial statements include the financial statements of u-blox Holding AG, which provides holding functions, and the financial statements of the following controlled companies, which were prepared in accordance with uniform corporate accounting policies and comprise the twelve months ended December 31, 2007 and 2008:

Company	Share capital (million)	Ownership interest Dec. 31, 2008	Ownership interest Dec. 31, 2007	Function
u-blox AG, CH-Thalwil	CHF 4.23	100%	100%	E
u-blox Europe Ltd., GB-Charing	GBP 0.06	100%	100%	S
u-blox Asia Pacific Ltd., HK-Hong-Kong	USD 0.10	100%	100%	M
u-blox America Inc., USA-Reston	USD 0.10	100%	100%	S
u-blox Singapore Pte. Ltd., SG-Singapore	SGD 0.10	100%	100%	M
u-blox Japan K.K., JP-Tokyo	JPY 10.00	100%	–	M

E = Engineering, Logistics, Marketing, Sales and Support  
S = Sales and Support  
M = Marketing

u-blox Holding AG was incorporated by a contribution in kind of all shares of u-blox AG.

u-blox AG was the ultimate parent company of the Group up to 2007.

u-blox Japan K.K. was established in 2008.

u-blox Europe Ltd. was inactive during the years 2008 and 2007.

Subsidiaries are all entities that u-blox has the ability to control. Control refers to the power of the Group to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Acquisitions of subsidiaries and businesses are accounted for based on the purchase method, whereby the financial statements of the acquiree are included in the consolidated financial statements from the date when control commences until the date when control ceases. All subsidiaries stated above, except for u-blox AG, were founded by the Group. The shares of u-blox AG were transferred into u-blox Holding AG by exchange of shares with the existing shareholders in September 2007.

Intra-group transactions and balances, and any unrealized gains arising from such transactions, are eliminated upon consolidation.

### Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at transaction date exchange rates. Any difference in exchange rates between the original transaction date and the subsequent settlement date is recorded in the income statement as a gain or loss.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at year-end rates and related unrealized gains and losses are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

The Group uses CHF as its reporting currency. For reporting purposes the financial statements of foreign operations denominated in currencies other than CHF are translated as follows:

Assets and liabilities	at year-end rates
Share capital and equity	at year-end rates
Income statement	at average rates
Cash flow statement	at average rates

The resulting translation differences (other than those relating to the cash flow statement) are recorded in equity. When a foreign operation is disposed of, in part or in full, the related accumulated translation difference included in equity is transferred to profit or loss.

Translation differences on long-term loans to foreign operations that in substance form part of the net investment in the foreign operation are also classified as equity until disposal of the net investment or repayment of the loan. Upon disposal of the net investment or repayment of the loan, all related cumulative translation differences are recognized in the income statement.

The following rates were used to translate the financial statements of the Group's entities into CHF for consolidation purposes:

	December 31, 2008		December 31, 2007	
	Average rate	Closing rate	Average rate	Closing rate
EUR	1.61078	1.48880	1.64898	1.65871
USD	1.08891	1.05615	1.21702	1.12666
GBP	2.07219	1.52863	2.42674	2.24977
HKD	0.14014	0.13628	0.14993	0.14441
SGD	0.77324	0.73247	0.80463	0.77932
CNY	0.15960	0.15492	0.16059	0.15446
JPY	0.01036	0.01169		

### Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. They include cash on hand, bank accounts and fixed-term deposits or call deposits with original terms of less than 3 months.

### Short-term investments

Short-term investments are primarily fixed-term deposits with maturities of between 3 and 6 months at the time of investment and are stated at nominal value, which approximates their fair value.

#### Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less allowances for doubtful receivables.

An allowance for doubtful receivables is recorded if there is an objective indication that the amounts due in respect of such accounts cannot be recovered in full. The allowance is measured as the difference between the book value of the receivable and expected future cash flows.

#### Inventory

Inventory consists principally of purchased raw materials, work in progress and finished products which are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price less the estimated cost of completion and selling expenses.

Raw materials consist of components which are assembled by external contractors into finished products. The cost of all inventory is based on the weighted average cost principle and includes costs incurred in acquiring the inventory and bringing it to its present location and condition.

Allowances are made for slow-moving items. Obsolete items are written off.

#### Non-current assets held for sale and discontinued operations (IFRS 5)

Non-current assets and disposal groups held for sale are stated at the lower of the carrying amount and fair value less costs to sell. In 2008 and 2007, the Group held no non-current assets classified as held for sale.

#### Property, plant and equipment

Property, plant and equipment are stated at acquisition or manufacturing cost less related accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the following useful lives:

	Estimated useful life (years)
Furniture, equipment and vehicles	2-5
IT infrastructure	2
Tools and test infrastructure	2

When disposed, items of property, plant and equipment are eliminated from the balance sheet. Any gain or loss on disposal of such assets is recognized in the income statement as a component of other income and expenses.

#### Financial assets

Financial assets primarily consist of rent deposits for offices. These deposits bear interest at current market rates and are stated at nominal value, which approximates their fair value. Exchange rate gains and losses on financial assets are recorded in the income statement. Impairments in value of financial assets are immediately expensed in the income statement.

#### Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of acquisition is the cash paid plus the fair value at the date of exchange of any other purchase consideration given in exchange for the control over the net assets of the acquired company. The cost of acquisition also includes incidental costs directly attributable to the business combination ("transaction costs").

The acquired identifiable assets and liabilities are initially recognized at fair value. Goodwill is recorded as the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired.

Regardless of whether the Group acquired 100% of an entity while obtaining control, the assets and liabilities acquired are recognized at 100% of their fair value. Minority interest is recorded as the minority's proportion of the fair value of identifiable net assets acquired. Goodwill is not amortized but tested for impairment annually or whenever an indication of impairment exists.

#### Other intangible assets

Intellectual property, licenses, patents, trademarks and similar rights are stated at acquisition cost less related accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over the following useful lives:

	Estimated useful life (years)
Intellectual property rights	2-3
Software	2-3
Capitalized development costs	2-3

Intangible assets with finite useful lives are amortized over their estimated useful lives as stated above. Intangible assets with indefinite useful lives are not amortized but tested for impairment annually or whenever an indication of impairment exists. The Group did not record any intangible assets with indefinite useful lives during the periods presented.

#### Capitalized development costs and research expenses

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized includes the cost of materials as well as direct labor and overhead costs that are directly attributable to preparing the asset for its intended use.

The Group expenses for research and development costs incurred in the preliminary project stage. To the extent research and development costs include the development of embedded software, the Group believes that software development is an integral part of the semiconductor design. Therefore, such costs are expensed as incurred until technological feasibility has been established. Thereafter, any additional development costs are capitalized.

Capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. Amortization starts if the asset (or a part of it) is in use or when the product is released to customers.

Expenditures for research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed in profit or loss when incurred.

**Impairment of property, plant and equipment and intangible assets**

The carrying amounts of the Group's non-current assets (except for deferred tax assets) are reviewed at each annual balance sheet date or earlier if a significant event has occurred to determine whether there is any indication of impairment. If any such indication exists, an impairment test is performed. Goodwill and capitalized development costs not yet available for use are tested for impairment every year.

An impairment loss is recognized in the income statement whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the asset's or group of assets' value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the risks specific to the asset(s).

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. However, an impairment of goodwill is not reversed.

**Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortized cost with any difference between cost and redemption value recognized in the income statement over the period of the borrowings using the effective interest method.

Interest-bearing loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the balance sheet date.

**Provisions**

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

**Financial lease and operating lease**

Lease agreements in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. During the year ended December 31, 2008, the Group did not enter into any material finance lease agreement (2007: none).

Other leases represent operating leases for which the leased assets are not recognized on the Group's balance sheet. Operating lease payments are recognized in the income statement on a straight line basis over the term of the lease.

**Pension liabilities**

The Group maintains pension plans for employees located in Switzerland, the United States of America (USA), Singapore and China. These plans comply with the respective legislation in each country and are financially independent of the Group. The pension funds are generally financed by employer and employee contributions. The plans in the USA, China and Singapore qualify as defined contribution plans and employer contributions paid or due are recognized in the income statement as incurred.

The plan in Switzerland is contracted with an insurance company and qualifies as defined benefit plan. The expense and the defined benefit obligation (DBO) are determined using the Projected Unit Credit Method. The last valuation of the defined benefit obligation was carried out as at December 31, 2008.

Current service costs are recorded in the income statement in the period in which they are incurred. Past service costs are recognized immediately in the income statement unless the changes to the pension

plan are conditional on the employees remaining in service for a specified period of time. In this case, the past service costs are amortized on a straight-line basis over the remaining service period.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized in the consolidated statement of recognized income and expense. Surpluses are only capitalized if they are actually available to the Group in the form of expected refunds from the fund or reductions in contributions to the fund.

**Income tax**

Current income tax payable is the expected tax payable on the taxable profit using tax rates enacted at the balance sheet date.

Deferred taxes are calculated by applying the balance sheet liability method on the temporary differences between the carrying amount and the tax base of assets and liabilities.

The calculation of deferred taxes is based on the applicable, enacted or substantially enacted tax rate of the respective entity. Deferred tax assets on tax loss carry forwards and deductible temporary differences are recognized only to the extent that it is probable that future profits will be available to utilize the deferred tax asset.

**Share-based payment**

Share-based payments to employees, such as stock options issued for services received are recognized as compensation expense with a corresponding increase in equity. The fair value of the stock options is measured initially at grant date and is expensed straight-line over the period during which the employees become unconditionally entitled to the options, known as the vesting period. The fair value of stock options is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognized as compensation expense is adjusted to reflect the actual number of stock options that are expected to vest.

**Revenue recognition**

Sales of goods and licenses are measured at fair value of the consideration received or receivable, net of returns and allowances, sales taxes and rebates. Revenue is recognized when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. The portion on sale of licenses is not reflected separately as it is not significant compared to the total revenue.

**Financial instruments****Non-derivative financial instruments**

Non-derivative financial instruments comprise trade accounts receivable and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

These financial instruments are recognized initially at fair value. Subsequent measurement is at amortized cost.

The fair values of the Group's financial assets and liabilities are equal to their carrying amounts.

**Derivative financial instruments**

The Group uses derivative financial instruments to economically hedge certain exposures to foreign exchange rate risks. Hedge accounting is not applied. Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are also measured at fair value. Any resultant gain or loss is recognized directly in the income statement.

### Share capital

Incremental costs directly attributable to issue ordinary shares and share options are recognized as a deduction from equity.

### New IFRS issued but not effective in 2008

The following new and revised Standards and Interpretations, which are or may be applicable to u-blox, have been issued, but are not yet effective and are not applied early in these consolidated financial statements. Their impact on the consolidated financial statements of the Group has not yet been systematically analyzed. The expected effects as disclosed below the table reflect a first assessment by Group management.

Standard / Interpretation	Impact	Effective date	Planned application by u-blox
Improvements to IFRSs	***	January 1, 2009 July 1, 2009	Reporting year 2009 Reporting year 2010
IFRS 1 First-time Adoption of International Financial Reporting Standards - Reformation of the Standard (revised)	*	January 1, 2009	n/a
IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 - Consolidated and Separate Financial Statements (amendments)	*	January 1, 2009	Reporting year 2009
IFRS 2 Share based Payment: Vesting Conditions and Cancellations (amendments)	*	January 1, 2009	Reporting year 2009
IFRS 3 Business Combinations (revised)	*	July 1, 2009	Reporting year 2010
IFRS 8 Operating Segments	**	January 1, 2009	Reporting year 2009
IAS 1 Presentation of Financial Statements (revised)	**	January 1, 2009	Reporting year 2009
IAS 23 Borrowing Costs (revised)	*	January 1, 2009	Reporting year 2009
IAS 27 Consolidated and Separate Financial Statements (revised)	*	July 1, 2009	Reporting year 2010
IAS 32 Financial Instruments and IAS 1 - Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (amendments)	*	January 1, 2009	Reporting year 2009
IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (amendments)	*	July 1, 2009	Reporting year 2010
IFRIC 13 Customer Loyalty Programmes	*	July 1, 2008	Reporting year 2009
IFRIC 15 Agreements for the Construction of Real Estate	*	January 1, 2009	Reporting year 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	*	October 1, 2008	Reporting year 2009
IFRIC 17 Distributions of Non-Cash Assets to Owners	*	July 1, 2009	Reporting year 2010

\* No or no significant impacts are expected on the consolidated financial statements of u-blox.

\*\* Mainly additional disclosures are expected in the consolidated financial statements of u-blox.

\*\*\* The effects on the consolidated financial statements of u-blox cannot yet be determined with sufficient certainty.

## 3 Significant accounting judgments and estimates

In the process of applying the Group's accounting policies, management has made the following judgments and assumptions which have the most significant effect on the amounts recognized in the financial statements:

### Inventory

Management records a write-down for inventories which have become obsolete or are in excess of anticipated demand or net realizable value. A detailed review of inventory is performed each period that considers multiple factors including demand forecasts, market conditions, product life cycle status, product development plans and current sales levels. If future demand or market conditions for the products are less favorable than forecasted or if unforeseen technological changes negatively impact the utility of component inventory, management may be required to record additional write-downs which would negatively impact gross margins in the period when the write-downs are recorded. If actual market conditions are more favorable, the Group may have higher gross margins when products incorporating inventory that was previously written down are sold (see Note 9).

### Recoverability of trade accounts receivable

Management makes estimates of the collectibility of accounts receivable and regularly reviews the adequacy of the allowance for doubtful accounts after considering the amount of aged accounts receivable, each customer's ability to pay, and the collection history of each customer. Management regularly reviews past due invoices to determine if an allowance is appropriate based on the customer's risk category using the factors discussed above. Assumptions and judgments regarding collectibility of trade accounts receivable could differ from actual events. While credit losses have historically been within the Group's expectations and the allowance established, the Group may not continue to experience the same credit loss rates as in the past.

To control the risk of the recoverability of accounts receivable, an insurance policy covering the risk of customers' insolvency has been entered into (further details on accounts receivable see Note 7).

### Income tax

At December 31, 2008, the liability for current income taxes is CHF 0.18 million (Note 14), the liability for deferred income taxes is CHF 0.6 million and the asset for deferred income taxes is CHF 4.5 million (as disclosed in Note 24). Current tax liabilities are measured on the basis of interpretations of the tax regulations in place in the relevant countries. Management believes that these estimates are reasonable and that the recognized assets and liabilities taking into account income tax-related uncertainties are adequate. Various internal and external factors may have favorable or unfavorable effects on income tax assets and liabilities. The adequacy of the Group's interpretation is assessed by the tax authorities in the course of the final assessments or tax audits, which can result in material changes to tax expense.

Furthermore, in order to determine whether tax loss carry forwards may be carried as an asset, the Group critically assesses the probability that there will be future taxable profits against which to offset them. This assessment depends on a variety of influencing factors and developments. Changes in these factors may have a material effect on tax expense (see Note 24).

#### Pension liabilities

The Swiss pension plan qualifies as a defined benefit plan. The determination of the recognized assets and liabilities from this plan are based upon statistical and actuarial calculations. The present value of the defined benefit obligation is impacted by assumptions on discount rates used to arrive at the present value of future pension liabilities and assumptions on future increases in salaries and benefits. Additionally, the Group's independent actuaries use statistically based assumptions covering areas such as future withdrawals of participants from the plan and estimates on life expectancy. The actuarial assumptions used may differ materially from actual results due to changes in market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants and other changes in the factors being assessed. These differences could materially impact the assets or liabilities recognized in the balance sheet in future periods. At December 31, 2008, the net present value of the Group's defined benefit obligation is CHF 1.7 million (see Note 15).

## 4 Segment reporting

The Group develops and distributes GPS receivers mainly used in automotive, industrial and consumer applications. The GPS receivers are produced by third parties. The Group coordinates the whole supply chain and is responsible for planning the world-wide production and distribution of the products. All products are similar in nature across the world and cannot be further subdivided in terms of specific customer segments. All products are using the same base technology developed by u-blox.

u-blox in Switzerland is the main decision making body and bears the associated risks. For reasons of maintaining a market presence in proximity to the customers, marketing, and sales are managed by three regional managers, respectively. However, resource allocation to these regions is not meaningful as the regional staff is mainly acting as representative of u-blox and regional managers are not part of the management of u-blox.

For those reasons, the Group has determined that it operates as a single operating and reportable segment.

#### Geographic information

The following table summarizes sales by geographic region based on customers' location:

	For the year ended December 31, 2008		For the year ended December 31, 2007	
	in CHF 000s	% share	in CHF 000s	% share
EMEA	28'451	38.2	29'712	37.9
Americas	18'813	25.3	21'529	27.5
Asia Pacific	27'242	36.5	27'119	34.6
<b>Total</b>	<b>74'506</b>	<b>100.0</b>	<b>78'360</b>	<b>100.0</b>

## 5 Cash and cash equivalents

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Petty cash	3	5
Cash at banks	26'498	3'496
Call and fixed-term deposits	10'646	82'421
<b>Total</b>	<b>37'147</b>	<b>85'922</b>
Composition of cash and cash equivalents by currency (in CHF 000s)		
CHF	23'538	70'669
USD	3'221	10'691
EUR	9'921	4'489
GBP	3	16
SGD	23	10
HKD	0	1
CNY	27	46
KRW	55	0
TWD	20	0
JPY	339	0

In 2008, the call and fixed-term deposits bore interest at an average interest rate of 2.5% (2.6% in 2007). The investment period ranged from 48 hours to three months for the periods presented.

## 6 Short-term investments

Several short-term investments were entered into in 2008. These fixed-term deposits were denominated in CHF with a maturity of more than 3 months at the time of investment and earned interest at a rate of 2.2% in 2008. No short-term investments were entered into in 2007.

## 7 Trade accounts receivable

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Gross amount	5'990	7'969
Allowance for doubtful receivables	-50	-197
<b>Total</b>	<b>5'940</b>	<b>7'772</b>
Composition by currency (in CHF 000s)		
USD	4'597	5'405
EUR	1'179	2'367
JPY	164	0
Composition by regions (in CHF 000s)		
EMEA	1'505	2'545
Americas	2'442	2'097
Asia Pacific	1'993	3'130

Trade accounts receivable by region are based on customers' location.

At the balance sheet date the ageing structure of trade accounts receivable was as follows:

(in CHF 000s)	At December 31, 2008		At December 31, 2007	
	Receivables	Value adjusted receivables	Receivables	Value adjusted receivables
Not yet due	3'580	3'576	5'054	4'956
1 - 30 days overdue	1'700	1'681	2'289	2'204
31 - 90 days overdue	556	548	538	533
91 - 180 days overdue	141	132	61	61
More than 180 days overdue	13	3	27	18
<b>Total</b>	<b>5'990</b>	<b>5'940</b>	<b>7'969</b>	<b>7'772</b>

Trade accounts receivable which are not yet due are mainly receivables arising from long-term standing customer relationships. On past experience, u-blox does not expect any significant defaults.

The allowance for doubtful receivables can be further analyzed as follows:

(in CHF 000s)	2008	2007
<b>Individually assessed value adjustments</b>		
At January 1,	197	92
(Decrease) / increase	-151	105
<b>At December 31,</b>	<b>46</b>	<b>197</b>
<b>Collectively assessed value adjustment</b>		
At January 1,	0	36
Increase / (decrease)	4	-36
<b>At December 31,</b>	<b>4</b>	<b>0</b>
<b>Total value adjustments</b>	<b>50</b>	<b>197</b>

The individually assessed impairment provision amounts to TCHF 46 (previous year: TCHF 197). It is assumed that part of the underlying receivables will eventually be paid.

For further information on credit management and trade accounts receivable see Note 25.

## 8 Other receivables

(in CHF 000s)	At December 31, 2008	At December 31, 2007
VAT Austria	1'257	852
Other prepayments	632	8
Withholding tax Switzerland	177	156
VAT Switzerland	136	227
Social security prepayment	26	91
Other receivables	34	3
<b>Total</b>	<b>2'262</b>	<b>1'337</b>

## 9 Inventory

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Raw material (components)	2'116	2'511
Work in process	4'544	73
Finished products	9'024	2'662
Allowance for obsolete inventory	-100	-75
<b>Total</b>	<b>15'584</b>	<b>5'171</b>

Components, work in process and changes in finished products recognized as cost of sales amounted to CHF 38.3 million (2007: CHF 44.3 million). The allowance for obsolete inventory relates to inventory written down to nil.

## 10 Property, plant and equipment

Cost (in CHF 000s)	Furniture, equipment and vehicles	IT infrastructure	Tools and test infrastructure	Total
<b>Balance at January 1, 2007</b>	<b>1'408</b>	<b>503</b>	<b>1'015</b>	<b>2'926</b>
Additions	1'399	157	1'076	2'632
Derecognition	-8	-63	0	-71
Translation differences	-11	-5	0	-16
<b>Balance at December 31, 2007</b>	<b>2'788</b>	<b>592</b>	<b>2'091</b>	<b>5'471</b>
Additions	560	24	1'148	1'732
Derecognition	0	-65	0	-65
Translation differences	-3	-3	0	-6
<b>Balance at December 31, 2008</b>	<b>3'345</b>	<b>548</b>	<b>3'239</b>	<b>7'132</b>

Accumulated depreciation (in CHF 000s)	Furniture, equipment and vehicles	IT infrastructure	Tools and test infrastructure	Total
<b>Balance at January 1, 2007</b>	<b>1'071</b>	<b>384</b>	<b>442</b>	<b>1'897</b>
Depreciation	430	144	567	1'141
Derecognition	-8	-63	0	-71
Translation differences	-3	-4	0	-7
<b>Balance at December 31, 2007</b>	<b>1'490</b>	<b>461</b>	<b>1'009</b>	<b>2'960</b>
Depreciation	598	107	1'073	1'778
Derecognition	0	-65	0	-65
Translation differences	-3	-4	0	-7
<b>Balance at December 31, 2008</b>	<b>2'085</b>	<b>499</b>	<b>2'082</b>	<b>4'666</b>
<b>Net book values at December 31, 2007</b>	<b>1'298</b>	<b>131</b>	<b>1'082</b>	<b>2'511</b>
<b>Net book values at December 31, 2008</b>	<b>1'260</b>	<b>49</b>	<b>1'157</b>	<b>2'466</b>

Part of the IT infrastructure has been regrouped for 2007 to tools and test infrastructure as this better reflects the usage of the equipment.

The value of property, plant and equipment for the purposes of insurance against fire amounted to CHF 2.6 million at December 31, 2008 (CHF 2.6 million at December 31, 2007).

During the years ended December 31, 2007 and December 31, 2008 no impairment losses were recognized on tangible assets. The Group did not have any capital commitments at December 31, 2008.

## 11 Intangible assets

Cost (in CHF 000s)	Intellectual property rights	Software	Capitalized development costs	Total
<b>Balance at January 1, 2007</b>	<b>1'130</b>	<b>763</b>	<b>4'248</b>	<b>6'141</b>
Additions	365	387	1'945	2'697
Derecognition	0	-124	0	-124
Translation differences	0	0	0	0
<b>Balance at December 31, 2007</b>	<b>1'495</b>	<b>1'026</b>	<b>6'193</b>	<b>8'714</b>
Additions	696	947	1'230	2'873
Derecognition	0	-146	0	-146
Translation differences	0	0	0	0
<b>Balance at December 31, 2008</b>	<b>2'191</b>	<b>1'827</b>	<b>7'423</b>	<b>11'441</b>

Accumulated amortization (in CHF 000s)	Intellectual property rights	Software	Capitalized development costs	Total
<b>Balance at January 1, 2007</b>	<b>1'119</b>	<b>611</b>	<b>1'774</b>	<b>3'504</b>
Amortization	86	201	1'918	2'205
Derecognition	0	-124	0	-124
Translation differences	0	0	0	0
<b>Balance at December 31, 2007</b>	<b>1'205</b>	<b>688</b>	<b>3'692</b>	<b>5'585</b>
Amortization	379	347	1'962	2'688
Derecognition	0	-146	0	-146
Translation differences	0	0	0	0
<b>Balance at December 31, 2008</b>	<b>1'584</b>	<b>889</b>	<b>5'654</b>	<b>8'127</b>

<b>Net book values at December 31, 2007</b>	<b>290</b>	<b>338</b>	<b>2'501</b>	<b>3'129</b>
<b>Net book values at December 31, 2008</b>	<b>607</b>	<b>938</b>	<b>1'769</b>	<b>3'314</b>

During the years ended December 31, 2007 and December 31, 2008 no impairment losses were recognized on intangible assets. The Group did not have any capital commitments at December 31, 2008.

## 12 Trade accounts payable

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Trade accounts payable	6'703	3'620
<b>Total</b>	<b>6'703</b>	<b>3'620</b>

Composition by currency (in CHF 000s)		
CHF	733	510
USD	3'716	1'709
EUR	2'251	1'394
GBP	3	2
SGD	0	5

## 13 Other payables

The high level of other payables in 2007 was mainly due to the increase in social security payable in connection with the exercise of employee stock options in October 2007.

## 14 Accrued expenses

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Personnel	2'091	2'143
Current tax liability	180	49
Other accruals	2'778	4'617
<b>Total</b>	<b>5'049</b>	<b>6'809</b>

Accrued expenses include liabilities for profit sharing as well as accruals for compensated untaken leave, social security, licenses, insurances, warranties and lawyer and administration services. Other accruals also include unpaid amounts due to Tyco (based on Antaris-Chipset sales recognized; see Note 16).

## 15 Pension liability and related cost

The Group maintains a defined benefit plan in Switzerland and defined contribution plans in the United States of America (USA) and China. These plans comply with prevailing legal requirements to cover the majority of employees in the event of death, disability and retirement. The plans are financed by employer and employee contributions in compliance with local legal and fiscal regulations.

### Defined benefit plans

For the Swiss pension plan, retirement benefits are dependent on the accumulated retirement capital which can either be drawn as a joint-life pension or as a lump sum payment. Other benefits provided by the Swiss pension plan include a disability pension, death benefits and related benefits for pension plan participants' children.

The assets of the pension plan are held within a separate foundation and cannot revert to the employer.

The following amounts have been recorded in the income statement:

(in CHF 000s)	2008	2007
Current service cost	530	508
Interest cost	215	185
Expected return on plan assets	-228	-171
Past service cost recognized in year	0	48
<b>Total cost of defined benefit plans</b>	<b>517</b>	<b>570</b>
Actual return on plan assets	-537	-71

The following amounts are recognized in the statement of recognized income and expense for the pension plan:

(in CHF 000s)	2008	2007
<b>Recognized actuarial losses</b>	<b>429</b>	<b>503</b>
Actuarial loss / (gain) on the defined benefit obligation	150	-92
Actuarial loss on plan assets	765	242
Company prepayments in 2006 for 2007 premiums	0	-224
<b>Net actuarial loss / (gain) for the year</b>	<b>915</b>	<b>-74</b>
<b>Cumulative amount of recognized actuarial losses at end of the year</b>	<b>1'344</b>	<b>429</b>

#### Changes in the present value of the defined benefit obligation

(in CHF 000s)	2008	2007
Opening defined benefit obligation	6'704	5'618
Current service cost	530	508
Interest cost	215	185
Plan participants' contributions	388	316
Actuarial loss / (gain)	150	-92
Benefit payments and net transferrals	-189	121
Past service cost recognized in year	0	48
<b>Closing defined benefit obligation</b>	<b>7'798</b>	<b>6'704</b>

#### Changes in the fair value of plan assets

(in CHF 000s)	2008	2007
Opening fair value of plan assets	5'806	4'967
Expected return on plan assets	228	171
Actuarial loss on plan assets	-765	-242
Contributions by employer	604	249
Plan participants' contributions	388	316
Benefit payments and net transferral	-189	121
Company prepayments in 2006 for 2007 premiums	0	224
<b>Closing fair value of plan assets</b>	<b>6'072</b>	<b>5'806</b>

The expected costs of the Group for defined benefit plans for the financial year 2009 amount to TCHF 713.

#### Amount recognized in the balance sheet

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Present value of defined benefit obligation	7'798	6'704
Fair value of plan assets	-6'072	-5'806
<b>Underfunding</b>	<b>1'726</b>	<b>898</b>
<b>Net liability</b>	<b>1'726</b>	<b>898</b>

#### Changes in the net liability recognized in the balance sheet

(in CHF 000s)	2008	2007
Net liability at January 1,	898	651
Cost of defined benefit plan	517	570
Contributions by employer	-604	-249
Change in actuarial losses	915	-74
<b>Net liability at December 31,</b>	<b>1'726</b>	<b>898</b>

#### Principal actuarial assumptions

Calculation of defined benefit obligations	At December 31, 2008	At December 31, 2007
Discount rate	3.40%	3.25%
Future salary increases	2.00%	2.00%
Future pension indexations	0.50%	0.50%
Calculation of expense	2008	2007
Discount rate	3.25%	2.75%
Expected return on plan assets	3.67%	3.16%

### Asset classes and expected return

	At December 31, 2008		At December 31, 2007	
	Share of total assets (%)	Expected return	Share of total assets (%)	Expected return
Equities	10.11	6.75%	13.35	6.50%
Bonds	63.13	3.25%	60.21	3.00%
Real estate	15.15	4.40%	14.14	4.40%
Others	11.61	3.00%	12.30	3.00%

### Development of defined benefit obligations and plan assets

The following table shows the deviations between actual and assumed development of plan liabilities and assets.

(in CHF 000s) At December 31,	2008	2007	2006	2005	2004
Present value of defined benefit obligation	7'798	6'704	5'618	4'172	3'108
Fair value of plan assets	-6'072	-5'806	-4'967	-3'800	-2'721
<b>Underfunding</b>	<b>1'726</b>	<b>898</b>	<b>651</b>	<b>372</b>	<b>387</b>
Experience losses / (gains) on plan liabilities	191	303	266	149	-4
Experience losses / (gains) on plan assets	765	242	-79	-144	-16

### Defined contribution plans

In 2008, Group contributions to defined contribution plans were CHF 0.03 million (2007: CHF 0.04 million).

## 16 Restructured financial liability

### Tyco finance agreement

As a result of the cancellation of a significant order placed by Benefon Oy, Finland for MS1E modules in 2000, the Group entered into a payment restructuring agreement in relation to the outstanding payable with its supplier, Tyco Electronics AMP GmbH, Germany (Tyco). Under this restructuring agreement, the payment terms of the outstanding payable were extended. During this extension period, the outstanding payable was subject to interest at the market interest rate.

In 2003 the Group entered into an additional payment restructuring agreement for the residual debt. Under this agreement, Tyco waived a portion of EUR 1.5 million in return for receiving future license revenue from Antaris-Chipset sales during the years 2003 to 2008. Based on sales forecasts the Group recognized a financial liability for the license revenue of EUR 1.4 million at the date of the agreement. In addition, as part of this agreement Tyco agreed to cover 40% of the loss on sales for MS1E modules. At December 31, 2008 the agreement ceased and the portion overprovisioned was released to financial income.

At December 31, 2008 the residual fair value of the restructured financial liability amounts to CHF 0 (2007: CHF 0.6 million), and has developed as follows:

(in CHF 000s)	Tyco	Total
<b>Balance at January 1, 2007</b>	<b>1'109</b>	<b>1'109</b>
Restructured financial liability paid	-533	-533
Interest (unwind of discount)	3	3
<b>Balance at December 31, 2007</b>	<b>579</b>	<b>579</b>
Restructured financial liability paid	-357	-357
Unwind of overprovisioned portion	-222	-222
<b>Balance at December 31, 2008</b>	<b>0</b>	<b>0</b>

thereof (in CHF 000s)	At December 31, 2008	At December 31, 2007
Current liability	0	579
Non-current liability	0	0

## 17 Share capital

The Company's shares are registered shares with a nominal value of CHF 0.90 (2007: CHF 0.90) each. With the incorporation of u-blox Holding AG in September 2007, 100% of the u-blox AG shares were exchanged with the existing shareholders at that time for an equal number of shares of u-blox Holding AG. In October 2007 each share, with a nominal value of CHF 9.00, was split into ten shares, with a nominal value of CHF 0.90. The movements in issued share capital for the years ended December 31, 2008 and 2007 are as follows:

	2008		2007	
	Number of shares	Share capital (in CHF 000s)	Number of shares	Share capital (in CHF 000s)
<b>Issued capital at January 1,</b>	<b>6'243'370</b>	<b>5'619</b>	<b>469'582</b>	<b>4'226</b>
Event:				
Shares issued in connection with stock options exercised	0	0	29'755	268
Share split 1:10 cancellation of shares at nom. CHF 9.00	0	0	-499'337	0
Share split 1:10 issue of new shares at nom. CHF 0.90	0	0	4'993'370	0
Shares issued in connection with the IPO at nom. CHF 0.90	0	0	1'250'000	1'125
<b>Issued capital at December 31,</b>	<b>6'243'370</b>	<b>5'619</b>	<b>6'243'370</b>	<b>5'619</b>
Authorized share capital at December 31,	1'248'674	1'124	1'248'674	1'124
Conditional share capital at December 31,	624'337	562	624'337	562

### Shares issued through exercise of stock options

During 2008, 0 stock options (2007: 29'755 stock options) were exercised out of the conditional share capital. In 2007 the exercised stock options resulted in a total issuance of CHF 267'795. The Group received proceeds of CHF 289'255.

### Shares issued in connection with the IPO

On October 25, 2007, u-blox Holding AG offered, in an initial public offering (IPO), some of its shares to the market. The offered shares consisted of 1'250'000 newly issued shares at a share price of CHF 51.00 each which resulted into gross proceeds of TCHF 63'750. Transaction costs of totally TCHF 4'627 relating to the IPO were debited to equity (TCHF 3'812 for primary shares offered) and expensed (TCHF 815 for secondary shares offered).

### Authorized share capital

At the extraordinary shareholders meeting of u-blox Holding AG held on October 16, 2007, the shareholders resolved that the Board of Directors shall be authorized, at any time until October 16, 2009, to increase the share capital through the issuance of up to 1'248'674 fully paid-in registered shares with a nominal value of CHF 0.90 each.

At December 31, 2008, the authorized share capital amounted to CHF 1'123'806.60 (1'248'674 shares of CHF 0.90 each).

### Conditional share capital

At the extraordinary shareholders' meeting held on October 16, 2007 of u-blox Holding AG, the shareholders' resolved that the Board of Directors shall be authorized to increase the share capital by a maximum aggregate amount of CHF 561'903.30 by issuing no more than 624'337 fully paid-in registered shares with a nominal value of CHF 0.90 each.

The conditional share capital will be used for the exercise of option rights that are and will be granted to the members of the Board of Directors and to the employees of the Company and its subsidiaries according to any employee share option plans (ESOP) as approved by the Board of Directors.

## 18 Consolidated statement of changes in equity

(in CHF 000s)	Notes	Share capital	Share premium	Cumulative translation differences	Accumulated losses	Total equity
<b>Balance at January 1, 2007</b>						
		4'226	39'504	249	-15'537	28'442
<b>Total recognized income and expense for the year</b>						
		0	0	-93	5'504	5'411
Increase in share capital	17	1'393	62'646	0	0	64'039
Cost of share capital increase	17	0	-3'812	0	0	-3'812
Allocation of deferred taxes on IPO costs directly debited to equity		0	356	0	0	356
Share-based payments	20	0	3'166	0	0	3'166
<b>Balance at December 31, 2007</b>						
		5'619	101'860	156	-10'033	97'602
<b>Balance at January 1, 2008</b>						
		5'619	101'860	156	-10'033	97'602
<b>Total recognized income and expense for the year</b>						
		0	0	20	8'023	8'043
Share-based payments	20	0	272	0	0	272
<b>Balance at December 31, 2008</b>						
		5'619	102'132	176	-2'010	105'917

For further information on the share capital see Note 17.

Approximately CHF 2.8 million (2007: CHF 2.8 million) of the share premium is not available for distribution due to legal restrictions.

## 19 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the equity holders of u-blox Holding AG by the weighted average number of shares outstanding during the year.

In the case of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming all outstanding dilutive options will be exercised. The weighted average number of shares is adjusted for all dilutive options issued under the stock option plans which have been granted.

	For the year ended December 31, 2008	For the year ended December 31, 2007
Net profit (in CHF 000s)	8'761	5'444
Weighted average number of outstanding shares (basic)	6'243'370	4'984'131
Effect of share options on issue	0	203'664
Weighted average number of outstanding shares (diluted)	6'243'370	5'187'795
Basic earnings per share (in CHF)	1.40	1.09
Diluted earnings per share (in CHF)	1.40	1.05

At December 31, 2008 the Group had 80'769 outstanding options (December 31, 2007: 0 outstanding options) granted to employees (see Note 20). The only potential ordinary shares arising from stock option plans for 2008 are "out of the money". As such, they would have an anti-dilutive effect and are therefore excluded from the calculation of diluted earnings per share.

## 20 Employee compensation and benefits

### Personnel expenses

Personnel expenses included in operating expenses consisted of the following:

(in CHF 000s)	For the year ended December 31, 2008	For the year ended December 31, 2007
Salaries	11'396	8'529
Share-based payments	272	3'166
Social taxes	972	1'377
Pension cost (see Note 15)	549	605
Other personnel related expenses	650	1'085
<b>Total personnel expenses</b>	<b>13'839</b>	<b>14'762</b>
Average number of employees (FTE*)	94.2	73.1

\* (FTE = Full Time Equivalent)

### Stock option plan

Employees of the Group are entitled to receive options under a stock option plan with a vesting-period of three years and an option period of 6 years. The exercise price is determined by the Board of Directors, the exercise price will be equal to the lower of the volume weighted average price of the share on the SIX Swiss Exchange during the thirty trading days preceding and including the granting date or the closing price of the share on the SIX Swiss Exchange on the granting date. One option grants the right to purchase one u-blox Holding AG share.

In 2008 82'171 options were granted to certain members of the Board of Directors, Executive Committee members and employees at an exercise price of CHF 46.

The following table details the movements of outstanding employee stock options from January 1, 2007 until December 31, 2008:

	For the year ended December 31, 2008		For the year ended December 31, 2007	
	Weighted average exercise price in CHF	Number of options	Weighted average exercise price in CHF	Number of options
<b>Opening balance</b>	<b>0.00</b>	<b>0</b>	<b>9.93</b>	<b>25'599</b>
Granted	46.00	82'171	9.00	5'120
Exercised	0.00	0	9.72	-29'755
Cancelled	46.00	-1'402	11.30	-964
<b>Ending balance</b>	<b>46.00</b>	<b>80'769</b>	<b>0.00</b>	<b>0</b>
Thereof vested	0.00	0	0.00	0

The weighted average fair value of options granted during 2008 was CHF 18.10 (in 2007 after split: CHF 31.61). The fair value of stock options granted is estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended December 31, 2008:

	2008	2007
Dividend yield	0.00%	0.00%
Expected volatility	49.10%	42.90%
Historical volatility	49.10%	42.90%
Risk-free interest rate	3.29%	3.03%
Expected life of option	4.50 years	0.30 years
Expected exit rate after vesting	3.00%	0.00%
Weighted average share price (2007 after split)	CHF 46.00	CHF 32.59
Weighted average remaining expected life at December 31,	3.91 years	0.00 years
Weighted average remaining contractual life at December 31,	5.41 years	0.00 years

The expected volatility was based on the historical volatility of a selection of comparable companies.

The expense for employee services received is recognized over the vesting period. The stock option expense recognized in 2008 was CHF 0.27 million.

Due to the IPO in 2007 the vesting period of all outstanding options ceased immediately, therefore the remaining expenses of the exercised options not considered at that date were expensed in 2007. The stock option expense recognized in 2007 was CHF 3.17 million.

Additional options were granted in the beginning of 2009 (see Note 32).

## 21 Research and development

(in CHF 000s)	2008	2007
External project costs	1'656	1'177
Internal costs	4'879	6'549
<b>Total research and development expenditures</b>	<b>6'535</b>	<b>7'726</b>
Depreciation and amortization	2'742	1'927
<b>Total research and development expenses</b>	<b>9'277</b>	<b>9'653</b>

## 22 Operating expenses by nature

(in CHF 000s)	Notes	2008	2007
Material costs		40'005	47'682
Personnel expenses	20	13'839	14'762
Depreciation	10	1'778	1'141
Amortization	11	2'688	2'205
Travel - and representation expenses		1'646	1'327
Administration expenses		2'036	2'948
Marketing expenses		1'262	997
Rent expenses		1'008	755
Other expenses		1'972	1'877
Other income		-139	-855
<b>Total</b>		<b>66'095</b>	<b>72'839</b>

## 23 Financial income / finance costs

### Recognized in profit or loss

(in CHF 000s)	Notes	2008	2007
Interest income on bank deposits		1'928	665
Foreign exchange result (net)		118	0
Release of overprovision on restructured financial liability	16	222	0
<b>Financial income</b>		<b>2'268</b>	<b>665</b>
Interest expense on Tyco finance agreement	16	0	-3
Other financial expenses		-7	-7
Foreign exchange result (net)		0	-1'107
<b>Financial expenses</b>		<b>-7</b>	<b>-1'117</b>
IPO expenses	17	0	-815
<b>Other finance costs</b>		<b>0</b>	<b>-815</b>
<b>Total, net</b>		<b>2'261</b>	<b>-1'267</b>

All financial income and costs from financial assets and financial liabilities have been recognized in the income statement.

## 24 Income tax (expense) / benefit

Income taxes can be analyzed as follows:

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Current income taxes	-135	-49
Deferred income taxes	-1'776	1'239
<b>Total income tax (expense) / benefit</b>	<b>-1'911</b>	<b>1'190</b>

The Group has operations mainly in Switzerland as well as offices in the USA, Great Britain (GB), Hong Kong, Singapore and Japan that have differing tax laws and income tax rates. Consequently, the effective tax rate on consolidated income may vary from year to year, based on the source of earnings. The following table provides a reconciliation between the effective income tax and the expected income tax based on the consolidated profit before income tax computed with the expected tax rate of the operating company in Thalwil, at each balance sheet date:

	For the year ended December 31, 2008		For the year ended December 31, 2007	
	in %	in CHF 000s	in %	in CHF 000s
Profit before income tax		10'672		4'254
Income tax rate of u-blox AG, Thalwil	19.3		21.0	
Expected tax expense		-2'060		-893
Effect of different tax rates		235		-98
Effect of non-tax-deductible expenses		-71		-267
Tax effect from share-based payments <sup>1)</sup>		0		2'468
Other		-15		-20
<b>Effective income tax (expense) / benefit</b>		<b>-1'911</b>		<b>1'190</b>

<sup>1)</sup> The incorporation of u-blox Holding AG and the related legal Group reorganization resulted in a tax deduction on share-based payments granted in prior years by the previous Group parent company, u-blox AG.

### Deferred tax assets and liabilities

Effects of temporary differences and tax loss carryforwards that give rise to significant components of deferred tax assets and deferred tax liabilities are as follows:

(in CHF 000s)	At December 31, 2008		At December 31, 2007		Change 2008
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	
Intercompany accounts	0	383	0	383	0
Investments in subsidiaries	0	65	0	65	0
Other assets	209	147	253	35	-156
Other liabilities	376	4	130	0	242
Tax loss carryforwards	3'944	0	5'651	0	-1'707
<b>Deferred tax assets / liabilities <sup>2)</sup></b>	<b>4'529</b>	<b>599</b>	<b>6'034</b>	<b>483</b>	<b>-1'621</b>

<sup>2)</sup> The deferred tax assets/liabilities are calculated at the respective closing date rate whereas the changes in temporary differences are calculated at the average rate for the respective year.

(in CHF 000s)	At December 31, 2008	At December 31, 2007
Deferred income taxes	-1'776	1'239
Tax (liabilities) / assets recognized in shareholders' equity	177	342
Translation differences	-22	-34
<b>Total changes compared to previous year</b>	<b>-1'621</b>	<b>1'547</b>

### Tax loss carryforwards

Deferred tax assets for the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The tax loss carryforwards structured by expiry date are as follows:

(in CHF 000s)	Gross value of tax loss carry forwards		Potential tax benefits	
	2008	2007	2008	2007
Expiring in				
2008	0	4'587	0	885
2009	6'432	10'267	1'241	1'982
2010	4'058	4'058	783	783
2014	8'267	8'267	1'596	1'596
> 15 years	518	673	202	262
To be carried forward unlimited	741	823	122	144
<b>Total tax loss carryforwards capitalized</b>	<b>20'016</b>	<b>28'675</b>	<b>3'944</b>	<b>5'652</b>
Expiring in				
To be carried forward unlimited	1'994	2'166	419	433
<b>Total tax loss carryforwards not capitalized</b>	<b>1'994</b>	<b>2'166</b>	<b>419</b>	<b>433</b>
<b>Total tax loss carryforwards <sup>3)</sup></b>	<b>22'010</b>	<b>30'841</b>	<b>4'363</b>	<b>6'085</b>

<sup>3)</sup> The tax loss carryforwards and the deferred tax assets respectively are calculated at the respective closing date rate. Therefore, the movements in unrecognized tax loss carry forwards include currency differences. The Group has operations mainly in Switzerland and subsidiaries in the USA, GB, Hong Kong, Singapore and Japan that have different tax laws and rates. Consequently, the effective tax rate on consolidated income may vary from year to year, based on the source of earnings.

## 25 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk
  - c1) interest rate risk
  - c2) currency risk
- d) financial instruments

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal reviews by the Group accountant assist the Group Audit Committee in its oversight role. Internally both regular and ad hoc reviews of risk management controls and procedures are effected.

### a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade accounts receivable from customers and investment securities.

#### Trade accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

In general, the Group minimizes part of the credit risk by way of credit insurance or a requirement of customers to either guarantee their payment by Letter of Credit (L/C) or to make a payment in advance. Collections and payments are continuously monitored.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

### Investments

The Group limits its exposure to credit risk by only investing in fixed time deposits or similar instruments with counterparties that have a credit rating of at least A+ from Standard & Poor's and A1 from Moody's. The maximum duration is limited to one year. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

### Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2008 no guarantees were outstanding (December 31, 2007: none).

The maximum credit risk on financial instruments corresponds to the carrying amounts of the individual financial assets. u-blox has not entered into any guarantees or similar obligations that would increase the risk over and above the carrying amounts. Details of the due dates of receivables are shown in Note 7.

The maximum credit risk as per the balance sheet date was as follows:

(in CHF 000s)	For the year ended December 31, 2008	For the year ended December 31, 2007
Cash and cash equivalents	37'147	85'922
Short-term investments	47'500	0
Trade accounts receivable	5'940	7'772
Prepaid expenses and accrued income	1'819	1'070
Other financial assets	307	247
<b>Total</b>	<b>92'713</b>	<b>95'011</b>

### b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses short-term forecasts, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

The Group has access to an undrawn CHF 3 million overdraft facility that would be – in case of a draw down – secured by a pledge of the trade accounts receivable. Interest would be payable at the rate of 3% p.a. plus commission of ¼% per quarter. The bank may adjust the interest rate in line with the market interest rates. Securities are nominated up to CHF 3.1 million.

Management considers that the Group is not exposed to any significant risks arising from not being able to meet the financial obligations at the end of the reporting period.

The following are the contractual maturities of financial liabilities:

For the year ended 2008 (in CHF 000s)	Carrying amount	Contractual cash flows	up to 6 months	6-12 months	1 - 5 years
Trade accounts payable	6'703	6'703	6'703	0	0
Other payables	874	874	874	0	0
Accrued expenses	5'049	5'049	5'049	0	0
<b>Total</b>	<b>12'626</b>	<b>12'626</b>	<b>12'626</b>	<b>0</b>	<b>0</b>

For the year ended 2007 (in CHF 000s)	Carrying amount	Contractual cash flows	up to 6 months	6-12 months	1 - 5 years
Trade accounts payable	3'620	3'620	3'620	0	0
Other payables	3'202	3'202	3'202	0	0
Accrued expenses	6'809	6'809	6'809	0	0
Restructured financial liability	579	579	289	290	0
<b>Total</b>	<b>14'210</b>	<b>14'210</b>	<b>13'920</b>	<b>290</b>	<b>0</b>

### c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will affect the 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 optimizing the return.

#### c1) Interest rate risk

Interest rate risk arises from movements in interest rates which could have adverse effects on the Group's net income or financial position. The Group places its cash and cash equivalents primarily in short-term interest-bearing accounts. The Group has no significant interest-bearing liability at December 31, 2008. Therefore no interest rate risk exposure exists. Revenue and operating cash flows are substantially independent of changes in market interest rates. The cash position is used for general corporate purposes and to fund the planned growth. Management considers that the Group is not exposed to any significant risks arising from changes in market interest rates and therefore no hedging instruments are utilized.

#### c2) Currency risk

Almost all of the sales and costs of sales are denominated in USD or EUR. A majority of overhead and other fixed costs are denominated in CHF. This exposure to different currencies potentially results in gains or losses with respect to movements in foreign exchange rates and the impact of such fluctuations can be material. Accordingly, u-blox enters into hedging transactions pursuant to which u-blox purchase CHF under forward purchase contracts in order to minimize its CHF exposure. These transactions require judgments and assumptions about the future expense levels, and as a result, do not entirely eliminate the exposure to currency fluctuations. Furthermore, while the hedging transactions provide fixed currency rates for periods covered by the contracts, the transactions will not protect the Group from long-term movements in currency rates. The fact that sales and costs of sales are to a certain extent denominated in the same currency provides a natural hedge.

The table below shows the significant currency risks arising from financial instruments in which the currency involved is not congruent with the functional currency of the subsidiary which holds these financial instruments:

(in CHF 000s)	For the year ended December 31, 2008		For the year ended December 31, 2007	
	USD	EUR	USD	EUR
Cash and cash equivalents	2'307	9'911	9'780	4'487
Trade accounts receivable	1'929	1'179	1'803	2'367
Receivables from subsidiaries	2'820	0	3'801	0
Other receivables	632	0	0	0
Prepaid expenses and accrued income	33	424	107	404
Trade accounts payable	-3'697	-2'250	-1'605	-1'394
Other payables	0	-1	0	-6
Payables to subsidiaries	-213	0	-435	0
Accrued expenses	-1'212	-67	-243	-106
Restructured financial liability	0	0	0	-579
	<b>2'599</b>	<b>9'196</b>	<b>13'208</b>	<b>5'173</b>
Foreign currency forward rate contracts	-4'742	0	-452	0
<b>Total currency exposure</b>	<b>-2'143</b>	<b>9'196</b>	<b>12'756</b>	<b>5'173</b>

Equity-like corporate loans to subsidiaries are not included in the above table.

A 10% change in exchange rates at December 31, 2008 would have increased or decreased net income by the amounts listed below. The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged. Substantially larger effects on the income statement can be caused by exchange rate changes related to business transactions during the year, which do not lie within the scope of IFRS 7.

Sensitivity analysis 2008	USD/CHF	EUR/CHF
Change +/-	10%	10%
(in CHF 000s)		
Positive impact on income statement	+ 178	+ 742
Negative impact on income statement	- 178	- 742

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The derivative financial instruments used as economic hedges of foreign currencies are summarized in the table below. They are recognized at fair value as either part of prepaid assets or accrued expenses.

(in CHF 000s)	Fair value		Contract value		
	Positive	Negative	Total	Due within months 3	3-12
Foreign currency forwards					
Denominated in USD:					
Sale	612	0	4'742	1'587	3'155
<b>Total 2008</b>	<b>612</b>	<b>0</b>	<b>4'742</b>	<b>1'587</b>	<b>3'155</b>
<b>Total 2007</b>	<b>29</b>	<b>0</b>	<b>452</b>	<b>452</b>	<b>0</b>

In 2008 and 2007, the Group entered into USD forward contracts to buy CHF.

#### d) Financial instruments

The following table shows the carrying amount of all financial instruments per category. They correspond, approximately, to the fair values in accordance with IFRS.

(in CHF 000s)	For the year ended December 31, 2008	For the year ended December 31, 2007
<b>Cash and cash equivalents (without call and fixed-term deposits)</b>	<b>26'501</b>	<b>3'501</b>
Call and fixed-term deposits	10'646	82'421
Short-term investments	47'500	0
Trade accounts receivable	5'940	7'772
Financial assets	307	247
<b>Loans and receivables</b>	<b>64'393</b>	<b>90'440</b>
Foreign currency forward rate contracts	612	29
<b>Financial assets at market value through profit or loss</b>	<b>612</b>	<b>29</b>
Trade accounts payable	6'703	3'620
Other payables	874	3'202
Restructured financial liability	0	579
<b>Liabilities stated at amortized costs</b>	<b>7'577</b>	<b>7'401</b>

## 26 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Board plans to invest future profits, if any, into the long-term growth of the business and, therefore, does not plan to distribute any dividends in the medium term.

## 27 Operating leases

Future minimal rental payments under equipment and facility leases at December 31, 2008 are as follows:

Operating leases due (in CHF 000s)	At December 31, 2008	At December 31, 2007
Within 1 year	1'031	908
Within 2 years	832	736
Within 3 years	748	709
Within 4 years	646	719
Thereafter	0	594
<b>Total</b>	<b>3'257</b>	<b>3'666</b>

This position mainly consists of facility leases.

## 28 Guarantees, pledges in favor of third parties and other contingent liabilities

At December 31, 2008 and 2007 there were no guarantees in favor of third parties. The Group is not exposed to any significant other contingent liabilities. At December 31, 2008 there is no known threatened or pending litigation against any Group companies.

## 29 Related parties

Related parties are members of the Board of Directors and Executive Committee, close family members of the aforementioned parties, and shareholders with a significant influence or control over the Group, as well as entities under these parties' control.

The total compensation paid to the Board of Directors and Executive Committee was:

(in CHF 000s)	For the year ended December 31, 2008	For the year ended December 31, 2007
Salaries	1'355	1'385
Share-based payments	109	2'718
Social taxes	107	727
Pension cost	108	97
<b>Total compensations</b>	<b>1'679</b>	<b>4'927</b>

There were no other significant transactions with related parties during the years ended December 31, 2008 and 2007.

The detailed disclosure of compensation and participation of the Board of Directors and Executive Committee as per Swiss law can be found in the notes to the statutory financial statements of u-blox Holding AG.

## 30 Claims

On November 5, 2007 a claim was filed by CEVA Technologies Ltd., a license partner of u-blox for the Antaris products, at the Zurich commercial court (see Note 30 in the notes to the consolidated financial statements for the year ended December 31, 2007). In July 2008, the parties reached a settlement of the claim filed according to which u-blox agreed to pay Ceva an amount of USD 2.5 million, corresponding to the amount accrued for at December 31, 2007. The payment was made in 2008.

## 31 Risk management

The Board of Directors of u-blox assesses the corporate risks within the framework of a systematic risk identification and analysis. Based on this assessment, measures for risk management in the company are defined and constantly monitored. The company has a risk management system which is designed for the prompt identification and analysis of risks as well as the initiation of corresponding measures.

Financial risk management is described in more detail in Note 25. The organization, principles, and reporting of risk management are described in Corporate Governance under the subtitle 'risk management'.

## 32 Post balance sheet events

The Board of Directors authorized these consolidated financial statements for issuance on March 13, 2009.

In January 2009 u-blox granted 90'986 employee stock options under the current stock option plan at an exercise price of CHF 19.15 to certain members of the Board of Directors, Executive Committee members and employees.

On February 25, 2009 u-blox Holding AG announced that u-blox AG has entered into an agreement, subject to the fulfillment of customary closing condition, to acquire Neonseven SpA, headquartered in Sgonico near Trieste, Italy, for up to EUR 9.3 million, to be paid in cash. The acquisition closing has not taken place until the date of approval of these consolidated financial statements and is expected to take place on March 17, 2009.

Neonseven is a design house for wireless telecommunications. Neonseven employs 55 experts with a profound knowledge of GSM and 3G technology in the area of mobile communication. Located in Trieste, Italy, and founded in 2003, Neonseven generated 2008 revenues of EUR 4.4 million.

With the acquisition, u-blox intends to expand its product offering with GSM/GPRS cellular modem applications, adding a comprehensive portfolio of wireless communications solutions for its customers. Such modems function as the core element in fleet management, asset tracking and automotive safety applications.

There have been no other events between December 31, 2008 and the date of authorization of these consolidated financial statements that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2008 or would otherwise have to be disclosed.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of u-blox Holding AG, Thalwil

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As statutory auditor, we have audited the accompanying consolidated financial statements of u-blox Holding AG, which are presented on pages 53 to 89 and comprise the consolidated balance sheet, consolidated income statement, consolidated statement of recognised income and expense, consolidated cash flow statement, and notes for the year ended December 31, 2008.

*Board of Directors' Responsibility*

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements for the year ended December 31, 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards and comply with Swiss law.

**Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.



Markus Forrer  
Licensed Audit Expert  
Auditor in Charge



Urs Matter  
Licensed Audit Expert

Root/Lucerne, March 13, 2009



## Balance sheet

(in CHF)	Notes	At December 31, 2008	At December 31, 2007
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank		16'518'903	239'595
Call deposits and fixed-term deposits		41'000'000	56'150'000
Other receivables	- third parties	125'661	6'399
	- group companies	13'337	0
Prepaid expenses and accrued income	- third parties	231'000	215'194
	- group companies	166'667	322'223
<b>Total current assets</b>		<b>58'055'568</b>	<b>56'933'411</b>
<b>Non-current assets</b>			
Loans to group companies		20'000'000	20'000'000
Investment in group company	2	14'697'917	14'697'917
Capitalized IPO costs		2'557'600	3'224'800
<b>Total non-current assets</b>		<b>37'255'517</b>	<b>37'922'717</b>
<b>Total assets</b>		<b>95'311'085</b>	<b>94'856'128</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Other payables	- third parties	0	827'700
	- group companies	231'909	0
Accrued expenses	- third parties	256'388	131'557
	- group companies	0	106'243
<b>Total liabilities</b>		<b>488'297</b>	<b>1'065'500</b>
<b>Shareholders' equity</b>			
Share capital	3	5'619'033	5'619'033
Legal reserve		88'003'934	88'003'934
Retained earnings		1'199'821	167'661
<b>Total shareholders' equity</b>		<b>94'822'788</b>	<b>93'790'628</b>
<b>Total liabilities and shareholders' equity</b>		<b>95'311'085</b>	<b>94'856'128</b>

## Income statement

(in CHF)	January 1, – December 31, 2008	September 21, – December 31, 2007
<b>Income</b>		
Interest income	2'260'925	400'143
Service fee income	10'880	155'556
<b>Total income</b>	<b>2'271'805</b>	<b>555'699</b>
<b>Expenses</b>		
General and administrative expenses	484'445	251'717
Amortization of capitalized IPO costs	667'200	121'821
<b>Total expenses</b>	<b>1'151'645</b>	<b>373'538</b>
<b>Profit before income tax</b>	<b>1'120'160</b>	<b>182'161</b>
Income tax expense	-88'000	-14'500
<b>Net profit for the period</b>	<b>1'032'160</b>	<b>167'661</b>
<b>Retained earnings at beginning of period</b>	<b>167'661</b>	<b>0</b>
<b>Retained earnings at end of period</b>	<b>1'199'821</b>	<b>167'661</b>

## Notes to the financial statements

### 1 Introduction

u-blox Holding AG was incorporated on September 21, 2007 in Thalwil, Switzerland by exchange of 100% of the shares obtained by the shareholders of u-blox AG.

On October 25, 2007, u-blox Holding AG offered in an initial public offering some of its shares to the public.

### 2 Investment

	Percentage held	Share capital
u-blox AG, Thalwil (Switzerland)	100% holding	CHF 4'226'238

### 3 Share capital

The share capital consists of 6'243'370 registered shares with a nominal value of CHF 0.90 each.

### 4 Authorized share capital

	At December 31, 2008	At December 31, 2007
1'248'674 registered shares with a nominal value of CHF 0.90 each	1'123'806.60	1'123'806.60

At the extraordinary shareholders meeting held on October 16, 2007, the shareholders resolved that the Board of Directors shall be authorized, at any time until October 16, 2009, to increase the share capital through the issuance of up to 1'248'674 fully paid-in registered shares with a nominal value of CHF 0.90 each.

### 5 Conditional share capital

	At December 31, 2008	At December 31, 2007
624'337 registered shares with a nominal value of CHF 0.90 each	561'903.30	561'903.30

In October 2007, 29'755 stock options previously granted under the old stock options plans were exercised out of the conditional share capital.

At the extraordinary shareholders' meeting held on October 16, 2007, the shareholders' resolved that the Board of Directors shall be authorized to increase the share capital by a maximum aggregate amount of CHF 561'903.30 by issuing no more than 624'337 fully paid-in registered shares with a nominal value of CHF 0.90 each through the exercise of option rights granted to directors and employees of the company and its subsidiaries on the basis of one or several participation plans as to be approved by the Board of Directors.

At December 31, 2008 there were 80'769 options on u-blox Holding AG shares outstanding granted by subsidiaries of u-blox Holding AG.

## 6 Significant shareholders

According to the disclosures of shareholders, the largest shareholders of u-blox Holding AG held the following percentages at December 31, 2008:

Partners Private Equity Limited Partnership, George Town, Cayman Island	19.37%
DWS Investment GmbH, Frankfurt, Germany	7.05%
Zürcher Kantonalbank, Zürich, Switzerland	6.76%
3i Group Investments LP, London, United Kingdom	4.99%
iGlobe Partners Fund L.P., Santa Clara, USA	4.96%

## 7 Compensation and shareholdings

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's). This note has been prepared in accordance with the requirements of Swiss law for companies, the Swiss Code of Obligations (SCO), and differs in certain respects from the consolidated financial statements. In particular there are significant differences between the compensation disclosures, which are due to different valuation and expense recognition rules being applied.

### Compensation paid to the members of the Board of Directors

	Compensation <sup>1)</sup>		Share based compensation <sup>2)</sup>		Pension and social insurance funds <sup>1)</sup>	Total compensation 2008 <sup>3)</sup>	Total compensation 2007 <sup>3)</sup>
	CHF 000s	Number of options	CHF 000s	CHF 000s			
Fritz Fahrni (joined April 29, 2008) Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	27	0	0	1	28	0	
Edzard Reuter (retired April 29, 2008)	13	0	0	1	14	98	
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	20	624	11	0	31	16	
Hansjörg Sage (retired April 29, 2008)	7	0	0	0	7	16	
Gerhard Tröster Chairman of the nomination and compensation committee	20	624	11	2	33	83	
Soo Boon Quek Member of the Board of Directors	20	624	11	0	31	16	
Thomas Seiler Member of the Board of Directors, executive member	4)		4)	4)	4)	4)	
Jean-Pierre Wyss Member of the Board of Directors, executive member	4)		4)	4)	4)	4)	
Jürg Stahl (retired April 29, 2008)	10	0	0	2	12	11	
<b>Total</b>	<b>117</b>	<b>1'872</b>	<b>33</b>	<b>6</b>	<b>156</b>	<b>240</b>	

<sup>1)</sup> Accruals based.

<sup>2)</sup> The share based compensation consists of grant of options under the employee stock option plan in 2008. The options under a vesting period of 3 years, the validity is 6 years from grant date. The strike price of an option is CHF 46.- to purchase one share. The compensation is calculated at a fair value price of CHF 18.10 at grant date.

<sup>3)</sup> Does not include reimbursement for travel and other necessary business expenses incurred in the performance of the services as these are not considered to be part of compensation.

<sup>4)</sup> Compensated as member of the Executive Committee.

#### Compensation paid to the members of the Executive Committee

	Salary	Bonus <sup>1)</sup>	Share based compensation <sup>2)</sup>		Pension and social insurance funds <sup>1)</sup>	Other benefits <sup>3)</sup>	Total compensation 2008	Total compensation 2007
	CHF 000s	CHF 000s	Number of options	CHF 000s	CHF 000s	CHF 000s	CHF 000s	CHF 000s
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	255	174	7'804	141	75	8	653	528
Jean-Pierre Wyss Member of the Board of Directors CFO Head of Production / Logistics	224	45	7'804	141	46	0	456	1'024
Andreas Thiel Executive Vice President (R&D Hardware)	224	45	7'804	141	46	0	456	1'024
Daniel Ammann Executive Vice President (R&D Software)	224	45	7'804	141	45	0	455	1'023
<b>Total</b>	<b>927</b>	<b>309</b>	<b>31'216</b>	<b>564</b>	<b>212</b>	<b>8</b>	<b>2'020</b>	<b>3'599</b>

<sup>1)</sup> Accruals based. The bonus is based on a combination of EBIT ratios and the increase of the turnover of the Group.

<sup>2)</sup> The share based compensation consists of grant of options under the employee stock option plan in 2008. The options under a vesting period of 3 years, the validity is 6 years from grant date. The strike price of an option is CHF 46.- to purchase one share. The compensation is calculated at a fair value price of CHF 18.10 at grant date.

<sup>3)</sup> Does not include reimbursement for travel and other necessary business expenses incurred in the performance of the services as these are not considered to be part of compensation.

#### Transactions with members of the Board of Directors, Executive Committee or persons related to them

Related persons and companies are family members and persons or companies which can exercise a significant influence over the Group. Transactions with related persons and companies must be settled on an arms length basis.

Apart from the compensation paid to the Board of Directors and Executive Committee and the regular contributions to the various pension fund institutions, no transactions with related persons or companies took place. Neither u-blox Holding AG nor its corporate subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or the Board of Directors or any related parties.

In 2008, u-blox Holding AG did not make any severance payments or other payments to members of the Board of Directors or Executive Committee who left the company in the period under review or earlier.

#### Shareholdings of Non-Executive members of the Board of Directors

	Number of u-blox Holding AG shares at December 31, 2008
Fritz Fahrni Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	2'500
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	16'000
Gerhard Tröster Chairman of the nomination and compensation committee	35'760
<b>Total Non-Executive members of the Board of Directors</b>	<b>54'260</b>

#### Shareholdings Executive Committee (including Executive members of the Board of Directors)

	Number of u-blox Holding AG shares at December 31, 2008
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	96'748
Jean-Pierre Wyss Member of the Board of Directors CFO Head of Production / Logistics	75'110
Andreas Thiel Executive Vice President (R&D Hardware)	73'710
Daniel Ammann Executive Vice President (R&D Software)	73'710
<b>Total Executive Committee (incl. Executive members of the Board of Directors)</b>	<b>319'278</b>

The Executive Committee or Board of Directors did hold option rights on u-blox Holding AG shares at December 31, 2008 as shown in the compensation table above (December 31, 2007: None).

## 8 Risk management

The Board of Directors of u-blox Holding AG assesses the corporate risks within the framework of a systematic risk identification and analysis. Based on this assessment, measures for risk management in the company are defined and constantly monitored. The company has a risk management system which is designed for the prompt identification and analysis of risks as well as the initiation of corresponding measures.

Financial risk management is described in more detail in Note 25 to the Group's consolidated financial statements. The organization, principles and reporting of risk management are described in Corporate Governance under the subtitle 'Risk management'.

## 9 Events after the balance sheet date

In January 2009 the subsidiaries of u-blox Holding AG granted 90'986 employee stock options on shares of u-blox Holding AG to certain members of the Board of Directors, Executive Committee members and employees.

On February 25, 2009 u-blox Holding AG announced that u-blox AG has entered into an agreement, subject to the fulfillment of customary closing condition, to acquire Neonseven SpA, headquartered in Sgonico near Trieste, Italy, for up to Euro 9.3 million, to be paid in cash. The acquisition closing has not taken place until the date of approval of these financial statements and is expected to take place on March 17, 2009.

Neonseven is a design house for wireless telecommunications. Neonseven employs 55 experts with a profound knowledge of GSM and 3G technology in the area of mobile communication. Located in Trieste, Italy, and founded in 2003, Neonseven generated 2008 revenues of EUR 4.4 million.

With the acquisition, u-blox intends to expand its product offering with GSM/GPRS cellular modem applications, adding a comprehensive portfolio of wireless communications solutions for its customers. Such modems function as the core element in fleet management, asset tracking and automotive safety applications.

There have been no other events between December 31, 2008 and March 13, 2009 that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2008 or would otherwise have to be disclosed.

## Proposal of the Board of Directors for appropriation of retained earnings 2008

(in CHF)	2008	2007
Net profit for the period	1'032'160	167'661
Brought forward from previous year	167'661	0
<b>Retained earnings</b>	<b>1'199'821</b>	<b>167'661</b>

### The Board of Directors proposes to the Annual General Meeting the following appropriation of retained earnings at December 31, 2008

To be carried forward	1'199'821	167'661
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Report of the Statutory Auditor on the Financial Statements to the General Meeting of u-blox Holding AG, Thalwil

As statutory auditor, we have audited the accompanying financial statements of u-blox Holding AG, which are presented on pages 93 to 102 and comprise the balance sheet, income statement and notes for the year ended December 31, 2008.

#### Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the company's articles of incorporation.

#### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Markus Forrer  
Licensed Audit Expert  
Auditor in Charge

Urs Matter  
Licensed Audit Expert

Root/Lucerne, March 13, 2009

## Three year overview



## Condensed consolidated income statement

(in CHF 000s)	For the year ended December 31,		
	2008	2007	2006
<b>Sales</b>	<b>74'506</b>	<b>78'360</b>	<b>54'380</b>
% growth	-4.9%	44.1%	
Cost of sales	-42'710	-49'810	-31'892
<b>Gross profit</b>	<b>31'796</b>	<b>28'550</b>	<b>22'488</b>
% gross profit margin	42.7%	36.4%	41.4%
Operating expenses	-23'385	-23'029	-15'351
<b>Profit from operations (EBIT)</b>	<b>8'411</b>	<b>5'521</b>	<b>7'137</b>
% EBIT margin	11.3%	7.0%	13.1%
Financial income	2'268	665	256
Finance costs	-7	-1'932	-437
<b>Profit before income taxes (EBT)</b>	<b>10'672</b>	<b>4'254</b>	<b>6'956</b>
% EBT margin	14.3%	5.4%	12.8%
Income tax (expense) / benefit	-1'911	1'190	404
<b>Net profit</b>	<b>8'761</b>	<b>5'444</b>	<b>7'360</b>
% net profit margin	11.8%	6.9%	13.5%
Depreciation and amortization	4'466	3'346	1'920
<b>EBITDA (unaudited)</b>	<b>12'877</b>	<b>8'867</b>	<b>9'057</b>
% EBITDA margin	17.3%	11.3%	16.7%

## Condensed consolidated balance sheet

(in CHF 000s)	At December 31, 2008	At December 31, 2007	At December 31, 2006
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	37'147	85'922	16'011
Short-term investments	47'500	0	0
Trade accounts receivable	5'940	7'772	6'134
Inventory	15'584	5'171	4'854
Other current assets	4'081	2'407	1'901
<b>Total current assets</b>	<b>110'252</b>	<b>101'272</b>	<b>28'900</b>
<b>Non-current assets</b>			
Property, plant and equipment	2'466	2'511	1'029
Intangible assets	3'314	3'129	2'637
Financial assets	307	247	161
Deferred tax assets	4'529	6'034	4'508
<b>Total non-current assets</b>	<b>10'616</b>	<b>11'921</b>	<b>8'335</b>
<b>Total assets</b>	<b>120'868</b>	<b>113'193</b>	<b>37'235</b>
<b>Liabilities and equity</b>			
Current liabilities	12'626	14'210	7'577
Non-current liabilities	2'325	1'381	1'216
<b>Total liabilities</b>	<b>14'951</b>	<b>15'591</b>	<b>8'793</b>
<b>Shareholders' equity</b>			
Share capital	5'619	5'619	4'226
Share premium	102'132	101'860	39'504
Cumulative translation differences	176	156	249
Accumulated losses	-2'010	-10'033	-15'537
<b>Total equity</b>	<b>105'917</b>	<b>97'602</b>	<b>28'442</b>
<b>Total liabilities and equity</b>	<b>120'868</b>	<b>113'193</b>	<b>37'235</b>

## Condensed consolidated cash flow statement

(in CHF 000s)	For the year ended December 31,		
	2008	2007	2006
Net cash provided by operating activities	2'570	16'663	8'775
Net cash used in investing activities	-50'239	-4'974	-558
Net cash (used in) / provided by financing activities	-364	58'870	-814
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>-48'033</b>	<b>70'559</b>	<b>7'403</b>
Cash and cash equivalents at beginning of year	85'922	16'011	8'697
Effect of exchange rate fluctuations on cash and cash equivalents	-742	-648	-89
Cash and cash equivalents at end of year	<b>37'147</b>	<b>85'922</b>	<b>16'011</b>

# Investor information and contacts

## u-blox Holding AG

Ticker details for u-blox shares

- Listing SIX Swiss Exchange
- Ticker Symbol UBXN
- ISIN-No. CH0033361673
- Swiss Security-No. 3336167
- Reuters UBXN S
- Bloomberg UBXN SW

## Corporate address

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## Investor relations

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Chief Financial Officer  
Email: jean-pierre.wyss@u-blox.com

## Website

[www.u-blox.com](http://www.u-blox.com)

## Financial calendar

- Annual General Assembly 2008: April 30, 2009
- Half Year Results 2009: September 4, 2009



### Disclaimer

This document contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the u-blox Group to differ materially from those expressed or implied. These include risks related to the success of and demand for the Group's products, the potential for the Group's products to become obsolete, the Group's ability to defend its intellectual property, the Group's ability to develop and commercialize new products in a timely manner, the dynamic and competitive environment in which the Group operates, the regulatory environment, changes in currency exchange rates, the Group's ability to generate revenues and profitability, and the Group's ability to realize its expansion projects in a timely manner. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report. u-blox is providing the information in this release as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.

### Imprint

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