Annual Report 2013



Today's mobile economy depends on supply chains. Supply chains depend on information. When will it arrive? Where is it needed? How much does it cost?

Answering these questions is what enables us to buy what we need, when we need it, and at a price we can afford. From consumer products to raw materials, industrial components to... bananas.

u-blox' positioning and wireless communication technology lets our customers answer these questions. Quickly, reliably and cost-effectively.



Discover the amazing journey of a banana with u-blox' technology **page 12**



u-blox at a glance

Foundation	1997
Business	Fabless semiconductor provider of embedded positioning and wireless communication solutions
Headquarter	Thalwil, Switzerland
Offices in	Australia, Belgium, China, Finland, India, Italy, Japan, Korea, Pakistan, Singapore, Taiwan, United Kingdom and USA
Listed	SIX Swiss Exchange (UBXN)

Employees (end of 2013, FTE based)

447

Revenue (million CHF in 2013)

219.8

EBIT (million CHF in 2013)

30.1

Net Profit (million CHF in 2013)

24.6

Markets	Consumer, Industrial and Automotive
Mission	u-blox aims to the leading provider of embedded positioning and wireless communication solutions to the global electronics industry

How we create value

Fabless business model

Working with leading semiconductor fabrication and module assembly companies allows us to focus on our two core activities:

- **Research and development** in order to deliver the breakthrough technologies that our customers need to stay ahead of their competitors, and
- **Customer service** to stay closely in-touch with the intrinsic needs of our clients

High level of competence

We are a close and reliable partner to our customers, fully supporting them from prototype to final production. Providing the highest levels of local technical and customer support is essential for our customers to achieve fast time-to-market.

Global presence

With physical presence in all the world's main markets, we stay close to our customers to make sure our innovation cycles are synchronized to ensure that they get their products quickly to market.

Extensive intellectual property

Our success depends on our ability to deliver continuous innovation to our customers. We therefore direct our research and development efforts to the design of ever smaller, higher performance products. In doing so, we have amassed an extensive intellectual property portfolio over the years.

Focus on quality

From product concept to final shipment, our quality systems ensure that every component we deliver satisfies the quality and reliability expectations of our customers while supporting environmental sustainability.

u-blox: enabling mobility

The world has become mobile. People, vehicles and things are permanently connected to the internet. No matter where they are. This has made wireless connectivity and location information crucially important.

By communicating where someone or something is, people and machines can exchange useful information, and answer interesting questions:

- Where am I, and what is around me?
- How much of a resource was used, when and by whom?
- Where is my shipment, and when will I receive it?
- Who will assist me when I need help, and how will they find me?
- How far did I jog, and what was my route?

All these applications have two important functionalities in common: wireless communications and satellite positioning. This is precisely what u-blox delivers through our extensive portfolio of wireless communication and positioning chips and modules.

Who are our customers?

With over 4'500 customers around the world, u-blox has achieved an industry-wide reputation as an innovative and reliable vendor of semiconductor components conforming to our markets' stringent quality standards. Our customers include:

- Providers of vehicle, asset and personal locator devices
- Tier-1 suppliers of in-dash automotive sub-systems for navigation, emergency call, anti-theft, road pricing and insurance solutions
- Consumer electronics manufacturers who embed our positioning and wireless communications technology into personal locators, toys, tablets, notebooks, cameras and recreational devices
- OEMs of industrial products for remote metering, security, surveillance, control and factory automation
- Manufacturers of telecommunications infrastructure who depend on our precision timing solutions for macro-, femto- and small-cell base station synchronization

u-blox' chips and modules are at the heart of each design because they enable our customers to create and deliver valuable products and services, all thanks to our innovative wireless and positioning technologies.

u-blox at a glance

How we create value

Enabling mobility

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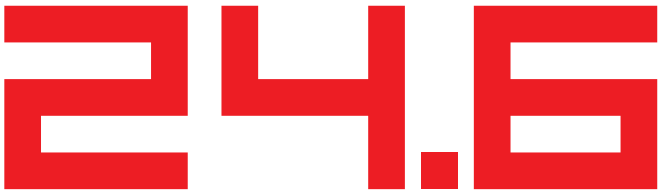
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Financial highlights

Key figures (CHF in million)

	2011	2012	2013
Revenue	**124.7**	**173.1**	**219.8**
Growth rate over previous year	10.6%	38.8%	27.0%
Operating profit (EBIT)	**21.2**	**22.9**	**30.1**
Margin on revenue	17.0%	13.3%	13.7%
Growth rate over previous year	11.2%	8.2%	30.9%
Net profit, attributable to owners of the parent	**16.5**	**17.1**	**24.6**
Margin on revenue	13.2%	9.9%	11.2%
Growth rate over previous year	27.8%	3.5%	44.3%
Net cash generated from operating activities	**18.6**	**32.1**	**38.5**
Margin on revenue	14.9%	18.5%	17.5%
Growth/(decline) rate over previous year	-10.0%	72.5%	19.9%

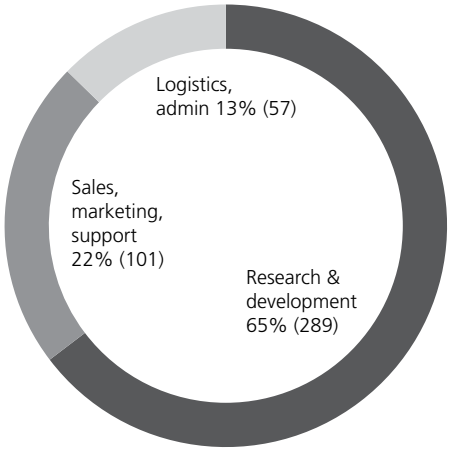
Net profit (CHF in million)



Employees

Employee breakdown total: 447 (end of 2013, FTE based)

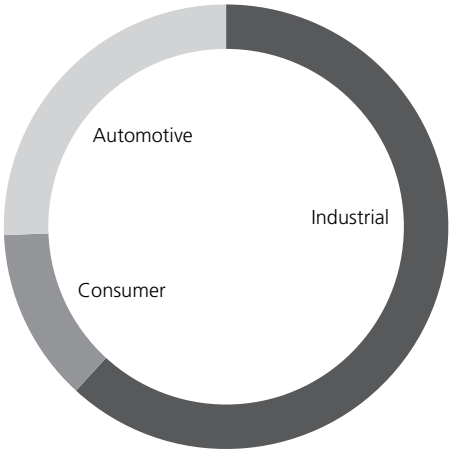
73% of employees based outside Switzerland (spread over 15 countries)



Revenue

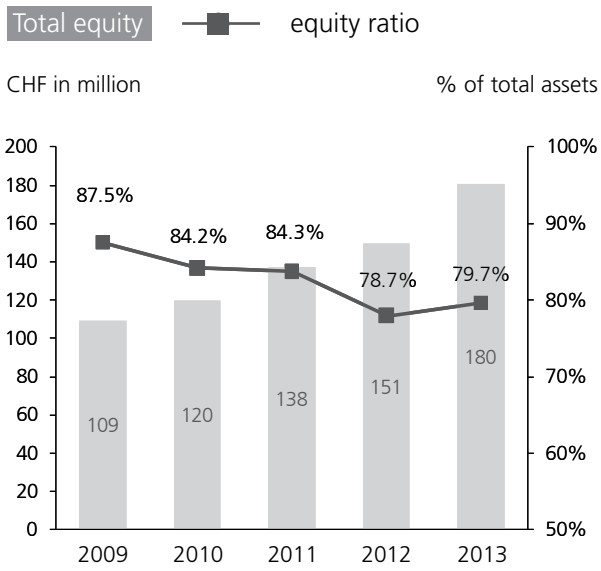
u-blox revenue split per market

Estimate



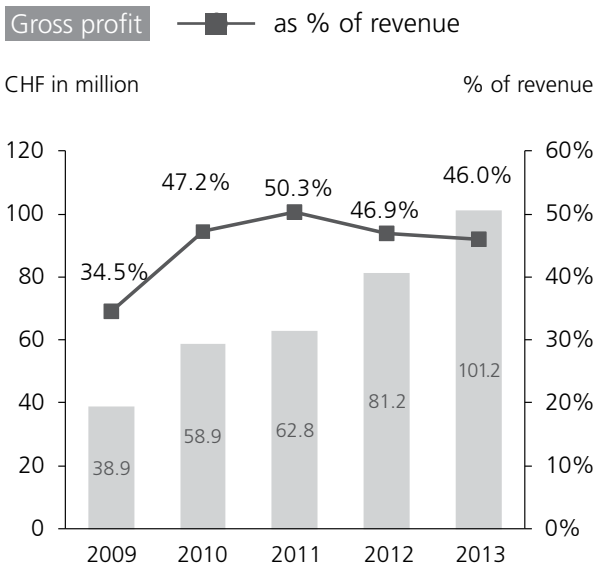
Equity

Total equity and equity ratio



Gross profit

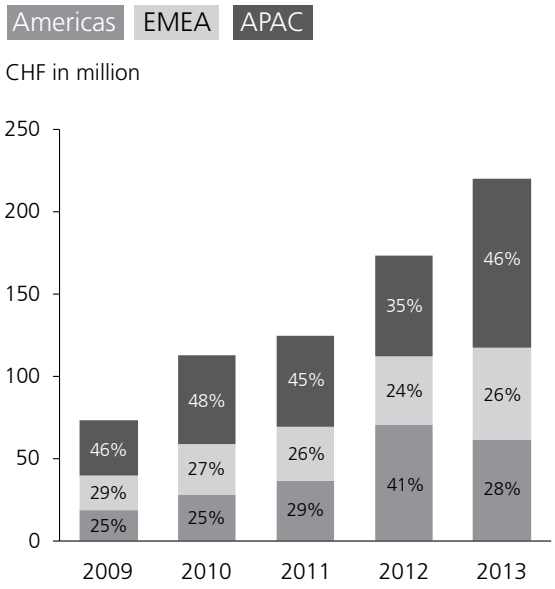
Gross profit and gross profit margin



Revenues

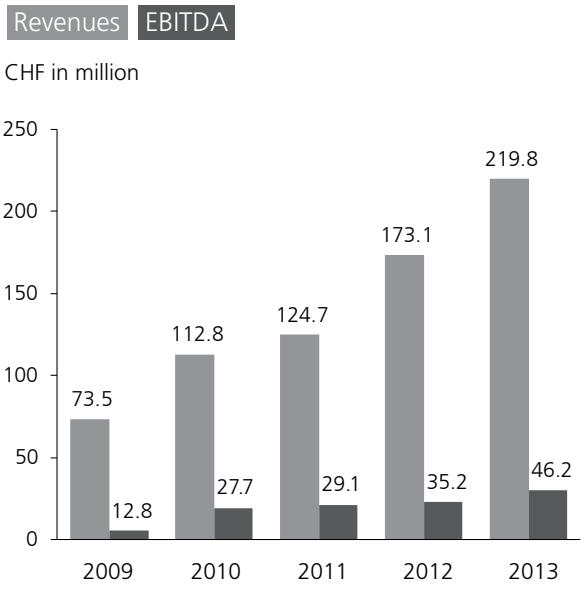
Revenues by geography

Based on customer's location



Performance

Revenues/EBITDA



Operational highlights

Solid revenue growth in all regions

Sales experienced a healthy increase in 2013 with major growth achieved in the automotive markets for in-dash navigation systems and vehicle telematics. Strong growth was achieved across all our activities: We increased our revenues by 27.0% and EBIT increased by 30.9% as compared to 2012.

Industry awards

u-blox earned two awards for excellence during 2013; Korea's New Media Prize for best communications product for the LISA-U2 3G wireless module, and M2M magazine's Global Top 100 award for excellence in connectivity solutions for the 3rd year in a row.

Corporate Social Responsibility

u-blox established a 5-phase Sustainable Supplier Program to help our suppliers understand u-blox' expectations with respect to their performance in the field of social, ethical and environmental management.

Strategic new products

u-blox' portfolio of positioning and wireless products was expanded with thirteen new products. The company launched its first 4G LTE module, new positioning chips supporting two satellite systems concurrently, plus numerous products targeting specific industrial and regional requirements.

Continued excellence in logistics performance

u-blox continued its long tradition of production and delivery excellence during a year of steep production ramp-up, especially for demanding automotive chips. High quality levels were maintained for both chip and module production. u-blox celebrated a 10-year collaboration with module partner Flextronics where production lines became fully automated during the year.

Positioning platform upgrade

u-blox introduced the 8th generation of its positioning platform, u-blox M8, which includes support for China's BeiDou standard. The platform increases positioning performance while supporting all deployed satellite positioning standards around the world.

Certifications of wireless modules

Major new operator certifications for u-blox' wireless modules were granted by SK Telecom (Korea), Sprint (USA), Vodafone (Global), and Softbank Mobile (Japan).

Increase of staff and know-how

u-blox expanded its team of specialists by opening a new R&D center in Ireland focusing on 4G LTE radio frequency technology. In Pakistan a new expanded facility was opened to accommodate the growing team of software engineers focusing on protocol stack technology. Both technologies are key components of the company's strategy to build the in-house expertise related to all aspects of 4G LTE communications chip technology.

Quality milestones

u-blox successfully passed both ISO 9001:2008 re-certification audits at its headquarters in Thalwil, Switzerland, and wireless R&D center in Sgonico, Italy.

Increased revenues

27.0%

Employees (FTE, end of 2013)

447

Letter to the shareholders

Dear Shareholders,

We are pleased to report another year of excellent growth at u-blox. In 2013, we maintained momentum in our target markets, achieving healthy increase in sales, EBIT, number of customers and overall market share. This is our fifth year in a row of solid financial results and market expansion, a track record of which we are extremely proud. We recorded a 146% increase in share value during the year and thank you, our shareholders, for believing in our company and participating in our success.

u-blox proposes a dividend payout of CHF 1.30 per share. The proposed dividend will be put to shareholders for approval at the Annual General Meeting.

Continued growth in sales and profit
In 2013, worldwide sales growth of 27.0% over 2012 was achieved. Strong growth in APAC (+68%) and very robust development in EMEA (+34%) was achieved; revenues in the Americas declined by 13% because several large US customers chose to outsource manufacturing to Asia. Without this effect business generated by our US-based sales team increased by over 20%.

Our dominance in components for vehicle tracking was maintained with continued expansion. High growth was also experienced in the in-dash automotive navigation market where u-blox is acknowledged as the global technology and quality leader. Business also grew strongly for people and animal monitoring devices, financial transaction terminals, recreation equipment and vehicle telematics systems (emergency call, insurance, anti-theft, etc.).

Our product and service business segments both generated positive EBIT during 2013. Consolidated revenue was up by CHF 46.7 million to CHF 219.8 million with increased volumes, while EBIT increased from CHF 22.9 million to CHF 30.1 million, a 30.9% increase over the previous year. Net profit grew by 44.3% to CHF 24.6 million, representing a 11.2% net profit margin for 2013.

> Worldwide sales growth of 27.0% over 2012 was achieved.

Growth driven by demand for connected mobility in the "Internet of Things"
Our products serve virtually all growth sectors that make up the "Internet of Things" (IoT). u-blox is positioned at the heart of this megatrend, able to deliver crucial chips and modules for both embedded positioning and wireless communications. With the IoT theme now firmly established, demand for our products has proliferated right across our core markets.

Successful strategy development
Our corporate strategy focuses on an ambitious goal: to reach a half-billion dollar in annual revenues, with comparable growth in EBIT, within the next few years. Our expansion, acquisition, manufacturing, and product strategies are all aligned to meet this target. In doing so, we intend to become the number one provider of wireless and positioning modules and chips that serve the broad range of applications supporting embedded mobility.

Our focus on wireless and positioning technologies that support Machine-to-Machine (M2M) communications and the IoT continues to drive our innovation. Our positioning product strategy clearly focuses on serving all five deployed satellite navigation systems, our wireless strategy is to support all four mobile communication standards worldwide. We continue to leverage complementary functionality between our positioning and wireless technologies, a strategy that has resulted in our "AssistNow" accelerated positioning and "CellLocate" indoor positioning services, both of which were expanded and improved during the year. Our packaging strategy to deliver form-factor and layout compatible products across successive product generations is highly appreciated by our customers and remains a key reason why they stay with u-blox.

Finally, our underlying philosophy of delivering our own chip and module solutions based on in-house technology is being extended to the wireless domain. This places the company in an excellent position to participate in the extremely promising 4G LTE revolution. At the same time we remain committed not to compete with our customers, but rather focus on supporting them with outstanding components and services.

Acquisitions
Although no acquisitions were made in 2013, previous acquisitions were further integrated into the company during the year. With healthy liquidity of CHF 60.6 million, we remain in an agile position to acquire the necessary technologies, expertise and products to maintain our market lead and further broaden our technology base.

Products highlights and market firsts
We were very active with product innovation during 2013 with 13 attractive new products launched. This included several market firsts: the world's smallest satellite positioning module (EVA-7M), the world's smallest 3G wireless communications module (SARA-U2), the smallest 4G LTE module (TOBY-L1) and our next generation u-blox M8 positioning platform. u-blox M8 can track two satellite systems simultaneously, and was the world's first commercially available single-chip solution to support all deployed Global Navigation Satellite Systems ("GNSS"), including China's BeiDou system.

Industry recognition
u-blox earned two awards for excellence during 2013; Korea's New Media Prize for best communications product for the LISA-U2 3G wireless module, and M2M magazine's Global Top 100 award for excellence in connectivity solutions for the 3rd year in a row.

Focus on quality
We continued our focus on quality and logistical excellence during a year of strong production ramp-up at our customers. u-blox celebrated a 10-year collaboration with module partner Flextronics in Austria where production lines became fully automated. u-blox successfully passed ISO 9001:2008 re-certification audits at its headquarters in Thalwil, Switzerland, and wireless R&D center in Sgonico, Italy.

Challenges and risks
Uncertainty in some European economies will continue to be an issue in 2014 and may affect some of our customers. With thousands of customers spread across many market sectors all over the world, the largest customer accounting for less than 11% of revenue, u-blox enjoys a natural protection against adverse market or regional developments. The strength of the Swiss Franc, our reporting currency, remains a disadvantage. At the relative gross margin level we still enjoy a natural hedge against currency fluctuation as our production costs are incurred in the same currencies we use to invoice our customers. A major part of our headcount and all our production are located around the world outside of the Swiss Franc zone, either close to our customers or at one of our R&D centers in the UK, USA, Italy, Belgium, Ireland, Pakistan and Finland.

Board and management members
There were no changes in Board of Directors, or Executive Management during the year.

Outlook
Strong market demand for internet connectivity and location-awareness have combined to create an enormous ecosystem of products and services that serve every sector of the global economy; from supply chain management, to connected consumer devices, to mobile payment solutions, to systems for vehicle and personal safety. Combined with the 4G LTE telecoms revolution and the adoption of internet protocol version 6, we are witnessing only the tip of the iceberg.

In the near future, countless devices will possess high-speed connectivity and access to almost limitless cloud-computing power. Our growing portfolio of embedded chips and modules that serve all deployed cellular standards and satellite positioning systems means u-blox is perfectly positioned to reap the benefits of the exploding "Internet of Things".

With our growing base of over 4'500 global customers, recognized strategy, quality, brand and in-house expertise, we have laid a solid platform for continued success. For the year 2014, u-blox gives an EBIT guidance between CHF 34 million and CHF 38 million, and a revenue guidance between CHF 255 million and CHF 265 million. This outlook is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level (USD/CHF: 0.90; EUR/CHF: 1.23).

On behalf of the Board of Directors and the Executive Committee, we would like to thank our growing team of highly-skilled employees for their commitment and excellent performance delivered during 2013. Our gratitude also goes to our shareholders for their belief and trust in u-blox, and to our valued customers, suppliers and manufacturing partners.

We look forward to continued success in an exciting 2014.



Fritz Fahrni
Chairman of the Board of Directors



Thomas Seiler
CEO



Roland Jud
CFO

Brief an unsere Aktionäre

Sehr geehrte Aktionärinnen und Aktionäre,

2013 war ein weiteres Jahr mit ausgezeichnetem Wachstum für u-blox. Wir konnten die Dynamik in unseren Zielmärkten intakt halten und Umsatz, Betriebsgewinn (EBIT) sowie Kundenzahl weiter steigern. u-blox erzielte bereits das fünfte Jahr in Folge solide Finanzergebnisse und höhere Marktanteile – eine Erfolgsstatistik, auf die wir sehr stolz sind. Der Wert unserer Aktie ist im Jahresverlauf um 146% gestiegen. Ein herzlicher Dank an Sie, unsere Aktionäre, die an unser Unternehmen glauben und an unserem Erfolg teilhaben.

u-blox schlägt die Auszahlung einer Dividende von CHF 1.30 pro Aktie vor. Die vorgeschlagene Dividende wird den Aktionären an der Generalversammlung zur Genehmigung vorgelegt.

Anhaltendes Umsatz- und Gewinnwachstum
2013 wurde weltweit ein Umsatzwachstum von 27.0% gegenüber dem Vorjahr erzielt. Die Region Asien/Pazifik legte mit +68% kräftig zu, und auch die EMEA-Region verzeichnete einen sehr soliden Anstieg von +34%. Dagegen sank der Umsatz in Amerika um 13%, weil mehrere Grosskunden ihre Fertigung nach Asien ausgelagert hatten. Ohne diesen Effekt konnte unser Vertriebsteam in den USA den Umsatz um über 20% steigern.

Unsere Marktdominanz bei Komponenten für Fahrzeugortungssysteme wurde mit weiterer Expansion gehalten. Ein ebenfalls hohes Wachstum zeigte der Markt für im Fahrzeug integrierte Navigationssysteme, wo u-blox die unbestrittene Technologie- und Qualitätsführerschaft innehält. Weitere wachstumsstarke Segmente waren Ortungsgeräte für Personen und Tiere, Finanztransaktionsterminals, Freizeitgeräte und Telematiksysteme, für Notruf, Versicherungs-, Diebstahlsicherungssysteme usw.

> Weltweit wurde ein Umsatzwachstum von 27.0% gegenüber dem dem Vorjahr erzielt.

Sowohl das Produkt- als auch das Dienstleistungssegment erreichten 2013 einen positiven EBIT. Der Konzernumsatz erhöhte sich bei starkem Stückzahlenwachstum um CHF 46.7 Millionen auf CHF 219.8 Millionen. Der EBIT verbesserte sich im Vergleich zum Vorjahr um 30.9% von CHF 22.9 Millionen auf CHF 30.1 Millionen. Der Reingewinn konnte um 44.3% auf CHF 24.6 Millionen gesteigert werden, was einer Reingewinnmarge von 11.2% entspricht.

Wachstum angetrieben durch die Nachfrage nach vernetzter Mobilität im „Internet der Dinge"
Unsere Produkte bedienen praktisch alle Wachstumssegmente, die das „Internet der Dinge" (Internet of Things, IoT) ausmachen. u-blox ist an zentraler Stelle dieses Megatrends positioniert und kann Chips und Module sowohl für die Ortung als auch die drahtlose Kommunikation liefern. Im Zuge dieses inzwischen verfestigten IoT-Trends ist die Nachfrage nach unseren Produkten in unseren Zielmärkten stark angestiegen.

Erfolgreiche Strategieentwicklung
Unsere Unternehmensstrategie konzentriert sich auf ein ehrgeiziges Ziel: In den nächsten Jahren wollen wir einen jährlichen Umsatz von einer halben Milliarde US-Dollar mit vergleichbarem EBIT-Wachstum erzielen. Unsere Expansions-, Akquisitions-, Fertigungs- und Produktstrategien sind alle darauf ausgerichtet, diese Vorgabe zu erreichen. Damit wollen wir zum grössten Anbieter von drahtlosen Kommunikations- und Positionierungsmodulen und Chips avancieren, die das gesamte Anwendungsspektrum zur Unterstützung der integrierten Mobilität abdecken.

Unser Fokus auf Wireless- und Positionierungstechnologien und Synergien, die die Machine-to-Machine (M2M)-Kommunikation und IoT unterstützen, sind weiter der Motor unserer Innovationskraft. Die Strategie für Positionierungsprodukte legt einen klaren Schwerpunkt auf die Einbindung aller fünf verfügbaren Satellitennavigationssysteme, und unsere Wireless-Strategie sieht die Unterstützung aller vier weltweiten Mobilfunkstandards vor. Durch die Nutzung komplementärer Funktionalität zwischen Positionierung und drahtloser Kommunikation sind die Lösungen AssistNow für die beschleunigte Positionsbestimmung und CellLocate für die Ortung in Gebäuden entstanden, die beide während des Jahres erweitert und verbessert wurden. Unsere Strategie, Produkte zu liefern, die von ihren Abmessungen und ihrem Layout her mit früheren Produktgenerationen kompatibel sind, wird von unseren Kunden sehr geschätzt und bildet weiterhin einen Hauptgrund für deren Treue zu u-blox.

Unsere zugrunde liegende Philosophie, eigene Chip- und Modullösungen auf Basis firmeninterner Technologie anzubieten, erstreckt sich auch auf den Wireless-Bereich. Dadurch ist das Unternehmen in einer ausgezeichneten Position, um an der äusserst vielversprechenden 4G LTE-Revolution zu partizipieren. Gleichzeitig achten wir weiterhin darauf, nicht mit unseren Kunden in Konkurrenz zu treten, sondern sie mit hervorragenden Produkten in der Aufrechterhaltung der Wettbewerbsposition in ihren Märkten zu unterstützen.

Akquisitionen
2013 wurden zwar keine neuen Akquisitionen getätigt, frühere Erwerbe jedoch komplett in das Unternehmen integriert. Mit einer soliden Liquidität von CHF 60.6 Millionen sind wir auch zukünftig gut aufgestellt, um schnell notwendige Technologien, Know-how und Produkte zu erwerben und so unsere Marktführerschaft aufrechtzuerhalten und die Technologiebasis weiter zu verbreitern.

Produkthighlights und Marktneuheiten
2013 haben wir sehr aktiv Produktinnovation betrieben und 13 neue Produkte auf den Markt gebracht. Dazu gehörten mehrere absolute Marktneuheiten: das weltweit kleinste Satellitenpositionierungsmodul (EVA-7M), das weltweit kleinste 3G-Mobilfunkmodul (SARA-U2), das kleinste 4G LTE-Modul (TOBY-L1) und u-blox M8, die nächste Generation unserer Positionierungsplattform. u-blox M8 kann Signale von zwei Satellitensystemen gleichzeitig empfangen und auswerten und ist die erste kommerziell erhältliche Single-Chip-Lösung, die alle globalen Satellitennavigationssysteme (GNSS), einschliesslich des chinesischen BeiDou-Systems, unterstützt.

Branchenauszeichnungen
u-blox erhielt im Jahr 2013 zwei Auszeichnungen: das 3G-Mobilfunkmodul LISA-U2 gewann den koreanischen New Media Prize für das beste Kommunikationsprodukt. Weiter wurde u-blox das dritte Jahr in Folge in die vom Magazin M2M geführte Liste der Global Top 100, ein Verzeichnis der innovativsten Anbieter von Connectivity-Lösungen, aufgenommen.

Fokus auf Qualität
Wir setzten unseren Fokus auf Qualität und logistische Spitzenleistungen in einem Jahr umfangreicher Produktionsanläufe bei unseren Kunden weiter fort. u-blox feierte das zehnjährige Bestehen seiner Partnerschaft mit Flextronics in Österreich, wo die Produktionslinien vollständig automatisiert wurden. Das Unternehmen bestand erfolgreich die ISO 9001:2008 Re-Zertifizierung in seiner Hauptniederlassung in Thalwil, Schweiz, und im Forschungszentrum für drahtlose Kommunikation in Sgonico, Italien.

Herausforderungen und Risiken
Die anhaltende Unsicherheit in mehreren europäischen Ländern wird auch 2014 ein Thema sein und kann sich auf einige unserer Kunden auswirken. Mit mehreren tausend Kunden, die sich auf viele Marktsektoren auf der ganzen Welt verteilen – der grösste Kunde hat einen Umsatzanteil von weniger als 11% –, verfügt u-blox über einen natürlichen Schutz vor ungünstigen Marktumständen oder regionalen Entwicklungen. Der hohe Wert des Schweizer Franken, unserer Berichtswährung, ist weiterhin ein Nachteil. Auf Ebene der relativen Bruttogewinnmarge verfügen wir über eine natürliche Absicherung gegen Fremdwährungsschwankungen, weil die Produktionskosten in denselben Währungen anfallen, in denen wir die Rechnungen an unsere Kunden ausstellen. Ein Grossteil unserer Belegschaft und alle Fertigungsstandorte sind ausserhalb der Schweiz angesiedelt, entweder in der Nähe unserer Kunden oder in einem der F&E-Zentren in Grossbritannien, den USA, Italien, Belgien, Irland, Pakistan und Finnland.

Mitglieder in Verwaltungsrat und Geschäftsleitung
Die Zusammensetzung des Verwaltungsrates und der Geschäftsleitung hat sich 2013 nicht verändert.

Ausblick
Durch die starke Nachfrage nach Internetanbindung und Standorterkennung ist ein riesiges Ökosystem von Produkten und Dienstleistungen entstanden, die jede Branche der Weltwirtschaft bedienen: vom Supply-Chain-Management, über vernetzte Konsumgeräte und mobile Zahlungslösungen bis hin zu Fahrzeug- und Personensicherheitssystemen. Zusammen mit der 4G LTE-Revolution in der Telekommunikation und Version 6 des Internet Protocol bildet dies nur die Spitze des Eisbergs.

In naher Zukunft wird eine enorme Anzahl von Geräten über einen schnellen Internetanschluss und fast grenzenlose Cloud-Computing-Leistung verfügen. Unser wachsendes Portfolio an integrierten Chips und Modulen für alle verwendeten Mobilfunkstandards und Satellitenortungssysteme bildet eine ideale Ausgangsbasis, um vom explodierenden „Internet of Things" zu profitieren.

Mit unserem zunehmenden Kundenkreis von über 4'500 weltweiten Kunden, unserer anerkannten Strategie, Qualität, Marke und firmeninternen Expertise haben wir einen soliden Grundstein für nachhaltigen Erfolg gelegt. Für 2014 erwartet u-blox einen Umsatz zwischen CHF 255 Millionen und CHF 265 Millionen, bei einem EBIT zwischen CHF 34 Millionen und CHF 38 Millionen. Diese Prognose basiert auf der Annahme, dass keine unvorhergesehenen negativen wirtschaftlichen Entwicklungen eintreten und die Wechselkurse im Planbereich liegen (USD/CHF: 0.90; EUR/CHF: 1.23).

Im Namen des Verwaltungsrats und der Geschäftsleitung möchten wir unserer wachsenden Belegschaft hoch qualifizierter Mitarbeiter für ihren Einsatz und ihre ausgezeichnete Leistung 2013 bestens danken. Ein Dank geht auch an unsere Aktionäre für ihre Unterstützung und ihr Vertrauen in u-blox und an unsere geschätzten Kunden, Lieferanten und Fertigungspartner.

Wir freuen uns auf eine Fortsetzung unseres Erfolgs in einem spannenden Jahr 2014.



Fritz Fahrni
Verwaltungsratsvorsitzender

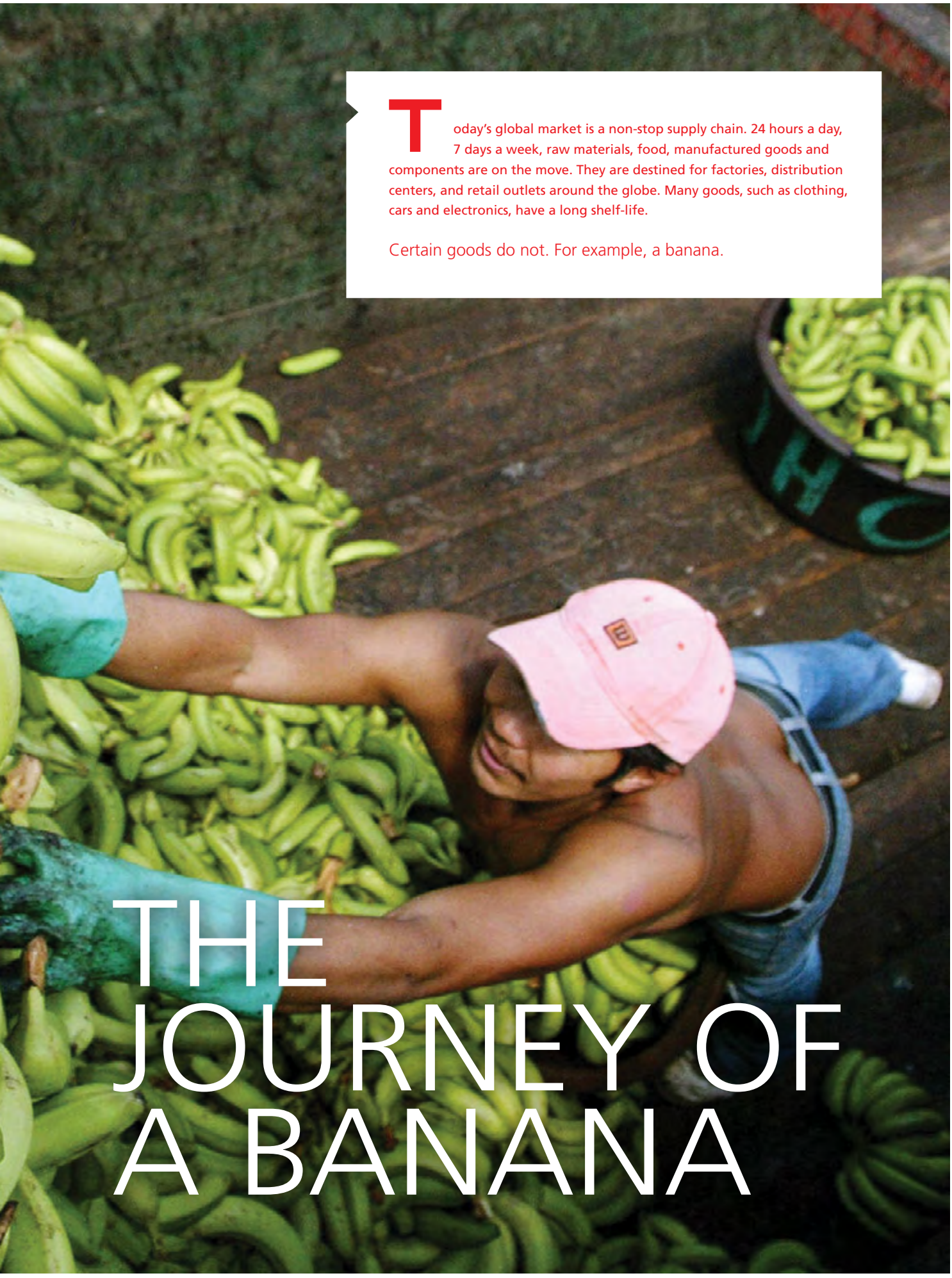


Thomas Seiler
CEO



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Today's global market is a non-stop supply chain. 24 hours a day, 7 days a week, raw materials, food, manufactured goods and components are on the move. They are destined for factories, distribution centers, and retail outlets around the globe. Many goods, such as clothing, cars and electronics, have a long shelf-life.

Certain goods do not. For example, a banana.

THE JOURNEY OF A BANANA



1

This banana grew in Ecuador, about 9'000 km from where this woman in Switzerland is enjoying it with her breakfast.

Its inter-continental trip from the plantation to this table was made possible by advanced transportation, communications, food processing and tracking technology.

u-blox' satellite positioning and wireless technologies played an important role in this process: to ensure that a green, unripe banana harvested in South America arrives ripe, and ready to eat an ocean and many weeks away from its point of origin... and at an attractive price.



At banana plantations in tropical regions around the world, thousands of tons of bananas must be harvested and shipped immediately. Plantation owners must quickly negotiate with buyers to sell their crop quickly and at the best possible price. As the fruit ripens, time is critical: buyers and sellers must reach agreement as fast as possible to minimize crop loss due to premature ripening.

Wireless technology has streamlined this process. Low-cost mobile terminals allow growers to be connected with the market, without leaving the plantation.



u-blox' wireless internet ambition
To be the number one provider of embedded 2G, 3G and 4G cellular connectivity that enhances mobility, increases efficiency, and expands visibility of people, goods, devices and vehicles.

Behind the scenes is a vast network of wireless communication base stations. Mounted on points of high-elevation around the world, each tower is the basis of a "cell". When a mobile phone or other connected device moves from one cell to another, the conversation is automatically "handed-off" from one cell to the next, giving the user the experience of uninterrupted service.

A crucial element behind this process is precise time-synchronization: to enable roaming, each base-station must have its clock precisely synchronized with its neighbour to within a few microseconds.

u-blox provides this technology through compact electronic modules that extract precision timing signals broadcast from global positioning satellites orbiting 20 thousand kilometers overhead. Available virtually anywhere, precision timing based on satellite-hosted atomic clocks is used in many critical infra-structure systems from communications to banking to power distribution networks. Positioning satellites deliver extremely useful information in addition to "just" a position!





u-blox provides crucial elements for wireless and industrial infrastructure
We leverage the accuracy of satellite-based atomic clocks to support telecoms, finance and infrastructure systems.



4

The first leg of the journey has begun. Hundreds of tons of bananas have been packed into refrigerated containers, all destined for different ports around the world.

To delay the ripening process, each container must be held at precisely 13 degrees Celsius and adhere to strict humidity and ventilation conditions. Monitoring of hundred of containers, each exposed to severe weather over several weeks at sea is accomplished through wireless communications: each container is monitored via sensors connected to an embedded u-blox wireless module.

A ship-mounted base station receives each signal, and reports the status to the shipping company's control center. This makes sure that each container of bananas is held under ideal conditions to prevent cargo loss due to spoilage. A u-blox positioning module mounted inside also reports the location of each container, allowing logistics firms to know where their shipment is, and when they can expect it to arrive.



At the heart of reliable global positioning: u-blox satellite receivers
u-blox' positioning chips and modules provide reliable global positioning capability to millions of products around the world.

Upon arrival at port, the ripening process begins. Bananas are unloaded and heated to 17 degrees Celsius, and exposed to ethylene gas. After a few days, the bananas start turning yellow and are ready for transport to stores around the country.

A fleet of transport trucks are loaded with bananas as well as other refrigerated goods, destined for shops. Precise monitoring of each truck's location, time of arrival, as well as inventory and storage conditions is accomplished using u-blox global positioning and embedded wireless communications technology.

Many other parameters are monitored, such as driving behaviour, optimal route, speed and fuel efficiency. In case of an accident, or breakdown, emergency services are automatically informed, and the truck's position reported.

Fleet management via global positioning and wireless communications is a crucial element to insure that volatile shipments are punctual and that waste is kept to a minimum. This in turn keeps products affordable to consumers.



u-blox wireless + positioning modules
u-blox' converged technologies allows our customers to track their assets both outside and indoors.



After a long journey the ripe bananas are ready for purchase. With a swipe of a card, a wireless point-of-sale (PoS) terminal transmits credit information to a central computer far away. Within seconds, the transaction is completed and the bananas are placed in a shopping bag.

At the heart of the PoS terminal is a u-blox wireless module and global positioning receiver. The first enables the secure purchase over a mobile network, the second records the place of purchase.

Everything in this picture has followed a similar route. Food, textiles, vehicles and consumer goods travel thousands of kilometers to be where they are needed. Transporting each one safely, intact, on-time and cost-efficiently is what enables today's global economy.

u-blox wireless communications and global positioning technology plays an important role in all these processes, a role that seldom comes to mind when peeling a banana.



Powering the global marketplace
u-blox wireless modules are at the heart of PoS terminals around the world, allowing customers and retailers to conduct business anywhere, anytime.

Business review 2013



Financial summary

Financial highlights

u-blox achieved strong top- and bottom line growth:

- Consolidated revenue of u-blox was CHF 219.8 million in 2013, a growth of 27.0% as compared to 2012
- Gross profit improved from CHF 81.2 million to CHF 101.2 million, with a continued good gross profit margin of 46.0% in 2013
- Operating profit (EBIT) increased from CHF 22.9 million to CHF 30.1 million, a growth of 30.9% as compared to 2012
- EBITDA margin of 21.0%, EBIT margin of 13.7%
- Net profit increased by 44.3% from CHF 17.1 million to CHF 24.6 million, representing a 11.2% net profit margin for 2013
- Strong net cash generated from operating activities was CHF 38.5 million, representing 17.5% of revenue
- Healthy balance sheet with a high equity ratio of 79.7%
- The payout of a dividend of CHF 1.30 per share from capital reserves is to be proposed at the Annual General Meeting

Revenue million CHF

219.8

Gross profit margin

46.0%

Net cash generated from operating activities million CHF

38.5

Consolidated income statement

(in CHF 000s)	For the year ended December 31, 2013	% revenue	For the year ended December 31, 2012 restated	% revenue
Revenue	**219'813**	100.0%	**173'128**	100.0%
Cost of sales	-118'654	-54.0%	-91'949	-53.1%
Gross profit	**101'159**	46.0%	**81'179**	46.9%
Distribution and marketing expenses	-21'217	-9.7%	-17'828	-10.3%
Research and development expenses	-38'941	-17.7%	-32'730	-18.9%
General and administrative expenses	-11'034	-5.0%	-7'785	-4.5%
Other income	83	0.0%	112	0.1%
Operating profit (EBIT)	**30'050**	13.7%	**22'948**	13.3%
Finance income	1'013	0.5%	922	0.5%
Finance costs	-2'193	-1.0%	-2'487	-1.4%
Profit before income tax (EBT)	**28'870**	13.1%	**21'383**	12.4%
Income tax expense	-4'227	-1.9%	-4'305	-2.5%
Net profit, attributable to owners of the parent	**24'643**	11.2%	**17'078**	9.9%
Operating profit (EBIT)	30'050	13.7%	22'948	13.3%
Depreciation and amortization	16'138	7.3%	12'240	7.1%
EBITDA[1)]	**46'188**	21.0%	**35'188**	20.3%

[1)] Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to operating profit (EBIT), in each case determined in accordance with IFRS.

Revenue breakdown
u-blox operates in two segments:

- Positioning and Wireless products
  u-blox develops and sells GPS/GNSS chips and modules, and wireless modules which are used in automotive, industrial and consumer applications. Revenue was CHF 219.8 million for 2013 as compared to CHF 171.1 million in 2012.

- Wireless services
  u-blox also offers wireless communication technology services in terms of reference designs and software, an activity which was reinforced by the acquisitions in 2012 of Cognovo Ltd. and 4M Wireless Ltd. In 2013, revenue for Wireless services was CHF 18.9 million compared to CHF 14.4 million in 2012 (including intra-group revenue).

In 2013, Asia Pacific generated 46.5%, EMEA 25.5% and Americas 28.0% of total revenue. Revenue for the Asia Pacific grew by 68.2% to CHF 102.2 million and EMEA grew by 33.5% to CHF 56.0 million. Because large customers choose to outsource manufacturing to Asia revenue for America decreased by 12.5% to CHF 61.7 million. Without this effect, revenues would have grown by over 20%.

In 2013, the company made about 80% of its total revenue from 67 customers. u-blox' largest customer accounted for less than 11% of revenue. u-blox served over 4'500 customers and achieved global expansion into new regions and markets.

Increased gross profit
Gross profit increased by 24.6% to CHF 101.2 million in 2013 from CHF 81.2 million in 2012. Gross profit margin was 46.0% for 2013, declining from 46.9% in 2012 because of the changes in product mix.

Distribution and marketing activities
Distribution and marketing expenses increased in 2013 due to the expansion of the business. In 2013, distribution and marketing activities were CHF 21.2 million as compared to CHF 17.8 million in the previous year. As a percentage of revenue, distribution and marketing expenses were 9.7% in 2013 compared to 10.3% in 2012.

Research and product development
R&D expenses in 2013 were CHF 38.9 million as compared to CHF 32.7 million in 2012. As a percentage of revenue, R&D expenses in 2013 were 17.7% as compared to 18.9% in 2012. The percentage wise decrease is due to higher capitalization of R&D expenses because of the strategic investments into 4G LTE technology and due to higher revenues.

Stock option expenses
The stock option expenses recognized in 2013 were CHF 2.2 million as compared to CHF 1.9 million in 2012.

Growth of operating profit (EBIT)
EBIT was CHF 30.1 million in 2013 as compared to CHF 22.9 million in the previous year. Growth rate from 2012 to 2013 was 30.9%. EBIT margin was 13.7% and EBITDA margin was 21.0% in 2013.

Finance income and costs
Finance income was CHF 1.0 million. Finance costs were CHF 2.2 million, mainly due to negative foreign exchange results from operations.

Positive net cash generated from operating activities
In 2013, u-blox generated cash from operating activities in the amount of CHF 38.5 million as compared to CHF 32.1 million in 2012. Inventory level has increased due to the expansion of the business and due to higher revenue.

Main investing activities
Investments in capitalized development costs were CHF 14.9 million as compared to CHF 3.7 million in 2012. CHF 10.9 million was invested in furniture, equipment, tools and test infrastructure for the further expansion of capacity and approximately CHF 7.9 million in software intellectual property rights and acquired technology.

Financing activities
There was the repayment of remaining borrowings and other payables from acquisitions in 2012 of CHF 3.3 million, a dividend payment of CHF 6.4 million and proceeds from the issuance of ordinary shares connected with the employee share option plan of CHF 4.9 million.

Strong financial position
u-blox has a very strong balance sheet with an equity ratio of 79.7%. Cash and cash equivalents and marketable securities remain stable at CHF 60.6 million at December 31, 2013 compared to CHF 60.6 million at December 31, 2012.

Goodwill only slightly changed from CHF 37.7 million in 2012 to CHF 37.8 million or 16.7% of total assets in 2013 due to foreign currency effects.

Due to this strong financial position and the positive outlook, the Board of Directors proposes at the Annual General Meeting to pay-out dividends. For this year an increased dividend of CHF 1.30 per share is suggested which represents a payout ratio of 34.1% of consolidated net profit, attributable to owners of the parent.

Investments
Investments in property, plant and equipment and intangible assets amounted to CHF 33.7 million in 2013 which is an increase of 138.2% over the previous year. As percentage of sales the investment ratio was 15.3% in 2013 (2012: 8.2%).

Due to the strategic decision to invest into the development of a 4G LTE chipset and the further development of GNSS products the investments into capitalized development costs were more than tripled to CHF 14.9 million (2012: CHF 3.7 million) and additionally CHF 6.0 million (2012: CHF 4.0 million) were invested into intellectual property rights. In 2013, CHF 10.9 million of investments were used for property, plant and equipment (2012: CHF 4.3 million) to further expand our capacity.

u-blox invested 62.0% of total investments (2012: 54.6%) into development of new products and 20.1% of total investments were invested into capacity expansion (2012: 9.6%).

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2013	At December 31, 2012 restated
Assets		
Current assets		
Cash and cash equivalents	33'163	33'416
Marketable securities	27'395	27'175
Trade accounts receivables	29'204	22'127
Other current assets	32'589	24'758
Total current assets	**122'351**	**107'476**
Non-current assets		
Property, plant and equipment	13'764	7'078
Goodwill	37'825	37'659
Other intangible assets	44'570	33'682
Financial assets	1'222	1'195
Deferred tax assets	6'777	4'543
Total non-current assets	**104'158**	**84'157**
Total assets	**226'509**	**191'633**
Liabilities and equity		
Current liabilities	35'974	26'868
Non-current liabilities	10'099	13'915
Total liabilities	**46'073**	**40'783**
Shareholders' equity		
Share capital	5'810	5'675
Share premium	92'556	94'132
Retained earnings	82'070	51'043
Total equity, attributable to owners of the parent	**180'436**	**150'850**
Total liabilities and equity	**226'509**	**191'633**

Condensed consolidated statement of cash flows

(in CHF 000s)	For the year ended December 31, 2013	For the year ended December 31, 2012 restated
Net cash generated from operating activities	38'483	32'088
Net cash used in investing activities	-33'638	-16'805
Net cash used in financing activities	-4'784	-15'618
Net increase/(decrease) in cash and cash equivalents	**61**	**-335**
Cash and cash equivalents at beginning of the year	33'416	35'151
Exchange losses on cash and cash equivalents	-314	-1'400
Cash and cash equivalents at end of year	**33'163**	**33'416**

Strategy

During 2013 our four strategic initiatives continued to mature and gain momentum. It was a year of major achievements for the company in both wireless communications and positioning technologies, market expansion, operational excellence and strategic partnerships. The result: another year of innovation, attractive products, market leadership and solid growth.

Technology and innovation



Goals

- Launch new products for expanding continually our strong position for embedded mobility and IoT requirements
- Expand our R&D capabilities in strategic 4G LTE technologies
- Introduce next-generation positioning platform u-blox M8 and expand into new application areas
- Enter the fast growing global markets for embedded high-speed 4G LTE wireless connectivity

Achievements 2013

- New R&D center established in Ireland to focus on 4G LTE radio-frequency technology
- Thirteen new products launched: seven wireless and six positioning
- New u-blox M8 satellite positioning platform introduced
- Launch of u-blox' first 4G LTE wireless module: TOBY-L1
- New products launched for precision timing used by telecom infrastructure equipment and high-precision, sub-meter positioning applications

Outlook 2014

- Expand 4G LTE module portfolio to include multi-mode (2G, 3G backwards compatible) to address large-area multi-standard deployments
- Expand and migrate existing modules series to the new u-blox M8 positioning platform to provide increased performance to both existing and new customers
- Maintain market leading position in first-mount vehicle navigation systems through new 3D Automotive Dead Reckoning technology
- Introduce new GNSS antenna modules based on u-blox 7 and u-blox M8 to round out our positioning portfolio to include drop-in modules with integrated antenna
- Continue to develop products for growing niche markets, specifically precision timing and high-precision positioning

Market position



Goals

- Grow our wireless M2M market share faster than the overall market growth
- Expand sales presence geographically and in target markets worldwide
- Strengthening our global presence to be a strong local partner to our customers around the world
- Win and retain customers, thereby maintaining our leading position

Achievements 2013

- Achieved significant market share growth for embedded wireless M2M modules only four years after our first wireless product was launched
- New sales offices opened in India and Australia
- Expanded the number of customers to 4'500

Outlook 2014

- Continue growth momentum in all regions by offering customers attractive products, clear technology upgrade path and transparent product roadmap
- Capitalize on our expanded sales force focusing on specific market sectors to accelerate sales in vertical markets
- Continue leadership in the global automotive markets through improvement of our automotive navigation technology, and automotive quality products
- Maintain leading market position in the global vehicle and asset tracking market and exploit new machine-to-machine market opportunities
- Expand relationship with our customers to deliver more value for their products

Operational excellence

3

Goals

- Maintain market leading excellence in design and manufacturing through improved processes, automation and adherence to stringent industry quality standards
- Streamline and accelerate module manufacturing capabilities
- Strengthen our engineering expertise in both wireless and positioning technologies
- Execute operational excellence initiatives to increase time-to-market
- Provide more attractive online purchasing options for customers worldwide

Achievements 2013

- Module manufacturing now 100% automated resulting in improved quality, higher capacity and yield
- Presented Flextronics with "Best Supplier Award 2013" award, marking a successful 10-year partnership with u-blox' main module manufacturing partner
- Successful renewed ISO 9001:2008 certification, R&D, test and verification processes improved to increase design and product quality
- Companies acquired in 2012 have been fully integrated into the u-blox organization and program management structure
- Selected again for Connected World magazine's "top-100" most innovative providers of M2M devices for the 3rd year in a row
- Online shop upgraded to support greater quantities and high-volume pricing

Outlook 2014

- Improve internal structures and process landscape
- Strengthen our innovation flow in both wireless and positioning technologies
- Strive for higher operational efficiency

Strategic partnerships and acquisition opportunities

4

Goals

- Work with world-class chip suppliers to co-develop market leading module solutions
- Establish partnerships with strategic complementary vendors operating in the same ecosystem
- Promote u-blox products in global M2M sectors through joint reference designs and marketing
- Educate the market together with strategic mobile operators to increase knowledge and awareness of u-blox products and M2M services
- Evaluate new acquisition possibilities to be able to address new markets

Achievements 2013

- A joint project with Intel resulted in the development of the world's smallest 3G wireless module, SARA-U2
- Sprint, a major US carrier, selected u-blox as CDMA module provider
- A collaboration with US-based CalAmp resulted in a joint effort to penetrate the Brazilian market with tracking devices based on u-blox technology
- Successful project with ARM Holding completed to promote "Internet of Things" development kit promoting u-blox wireless and positioning modules together with ARM's microprocessor family for embedded devices

Outlook 2014

- Continue to deploy and evaluate new and complementary technologies to maximize our growth potential in both positioning and wireless sectors
- Establish more partnerships for easy access to our technologies
- Enable customers with more and improved design tools to bring attractive products to market quickly
- Evaluate new acquisition possibilities to be able to address new markets

Risk management

Assessing and controlling risk is fundamental for sustainable business success. u-blox has sound risk-mitigation and loss-prevention strategies in place.

RISKS	RISK MITIGATION
Markets and customers Economic and market-trend uncertainties could impact our business and customer demand. This may lead to lower volumes and decreased profitability.	• Customer diversification: No single customer accounts for more than approximately 11.0% of u-blox' turnover • Continual expansion of customer base • Additional monitoring and mitigating actions related to customers' solvency • Continuous monitoring and assessment of market developments and needs
Competition Our markets are highly competitive in terms of pricing, product features and service quality. In many sectors we face price pressures which could negatively impact our results.	• Review and reprogram R&D activities every 6 months • Foster high level of innovation • Maintain high technical support capabilities globally • Product range well structured to provide customers with solutions tailored to their needs
IP Competitors or other parties in our industry may seek to yield benefits from our technical innovations by duplicating our products.	• Maintain high level of trade secret • Protect our current business and IP from being copied or used by others by appropriate use of patents, copyrights and trade secrets on a global basis • Accelerate innovation rate
Product quality Poor product quality may result in reputational and brand damage, resulting in lower volumes and financial claims.	• Continual expansion of the quality management system • Thorough testing and qualification at our own laboratory facilities • Maintain high technical support level globally
Innovation u-blox' competitive position, sales and earnings depend significantly on the development of new products and technologies. Failure to achieve our aggressive R&D and innovation goals could negatively impact our ability to grow.	• Continual stream of new products launched yearly with targeted features to several markets • Invested 38.9 million, or 17.7% of revenues in R&D in 2013 • Expand range in key technologies • Structured innovation stage-gate-process for fast time-to-market • Organizational structure and processes comprising functional departments, working groups and reporting systems that monitor projects

RISKS	RISK MITIGATION
Personnel Skilled and dedicated employees are essential for the success of our growth-oriented corporate strategy. The loss of these individuals could disrupt the company's operations.	• Globally positioning the company as an attractive employer • Standardizing and documenting processes and information in order to reduce the risk of being dependent on specific individuals • Develop and increase management talent pipeline • Appraisal and evaluation processes • Regular employee satisfaction survey • Maintain attractive employment conditions and compensation packages
Suppliers u-blox outsources its capital intensive production to leading production suppliers around the world. Rising raw material prices, capacity constraints, or business interruption could lead to shortage of supply with negative consequences for our business.	• Lean supply base with few key suppliers • Long-term relationships with suppliers and close interaction to plan and manage capacity • Standards for risk provisions that are binding for suppliers • The Company's production companies are certified to DIN EN ISO 14001 (Environmental protection) and 9001 (Quality), and many also to OHSAS 18001 (Health and Safety) • Inventory buffers to respond to unplanned demand fluctuations
Compliance Non-compliant or unethical behavior could lead to reputational damage, fines and liability claims.	• Active fostering of high ethical standards and membership of UN Global Compact • u-blox Code of Conduct • Anti-bribery policy • Speak-up culture, formal compliance process and sanctions • Sustainable supplier program containing regular risk assessments and inspections of production suppliers' operations
Currency fluctuations The majority of u-blox' revenue, material costs and R&D expenses are in US dollar currency.	• Foster natural hedging by matching revenue currency amounts with expense currency amounts
Credit Credit risks arising from financial institutions and from customers could have a negative impact on u-blox' financial performance.	• Individual risk assessment of customers and definition of appropriate credit lines • Insurance for all customer credit lines • Frequent and thorough follow-up on late payments
Liquidity Failure in liquidity management may have a negative effect on u-blox' financial performance.	• Monitor our liquidity on a quarterly basis • No long-term debts • Cash flow program to optimize liquidity and cash flow management • Efficient use of available cash through cash pooling

Innovation

The rapid adoption of wireless internet connectivity that enables mobility for both people and machines is creating opportunities for u-blox to deliver new and attractive products and services in the automotive, industrial and consumer markets.

u-blox is capitalizing on the industrial and societal trend towards mobile connectivity by bringing to market the two key components that give end-products the power to navigate and communicate:

- **In-house chip know-how:** our chip design expertise and patents allow us to maintain innovation, react quickly to changes in the market, and remain independent of 3rd party IP owners. Unlike many of our competitors who simply wrap a package around someone else's technology, u-blox firmly believes that "knowledge is power".

- **Multi-standard compatibility:** in both wireless and positioning domains, numerous standards exist throughout the world, with multiple standards often used within single regional markets. u-blox is meeting this challenge head-on by introducing products that not only address all regional standards, but that support multiple standards simultaneously. In a global economy, this approach is critical for our customers to sell their products into diverse markets all over the world.

Leveraging synergies to deliver value

u-blox continued to focus on its primary strength: maximizing synergies between its wireless and positioning products. As satellite positioning is integrated into virtually all consumer, professional and automotive devices, and ubiquitous mobile connectivity becomes an expectation, the connection between location and information is becoming increasingly tighter. By concentrating expertise in these two areas, we have grown to be a global leader in technology for embedded mobility. A classic example is our unique CellLocate® hybrid positioning solution which leverages satellite positioning with cellular positioning to enable us to become a leader in indoor positioning technology.

We are only as good as the talent we attract

During the year, u-blox increased its global staff of R&D engineers (FTE based) by 23.1% to 289. The company also added a new R&D center in Ireland, and significantly expanded its LTE protocol stack development team in Pakistan. u-blox now operates nine R&D centers from the USA to Europe to Pakistan. During 2013, we spent 17.7% of revenues on research and development. The company continues to actively recruit R&D talent in its locations in 15 countries around the world.

u-blox' 3 pillars of innovation

1. Improve performance and features

With each new product generation, u-blox listens to its customers in order to improve its products and services. In 2013, we introduced 6 new positioning products serving all GNSS standards, and 7 new wireless products operating over 2G, 3G and 4G cellular networks. Most products were the direct result of new feature requests or market demand for application-specific functionality.

2. Leverage synergies

Wireless and positioning go hand-in-hand. Today there is virtually no navigation or asset tracking system that does not employ both technologies. Where functionality can be shared between components, u-blox integrates it. Where wireless and positioning features can be combined for better performance, u-blox productizes it.

3. Optimize cost of ownership

u-blox focuses on a customer's total cost of ownership. That is why our engineering efforts focus on seemingly small things that add up to a large cost-savings for our customers: maximum integration, minimum package size, low power consumption, and high-performance without the need for expensive external components.

Products

u-blox' two technologies satellite positioning and wireless connectivity are crucial aspects of mobility. Together, they allow countless new products and services to be created that improve logistics, safety, security, efficiency, health, navigation, communication and entertainment.

Positioning and wireless products

New positioning products
2013 was a milestone year for our positioning technologies with the launch of our newest generation positioning chip, u-blox M8. This powerful platform supports the new Chinese BeiDou standard as well as concurrent GNSS tracking; the ability to use two satellite systems at the same time. This increases positioning accuracy, reliability and reduces the time required to acquire satellite signals and navigation data. u-blox M8 expands the company's positioning product line to cover the full range of applications from low-power, cost-sensitive applications to high-performance, high reliability devices.

To meet market demand for global positioning in ever smaller products such as watches and discrete health monitoring devices, u-blox introduced the world's smallest GNSS receiver module: the EVA-7M, only 7x7 mm. Additionally, u-blox launched LEA-M8F to address the growing demand for precision timing required for mobile base station operation.

Positioning products outlook
In 2014, u-blox will expand its popular MAX, NEO and LEA modules based on the u-blox M8 platform. This will give our large installed customer base instant access to new features and improvements.

Integration of a new 3-dimensional navigation capability for our chips used for in-car navigation systems will also take place to serve the automotive market which also includes fleet management, anti-theft, insurance, road-pricing and safety systems.

The former Fastrax GNSS antenna modules will be upgraded with u-blox chips, allowing customers to more easily incorporate satellite positioning into their products.

New 2G, 3G and 4G wireless products
2013 witnessed further growth in our wireless business, with increasing traction and market acceptance for our 2G and 3G wireless module families worldwide. Innovation included the addition of 3G "UMTS/HSPA" network compatibility to our SARA family, making it the industry's smallest 3G module. The highlight of the year was the launch of the TOBY-L100, u-blox' first 4G LTE module targeted at stationary applications requiring high data speeds such as video cameras, digital signage, telehealth, routers and remote security systems.

Two specialty modules were developed to target a specific vertical market and a regional requirement: the SARA-G350 ATEX, a 2G module customized for operation in potentially explosive environments such as gas meters, and the FW75-D200, a customized CDMA module in an industry-standard form factor designed specifically for the Japanese M2M market.

Wireless products outlook
In 2014, u-blox will focus on new 2G, 3G and 4G module variants targeting vertical markets and regional requirements. The next generation 4G LTE modules, the TOBY-L2 series, will support the latest LTE standards and at the same time be backwards compatible with 3G and 2G networks. This is particularly important for mobile applications that must work in regions where LTE network coverage is not yet available.

The company will continue evaluating products and technologies to enable the creation of new wireless modules supporting additional, non-cellular wireless standards.

Wireless services

u-blox continues to provide wireless services to select customers in the areas of custom wireless designs and application specific features. This includes on-going business with clients of the former 4M Wireless which was acquired in 2012, as well as inter-department services.

The unit designs and develops leading software protocol stack and test solutions mainly for 4G mobile wireless devices based on the latest LTE standards. The software that runs on a baseband chip (commonly referred to as the "Protocol Stack"), is crucial in order to operate according to 4G industry standards.

u-blox drives innovation in all market sectors for embedded positioning and wireless communications. Our development efforts focus on vertical and regional markets, high-performance solutions as well as cost-effective application-specific products. During 2013, we launched 13 new products.

Product launches 2013

SARA-G350 ATEX

Low power 2G module certified for use in devices operating in potentially explosive environments such as smart gas meters, fuel storage facilities, chemical plants, and oil platforms.



FW75-D200

A CDMA data and voice communication module for the Japanese M2M market. KDDI, one of the leading Japanese operators, has certified the module.



MAX-M5Q

A compact positioning module supporting American GPS, Russian GLONASS and Japanese QZSS satellite systems.



TOBY-L100

u-blox' first 4G LTE module targeted at tablets, wireless routers and set top boxes, as well as high-speed M2M applications such as digital signs and security systems.



NEO-7P

Addresses many requirements for precise sub-meter positioning used in surveying, mapping, and marine applications.



UBX-M8030

New chip family supporting all deployed as well as upcoming Global Navigation Satellite Systems. The chip is able to track any two satellite systems simultaneously to provide higher reliability, accuracy and faster positioning. Both automotive and standard grade versions were released.



EVA-7M

The smallest GNSS positioning module on the market. Designed for cost and space sensitive applications.



LEA-M8F

Precision timing GNSS module. The compact, surface-mount module generates a precise reference clock crucial for synchronizing industrial data and telecommunication systems.



SARA-U2 series

The industry's smallest 3G modems, ideal for a wide range of industrial M2M, vehicle and consumer applications. Four variants were launched.



Markets

u-blox achieved sales growth of 27.0% over the previous year. Growth was driven by strong performance for automotive electronics, precision timing, and personal locators.

General

2013 was another year of strong sales growth, led by the increasing adoption of automotive electronics systems for navigation, communication, entertainment, safety, insurance and road pricing applications. Our strongest segment, fleet management, experienced healthy growth, and remained our single largest market. Satellite receivers used to generate precision reference clock for telecoms infrastructure showed a robust growth, as did devices for people and animal tracking and financial transaction terminals.

Asia Pacific (APAC)

Asia Pacific returned to strong growth with billings boosted by increased migration of manufacturing from the US to Asia as well as very robust domestic business expansion. Particularly strong performance in the precision timing and people/animal tracking sectors was recorded. Vehicle tracking and in-car navigation remained strong, with healthy growth during the year. Sales doubled in multiple niche sectors including recreation and sports, vehicle telematics, personal digital assistants, and USB positioning sticks for notebooks.

Overall revenue in APAC based on billing location increased by 68.2% to 102.2 million Swiss Francs.

Americas

After a radical expansion in 2012, the Americas experienced decreasing revenue due to outsourcing of manufacturing of US-based designs to Asia. Without this effect, sales generated in the Americas enjoyed a double digit growth, mainly fueled by increases in in-car navigation systems, vehicle telematics, and financial transaction terminals (point-of-sales terminals, vending machines).

Although revenue generated based on design-in location increased strongly in 2013, overall revenue in the Americas based on billing location decreased by 12.5% to 61.7 million Swiss francs.

Europe, Middle-east, Africa (EMEA)

Sales in EMEA was dominated by positioning and wireless devices used for automotive systems, especially mobile resource management and in-dash navigation systems where we hold the number one market position for positioning chips. The rapid adoption of European emergency call system (eCall) and road pricing systems resulted in sales doubling for these two sectors.

Overall revenue growth in EMEA based on billing location increased by 33.5% to 56.0 million Swiss Francs.









Industrial applications

Satellite positioning and internet connectivity have become a standard feature in vehicles, industrial machines, consumer goods, sales and security systems. In this sector, u-blox' products are mission-critical components required for increased efficiency, lowered costs, and improved security for people, vehicles, goods and resources.

The trends in the industrial sectors include:

- Adoption of 3G modems for fast data transmission and changing network needs
- Simultaneous support of multiple satellite positioning systems
- Access to satellite-based precision timing for network infrastructure
- Universal positioning solutions that work even when satellite signals are blocked

Growth in the industrial sector in 2013 was driven by the continued adoption of mobile resource management systems, and demand for satellite-based precision timing.








Automotive applications

The electronic content of today's cars is rapidly increasing. In addition to in-dash navigation, communication and infotainment systems, modern cars now incorporate automated emergency call, electronic concierge, insurance and road-pricing devices.

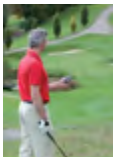
The trends in the automotive sector include:

- Navigation and infotainment systems as popular features
- Reliable navigation in tunnels, park houses and multi-level highways
- Government legislation requiring built-in emergency call and anti-theft systems
- High-speed internet connectivity supporting information and entertainment services

u-blox continues to be the number one satellite navigation chip supplier to tier-1 automotive electronics suppliers worldwide, and is rapidly increasing its market share for vehicle emergency call, anti-theft, insurance, infotainment and connectivity solutions around the world.








Consumer applications

Consumer products such as tablets and cameras now include internet connectivity and satellite positioning as standard features. New devices such as personal locators and remote health monitoring appliances are appearing on the market.

The trends in the consumer market include:

- Increasing adoption of wearable health and fitness devices
- High-speed wireless internet connectivity
- Ever longer battery life as a differentiating feature
- Smaller packaging to enable sleek, discrete and pocket-sized products

Adoption of connectivity and positioning features in consumer devices is being driven by two demographics: the younger "connected" generation who spend much of their time online, and the older "baby boomer" generation that relies on remote healthcare devices to maintain quality of life. Both require the same underlying technologies for positioning and wireless connectivity.

Customers

In 2013 we continued to increase sales generated in the Americas, Asia-Pacific and EMEA. Approximately 80% of revenue was generated from sales and services to 67 customers. Our largest customer accounted for less than 11.0% of total revenue.



Global presence, customer dedication
u-blox' products are designed for global customers. Our products embody sophisticated technology, the result of hundreds of man-years of R&D. To help our customers use our products, we must be close by to support them with the best experts in the industry through every phase of their product design cycle. With direct presence in 15 countries and a multinational team of highly qualified sales and support engineers, our customer support is outstanding. To further expand the global support network, two new sales offices were set up in 2013; one in Sydney, Australia, and one in Bangalore, India.

Commitment to quality
u-blox has earned a reputation as a best-in-class vendor of the highest-quality and most reliable chips and modules available. We have achieved this distinction through a systematic, multi-faceted approach that emphasizes quality at every phase of the product life cycle. This encompasses product development, prototyping, qualification, manufacturing and delivery. u-blox' quality philosophy is supported by 5 main pillars: 1) Understand and fulfill our customers' needs, 2) Continuously improve, 3) Work with world-class partners, 4) Be committed to our employees and 5) Demonstrate responsibility towards the environment and society.

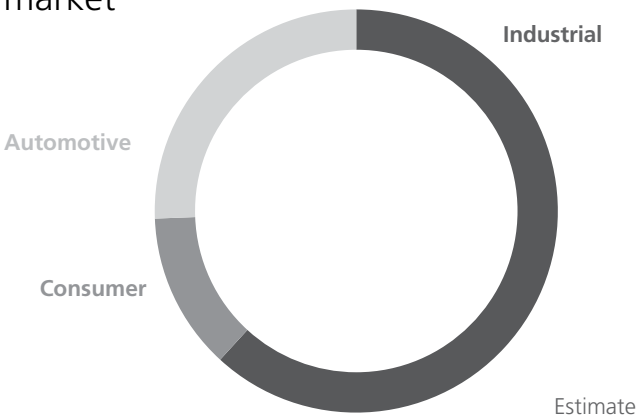


Our global quality program covers all aspects of our organization including R&D, module and chip manufacturing, testing, supply chain, and timely delivery to our global customers.

Customer satisfaction is our top priority
To ensure the highest possible customer satisfaction, we support our customers along every step of the way. This includes consulting, design-in support, manufacturing support, order management and defect analysis. For more than 70% of our business we work directly with our customers. For all others we cooperate with well trained distributors and keep close track of their customer relationships as well. We do this to stay close to our customers, introduce ourselves to new ones, as well as keep track of the latest developments in the industry, and by our competitors.



u-blox revenue split per market



Estimate

Industrial customers

The industrial market continued to be our strongest sector in 2013. The adoption of positioning and internet connectivity in virtually all industrial devices has fueled a strong demand for our products. While fleet and asset tracking remained the single strongest area, a strong surge in demand for people and animal tracking devices, precision timing for telecommunications infrastructure and point of sales terminals was experienced. Some interesting new industrial customers in 2013 included:

- The Swedish company "Handheld" chose u-blox' positioning modules for their industrial products: ruggedized notebooks and smartphones designed for use in extreme environments.
- Microdrones, a German maker of autonomous drones, staged a spectacular flight over the Alps. The 12-kilometer flight over difficult terrain was successfully completed thanks to an integrated u-blox GPS receiver.
- The Taiwanese company Tracker Technology launched a pet tracking collar supporting real-time as well as historical tracking of pets for over 2 days on a single charge. The collar integrates u-blox' ultra-miniature GPS and wireless modules.
- Calamp, a major US maker of rugged telematics devices for vehicle diagnostics, insurance, and anti-theft, teamed with u-blox to enter the growing Brazilian vehicle telematics market.

Automotive customers

u-blox continued to grow in the in-dash automotive navigation sector, maintaining the company's leadership in this market. Other applications for vehicle telematics such as insurance boxes, road-pricing and emergency call systems experienced a surge in growth.

u-blox' maintained the number one market position as supplier of positioning chips to tier-1 manufacturers of in-dash automotive navigation and infotainment systems. The company continues to be the preferred technology used by leading car brands in Europe, Asia and the USA.

Consumer customers

Wearable recreation and sports equipment equipped with global positioning was a highlight in 2013, with business increasing significantly. In 2013, our products were integrated into a wide variety of consumer electronic devices. Here are two examples:

- Leica Camera, the eminent and tradition-rich maker of high-end and professional cameras, integrated a u-blox GPS module into one of its new feature-rich handgrips. The geotagging feature allows photos to be filed and retrieved according to where they were taken.
- Longsung, a major manufacturing subcontractor to popular Chinese smartphone brands, integrated u-blox' global GNSS chip in multiple lines of smartphones and feature phones for the Chinese market.

Case study Ingenico: enabling payment

With over 30 years of experience and 1.3 billion Euros in revenue, Ingenico is the global leader of payment solutions, with over 20 million terminals deployed in more than 125 countries. Their solutions enable secure payment transactions whatever the channel; in-store, on-line and via mobiles.

Headquartered in Paris, France, Ingenico has earned a global reputation as the leader in in-store, on-line and mobile secure payment solutions. A crucial feature of their mobile Point-of-Sales terminals is the ability to identify where a transaction has taken place, and which sales person executed the transaction. This allows small merchants and retailers to quickly know where revenue has been generated and by which sales personnel. It also enables government regulatory and tax authorities to control and authorize where retailers are allowed to operate.

Throughout the design-in, prototyping and production phases of their mobile PoS terminals, u-blox worked closely with Ingenico engineers to make sure their terminals took full advantage of u-blox' highly accurate satellite positioning technology.

Wireless PoS terminals depend on global positioning
Increasing, facilitating and tracking product sales are top priorities for retailers. That means making purchases simple, quick and safe for their customers is extremely important for their businesses. Easy implementation and configuration of a payment systems at a retailer's premises is also very important. Where a purchase has taken place, and the ability to restrict transactions to specific geographical areas has become an important aspect of mobile payment. As payment and verification of transactions is a mission-critical application, Ingenico placed their trust in the industry leader in embedded global positioning: u-blox.

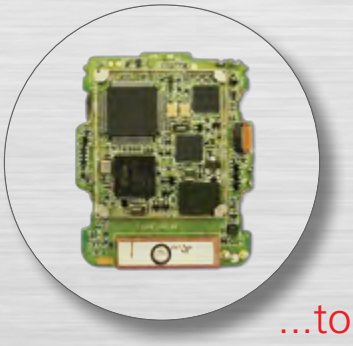
Technical support: as important as the component itself
Ingenico appreciated the local, knowledgeable technical support that u-blox provided via its local office in France and R&D center in Switzerland. Their payment terminals are complex, and consist of many cutting-edge technologies including global positioning, advanced wireless communications, high-security encryption algorithms, and redundant systems to insure customer payments are safe and confirmed. Ingenico absolutely counts on specialists from each discipline to make sure their products provide the best benefits that today's technologies have to offer. u-blox was able to support Ingenico's engineering team during the entire life-cycle of product design, from system specifications to component selection, hardware and software design, prototyping and pre-production. Ingenico considered this service from u-blox to be equally important as the component itself.



...to payment



...to finished product...



...to system...



From chip...

Our brand

The u-blox brand has risen significantly in stature during 2013. As we attract more attention from all our stakeholders, the company's image has evolved from a high-quality Swiss component vendor to a trusted, globally-present solution provider with the knowledge, agility and quality to address the world's rapidly changing needs for embedded mobility.

As global positioning becomes a standard feature in virtually all consumer, industrial and automotive products, and mobile connectivity becomes ubiquitous, we have solidified our brand on top of our two technological pillars: wireless communications and positioning. By moving rapidly to capture new markets years before they mature, and bolstering our own in-house intellectual property through acquisition and organic growth, the u-blox brand stands for forward-looking technology, agility, and quality.

Values

Our values, consistently applied across our global and culturally diverse organization, are what inspire us to succeed:

We are customer focused
All our activities must bring value to and earn trust with our customers.

We are innovation driven
Constant innovation is the lifeblood of our company. We are constantly examining how we can improve our products and services either by ourselves or through partners and acquisitions.

We are a reliable partner
From initial contact and design-in through to prototypes and production, our customers can rely on us for technical and logistical support every step of the way.

We are quality focused
Only by conforming to the industry's most demanding quality standards can we maintain the trust we have built with our customers.

We are a good corporate citizen
We listen to others, work together to achieve shared goals, treat each other with dignity, and maintain high ethical principles.

Globalizing our brand

u-blox increasingly sells to a global network of customers and third party manufacturers. Our customers, in turn, market and sell their products to end-customers all over the world. We have therefore expanded our brand awareness through increased presence at international trade shows. We have also expanded into new regions and countries (Australia, India, Ireland), and expanded operations around the world (USA, Switzerland, Italy, Pakistan, Japan, China and Korea). Our brand also emphasizes Corporate Social Responsibility (CSR) where we invest to ensure that we and our suppliers adhere to a code of conduct.

People orientation

Although we are a vendor of complex high-technology components, we never lose track of the purpose of our products: to deliver a reliable service that inform, entertain, guide, and provide safety for people and their belongings. That is why our corporate imagery focuses on people engaged in normal everyday activities: driving, shopping, waiting for a bus, or simply having fun. Our products are useful only where they bring value to people. Our technology is just the enabler.

Creativity

Creativity is the most valued resource in our marketing campaigns. With the proliferation of new ways to communicate with an every wider international audience, whether in-person or electronically, u-blox implements the most modern tools to create and distribute creative messages to target audiences. From the highly trained engineer to press and investors, we make sure to deliver our information custom-designed for each target group.

Brand protection

The u-blox brand is protected and defended on a worldwide basis through copyrights and trademarks. We develop our brand continuously with richer content, simple, but strong visuals and by placing our brand in an increasing number of communication channels.











Local adaption to global markets is of primary importance for our brand. Some examples:
our website in Chinese and product advertisements for trade magazines in the USA, Asia and Europe.

Sustainability

Our sustainability strategy is centered on the key areas that we believe contribute to a sustainable business model: people, marketplace, environment and communities. In 2013, u-blox mainly focused on strengthening its supply chain management to ensure that suppliers operate in a socially and environmentally responsible manner.

Living by our principles

Code of Conduct
u-blox has employees and business partners with widely different cultural backgrounds and therefore it is important to have a formal set of common values. Our Code of Conduct is to ensure that all employees and other persons acting on behalf of u-blox know what correct behavior is. u-blox' Code of Conduct sets the framework for the work of supporting the principles of the UN Global Compact. u-blox is a signatory to and member of the UN Global Compact and fully embraces its policies and principles. The UN Global Compact is a public-private strategic policy initiative for businesses committed to aligning operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

In 2013, we made our first Communication on Progress (CoP), which describes the actions we have taken to integrate the ten principles in the areas of human rights, labor, environment and anti-corruption into our business strategy, culture and daily operations.

We continued our work to ensure a high degree of business ethics and to disseminate compliance with the Code of Conduct. u-blox' Code of Conduct and relevant information material is accessible for all employees on the intranet and is available in 6 languages.

Human rights
Our business principles require our employees and contractors to respect the human rights of other employees and the communities where we work. We reinforce our approach by incorporating human rights in our Code of Conduct.

Anti-bribery and corruption
Fighting bribery and corruption is an essential part of living by our core values. We have an Anti-bribery Policy and training in place that provide guidance regarding compliance with rules and laws related to bribery and corruption.

During 2013, u-blox was not subject to any investigations, legal cases or incidents involving corruption or Human Rights violations.

4-pillar CSR strategy



Performance indicators	2012	2013
Total headcount (end of the year)	379	454
Jobs created	35	78
Woman in overall workforce	16.6%	15.2%
Parttime employees	8.2%	7.3%
Fluctuation	8.7%	8.6%

1 Sustainability: Employees

We recognize that innovation comes from the minds of talented people, and that attracting and retaining them is the key to our ongoing success.

At the end of 2013, u-blox had a total of 454 employees, of which 28.0% were based at our headquarters in Switzerland. The remaining 72.0% worked in eight R&D centers and eleven sales and marketing offices across the globe. During 2013, we increased our head count by 75 positions. The increase is primarily due to the focused organic growth in all regions.

In view of the increase in market activities, the number of FTE in Sales, Marketing and Support rose from 88 to 101. The share of employees in Research and Development grew from 235 to 289 (FTE based). The share of employees in Logistics and Administration grew from 49 to 57 FTEs.

Fostering and retaining talent

u-blox has developed a corporate culture where continuous improvement of both technical and leadership skills is integrated into our working environment. To securing continued leadership and innovation, u-blox supports its people to enhance their competence and career opportunities. To support our managers in their role, all managers receive leadership training to develop their skills. With acquisitions and specialists located worldwide more and more projects are handled and lead by virtual global teams. This set-up is connected with challenges and u-blox therefore also emphasized training leaders on how to run high-performing global teams. Specialist training and further educations are decided individually together with the employees in the annual appraisals and in the process of agreeing on individual objectives. Whenever possible, u-blox seeks to fill vacant management posts and key positions with in-house specialists.

Attractive employer

To attract and keep talented personnel, u-blox offers its employees attractive employment conditions. In 2013, we spent CHF 37.7 million on salaries and social benefits (Previous year CHF 34.4 million). Details of employee compensation and benefits are provided on page 91 including information on salary, social taxes and stock option plans.

u-blox is committed to being a fair and non-discriminatory employer with regards to its compensation policy. Equal pay for women and men is self-evident.

The proportion of female employees at the end of 2013 was 15.2% (Previous year 16.6%). In the management team no women are represented. The Board of Directors consists of one woman and six men. u-blox has a relatively low proportion of women in its workforce. This is due to the large number of technical positions within the company, for which the recruitment potential among women is limited. The company's employee turnover rate in 2013 was low and made up 8.6%.

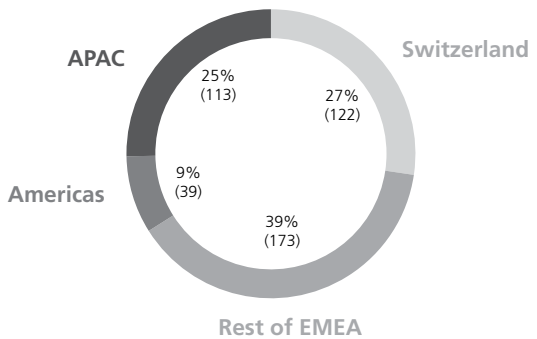
Employee satisfaction is measured and evaluated in the course of annual performance review meetings. Performance and compensation are linked to both Group and individual goals. Every second year, a detailed employee satisfaction survey is carried out. The next survey will take place in 2014. Compensation and advancement are coupled with clearly defined individual as well as corporate goals, and regularly assessment against these goals is institutionalized throughout the company.

Work-life balance, employee health

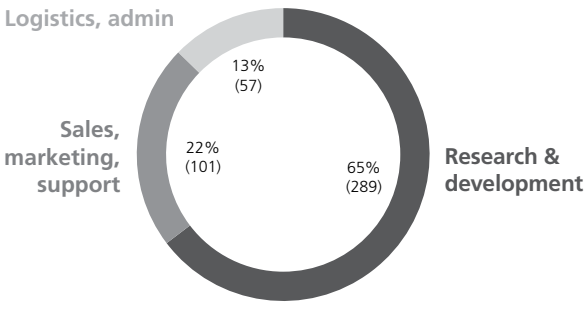
u-blox sets health and safety as a high priority. In June, u-blox again initiated the employee health program "Bike to work" at its Swiss headquarters. 27 employees in 7 teams signed up. Another activity initiated in Switzerland was "how to prevent cardiac arrest": Defibrillators were installed and training was offered to all employees. Work-life balance is encouraged by offers such as flexible working hours, flexible work/pay/holiday program and a sabbatical after 5 years tenure with the company.

Internal communication with employees focuses on interactive, real-time communication that is accessible to employees world-wide. The executive management team monthly informs employees worldwide via webinars about the current status of the business, its strategy and other general topics of interest.

Employees per region (end of 2013, FTE based)



Employees per function (end of 2013, FTE based)



Interview with Rita Puntaferro, Team Leader Test & Measurement at u-blox Italy

With a Masters degree in Physics from the University of Trieste, Rita started her post-university life as a particle physicist working at the Europe CERN particle accelerator. After three years, private industry caught her interest where she decided to pursue a career in the real-world application of wireless cellular communications. She now leads the Test and Measurement Team at one of u-blox' wireless product centers based in Sgonico, Italy.

Married with a young daughter, Rita has now devoted over 15 years of her professional life to the quality, testing and certification of cellular modems used in countless industry and consumer applications by customers all over the world.

We asked Rita to share with us some of her thoughts about her work at u-blox.

How do you feel working at u-blox, and what is your working environment like?

"I really enjoy working at u-blox because we are such a diverse team of multinational employees working all over the world, yet I feel like we belong to a close-knit family. It is a very open and collaborative working environment. In addition to the many people here

> "It is a very open and collaborative working environment."



Rita Puntaferro,
Team Leader
Test & Measurement

in Sgonico with whom I have been working closely with for many years, becoming part of u-blox has expanded my circle of colleagues to include people in Switzerland, America, UK, Belgium, Korea and Pakistan. What I really enjoy about this job is that each of us has the feeling that we are making a positive contribution to the success of the company, and our accomplishments are recognized. This is personally very satisfying."

What exactly do you do at u-blox?

"Our wireless modules are complex products requiring extensive testing and operator certification before they are approved for customer use. This involves many activities including overall definition of the test strategy, product life cycle management, and coordination with test laboratories around the world. To successfully validate a product, we must work closely with Software Engineers, Application Engineers, and Product Teams representing many aspects of product definition, development and deployment. It is a complex process requiring close cooperation with teams located around the world. This makes it particularly rewarding when we "win" a new customer thanks to the quality of our products, or when we achieve a certification. It is like playing on a successful football team and scoring a winning goal. At the end, we all share in the feeling of pride and accomplishment."

What types of hobbies do you enjoy outside of work?

"I really love travelling; visiting new places, learning about different cultures and histories and meeting local people. Organizing the trip in advance, reading and learning about new countries and regions to visit is an amazing experience for me. When I think about my travels I remember not only the images and pictures, I also try to remember the different smells, sounds, impressions and colors I've experienced."

2 Sustainability: Community

Our support of selected community projects achieves two main goals; to provide direct financial assistance to promote health and education to those in most need, and to create awareness among our numerous employees, customers, partners and stakeholders that u-blox management believes in the importance of contributing to a stronger society through efficient, well-planned action.

1. Education

Many of the world's problems can be directly addressed through education of the young. Many serious issues facing poorer countries in particular can be attributed to the simple lack of knowledge, for example the awareness of proper hygiene and nutrition, disease prevention and treatment, efficient management of natural resources, as well as simply being able to find a job that will pay enough to support a family.

The Sunshine School, Nepal

This Kathmandu-based school is located in one of the poorest countries in the world. The school enables young children who are otherwise too poor to attend school gain a basic education up to the 10th grade and earn a diploma. With the support of u-blox and a Swiss-based NGO dedicated to supporting the school, a new school house was completed in 2012 and the curriculum extended to the 10th grade. The first class of 11 children successfully completed their final exam and completed the 10th grade with very good result in March 2013. Many of the children intend to pursue higher education, in which case partial support by the Sunshine School foundation will be provided.



Teaching fashion design students electronics, Taiwan

u-blox aims to broaden the appeal of electronics to young people. As part of this u-blox supported a workshop and classes at Shih Chien University, Taiwan, where fashion design students developed clothes containing functioning electronics; going from simple LED T-shirts through to night club garments that light up with sound.

Savannah Trust Education, Ghana

u-blox has partnered with the Savanna Trust Education, a British NGO supporting communities in Ghana to build schools. The schools are constructed by local workers with local materials, and teachers are funded by the Trust and the government of Ghana.

Our joint goal was to build a new school house in the Lawra District for 400 children. Funded by u-blox, the Savannah Education Trust began building a school in Metoh village in 2012. By September 2013, the main school building was completed and in use. The first class enrolled consisted of over 100 children, and a first Parent-Teacher Association (PTA) meeting was held. Daily school meals are also provided for the students. The village community and the outlook for its children have been significantly improved due this activity.



Engineers shape our future and Electronics4you, Switzerland

In order to foster the next generation of engineers in Switzerland, u-blox funds two Swiss organizations, the "Engineers shape our future" and "Electronics4you". These organizations provide educational programs designed to foster an interest in technology, especially electronics. In 2013, a Swiss high school class visited u-blox to have a firsthand look at the diverse and attractive possibilities a career in electronics can bring.

2. Health

We believe in promoting health-conscious communities, especially in countries with restricted access to healthcare. In 2013, we continued our focus on promoting health consciousness.

mHealth diabetes awareness campaign

In 2013 we participated as a sponsor in a 13-day 2'100 km bike tour from Brussels to Barcelona bike tour organized by the GSMA's mHealth ("Mobile Health") diabetes awareness initiative. Four u-blox cyclists participated in the tour. The GSM Association is a global alliance representing the interests and goals of over 800 service providers around the world. The goal of the tour was to raise awareness of the urgent, growing problem of

diabetes, while demonstrating live solutions to manage the disease and improve quality of life.

Tour de Munster – race for kids with Down-syndrome
A team of 'leisure' cyclists commenced a demanding four-day 600 km charity cycle which took them through all the counties of Munster, Ireland. u-blox was a corporate sponsor for the event. All funds raised went directly to the Down Syndrome Ireland foundation.

Donation for relief action
Disaster aid is a component of u-blox' social responsibility commitment. u-blox' philosophy is to provide targeted assistance to people who find themselves in situations of acute need as a result of natural disasters. In November, u-blox provided disaster aid to typhoon victims in the Philippines in the form of monetary donations. The money was invested in food packages, water and other urgent needed equipment.

Sustainability: Environment

Product responsibility:

1. Minimizing our environmental footprint
u-blox has a long record of targeted efforts in the field of sustainability in order to achieve compliancy with the most demanding environmental standards. As a fabless semiconductor company, it is important that u-blox' manufacturing partners are committed to respecting the environment. In order to achieve this objective, u-blox and its manufacturing partners comply with demanding industry as well as customer-specific environmental policies.

	GNSS modules	GNSS chips	Wireless modules	
2006	●			Conversion of all products to lead free soldering
2007	●			RoHS WEEE Compliancy
2007		●		Green Compliancy chips
2008	●	●		REACH position paper (SVHC list)
2009	●	●	●	Sony Green Partner Certification
2010	●	●	●	Material declaration and banned substance mgmt.
2010	●	●	●	Introduction of Cobalt Dichloride Free HIC
2011	●	●	●	GADSL Conformity (Automotive requirements)
2011	●	●	●	Position paper on Conflict Minerals
2012	●	●	●	Conflict mineral SEC 1802, Dodd Frank
2012	●	●	●	REACH, SVHC updated list
2012	●	●	●	RoHS directive
2013	●	●	●	REACH, SVHC updated list
2013	●	●	●	Roll-out of environmental database portal

Anchored by a strong commitment towards our customers, we are continuously engaged in minimizing the use of hazardous materials and team-up with our production and supplier partners to monitor and properly manage potentially harmful substances and materials used in all stages of the product manufacturing cycle.

u-blox is committed to addressing the use of conflict minerals from the Democratic Republic of the Congo (DRC) through all means and influencing mechanisms available to us. We have implemented the Dodd-Frank Wall Street Reform and Consumer Protection Act and we work together with our key manufacturer partners to determine the origin of the metals in our products. All smelters in our supply chain have been identified. Suppliers must have a policy to assure that cassiterite, columbite-tantalite, gold and wolframite in the products they manufacture are conflict free.

In 2013 we strengthened the co-operation with key manufacturing partners throughout the whole year to relentlessly achieve full adherence to legal, industry and customer specific environmental requirements. Such tight collaborations require a structured database and management solution for our environmental data collection, storing, reporting and compliancy checks. In 2014, u-blox is planning to further tighten its collaboration with key contract manufacturer and suppliers to enable a more effective and efficient control over our environmental and sustainability objectives.

2. Green innovative projects



Solar powered stoves reduce deforestation in Madagascar
During 2013 we continued our collaboration with ADES, a Swiss NGO who produces solar cookers and energy-saving stoves for Madagascar. The objective of the project is to preserve an environmentally sensitive area by providing solar cookers as well as efficient wood stoves for cooking. The stoves are provided in combination with education to encourage women to give up their traditional fire for cooking. With regular demonstrations on how to use solar cookers in outlying villages and in urban areas, ADES actively promotes the benefits of cooking with solar energy.

4 Sustainability: Market place

u-blox is fabless and does not own any factories. Six tier-1 suppliers manufacture our products and some of them are located in countries where human rights violations are at risk. Using our influence to promote sound practices among our suppliers is one of the best ways to make sure that we help to make a positive difference.

Responsible supply chain
In 2013 we laid the foundations for further engagement in our supply chain with the introduction of our Sustainable Supplier Program. The program commits us to work with suppliers to ensure they operate in a socially and environmentally responsible manner and enables us to systematically identify potential risks in our supply chain. The program consists of five phases: pre-assessment, introduction, assessment, validation and improvement.

Phase 1 to 3 are designed to ensure that all suppliers comply with our defined sustainability standards. Through phase 4 and 5, we aim to work with our suppliers to improve sustainability standards in our supply chain – for example, through knowledge transfer and discussions about process optimization, resource efficiency, and environmental and social standards.

Phase 1: Pre-assessment
In 2013, a risk profile of all tier-1 suppliers was created, identifying low, medium and high-risk suppliers. The assessment is based on the supplier's sustainability risk profile related to spend, country of production, criteria of human rights and corruption and type of supplier relationship.

Phase 2: Introduction
u-blox' Supplier Code of Conduct is based on the principles of the EICC Code of Conduct. EICC (Electronic Industry Citizenship Coalition) is a coalition of the world's leading electronics companies working together to improve efficiency and social, ethical, and environmental responsibility in the global supply chain. The topics covered in the Code of Conduct include labor and human rights, worker health and safety, environmental impact, ethics, and management systems. All existing and new suppliers are required to comply with the principles. As of today, 83% of u-blox' suppliers have committed to apply these principles to their production.

Phase 3: Assessment
Supplier compliance to the Code of Conduct will be monitored through a system of a self-assessment questionnaires and if necessary, regular audits. The questionnaire provides a self-evaluation of suppliers' sustainability management and activities. We are aware that it will take time for suppliers who do not already have a system in place to embrace and institutionalize the code of conduct and complete the assessment. In 2013, 83% of our tier-1 suppliers has completed the self-assessment questionnaire. Our goal for 2014 is to have the remaining assessments completed and all participants analyzed.

Phase 4: Validation
If the self-assessment questionnaire identifies mid-level or low sustainability performance at the supplier's facility, we plan to carry out on-site audits at suppliers' facilities. Audits will be conducted by a u-blox specialist and/or third party consultants.

Phase 5: Improvement and support
When the audit reveals areas of non-compliance, u-blox' logistic team and suppliers develop a joint action plan for improvement. We prefer to work together with our suppliers to ensure that sustainability in supply chains will be achieved.

PHASE 1 Pre-assessment	PHASE 2 Introduction	PHASE 3 Assessment	PHASE 4 Validation	PHASE 5 Improvement and support
• u-blox conducts pre-risk assessment	• Suppliers declare compliance with u-blox' Supplier Code of Conduct (based on the EICC Code of Conduct).	• Suppliers complete self-assessment • u-blox review and feedback	• On-site supplier audits if required • Corrective actions and verification, if required • Follow-up audits if required	• Collaboration with suppliers on improvement planing, if required

Corporate Governance

The report describes the management structure, organization and control within the u-blox group at December 31, 2013. The report in conjunction with the Compensation Report fulfill the main requirements of the "Directive on Information relating to Corporate Governance" of the SIX Swiss Exchange.

1 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 (Valor No. 3336167, ISIN CH0033361673, ticker symbol: UBXN). Hereinafter, u-blox Holding AG is referred to as u-blox.

The market capitalization at December 31, 2013 was CHF 621 million (based on the ordinary share capital).

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 consolidated financial statements. The operational group structure is organized according to different areas of responsibilities of each member of the Executive Committee. These responsibilities apply across the entire group and on a global basis:

2 Shareholders of u-blox

Significant shareholders
As of December 31, 2013, u-blox had 3'592 registered shareholders. According to the disclosures of shareholders, the largest shareholders (> 3%), based on the share capital registered in the commercial register, were:

Werner and Anne Dubach, Hergiswil, Switzerland	10.12%
Black Rock Inc. (indirectly), USA	5.00%
LB Swiss Investment AG, Zurich, Switzerland	4.89%
UBS Fund Management AG, Basel, Switzerland	3.17%
Credit Suisse Funds AG, Zurich, Switzerland	3.05%
Black Rock Global Funds-Swiss Small & MidCap Opportunities Fund, Switzerland	3.02%

The shareholders reduced or increased their shareholding progressively. For further detail see: www.six-swiss-exchange.com under "Market Data – Overview – Significant Shareholders".

Cross shareholdings
u-blox has no cross shareholdings in any company.

3 Capital structure

Share capital of u-blox

Ordinary share capital
On December 31, 2013 the ordinary share capital of u-blox was CHF 5'809'946.40 fully paid in and divided into 6'455'496 registered shares of CHF 0.90 nominal value each. 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.

Authorized share capital
According to art 3b of the articles of association, the Board of Directors is authorized, at any time until October 16, 2015, to increase the share capital through the issuance of up to 1'261'000 fully paid-in registered shares with a nominal value of CHF 0.90 each in an aggregate amount not to exceed CHF 1'134'900. 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.

The Board of Directors has not increased the share capital on the basis of article 3b of the articles of association in 2013.

Conditional share capital
According to article 3a of the articles of association, the share capital of u-blox may be increased by a maximum aggregate amount of CHF 567'452.70 by issuing up to 630'503 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 subscription rights of the shareholders are excluded for such a capital increase.

Changes in share capital
As a result of the exercise of options the conditional share capital has reduced to 480'039 registered shares and the ordinary share capital has increased to 6'455'496 registered shares. Refer to page 113 (condensed consolidated statement of financial position) of this report for more information on changes in share capital over the last three years.

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, except options under the employee stock option plan. The total number of outstanding options issued to employees and members of the Board of Directors at December 31, 2013 was 431'018 (6.68% of the ordinary share capital).

Grant	Vesting date	Expiry date	Exercise price in CHF	Options outstanding at Dec. 31, 2013
2008	May 30, 2011	May 30, 2014	46.00	8'599
2009	January 1, 2012	January 1, 2015	19.15	10'115
2010	January 1, 2013	January 1, 2016	25.50	26'657
2010	January 1, 2013	January 1, 2016	26.25 *	819
2011	January 1, 2014	January 1, 2017	48.58	118'578
2011	January 1, 2014	January 1, 2017	50.30 *	7'425
2012	January 1, 2015	January 1, 2018	39.91	135'219
2012	January 1, 2015	January 1, 2018	41.20 *	7'577
2013	January 1, 2016	January 1, 2018	25.50	105'673
2013	January 1, 2016	January 1, 2018	39.15 **	10'356
Total				431'018

* Options granted to employees of u-blox America Inc.

** Options granted to employees of u-blox America Inc., u-blox San Diego Inc., u-blox Espoo Oy, u-blox Melbourn Ltd., Leuven branch.

One option grants the right to purchase one share.

4 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.

Shareholders recorded in the share register as voting shareholders, usually 7-12 days before the date of the general meeting, are admitted to the meeting and entitled to vote. The deadline for registration is defined by the Board of Directors and published on the company's website under Investor Relations (www.u-blox.com).

No restriction on transfer of shares
No restrictions apply to the transfer of shares.

5 Board of Directors

Composition of the Board of Directors at December 31, 2013:



Prof. Fritz Fahrni
Swiss



Hans-Ulrich Müller
Swiss



Prof. Gerhard Tröster
German and Swiss



Thomas Seiler
Swiss



Jean-Pierre Wyss
Swiss



Soo Boon Quek
Singaporean



Dr. Paul Van Iseghem
Belgian

Name	Member since	Terms expires	Age	Position	Position Committee
Fritz Fahrni	2008	2014	71	Chairman	Member NCC
Hans-Ulrich Müller	2007	2014	67	Vice-Chairman	Chairman AC
Gerhard Tröster	2007	2014	60	Member	Chairman NCC
Thomas Seiler	2007	2014	57	Member	
Jean-Pierre Wyss	2007	2014	44	Member	
Soo Boon Quek	2007	2014	63	Member	
Paul Van Iseghem	2011	2014	67	Member	Member AC

Election and term of office
Each Director, the chairman and the members of the committees are elected individually. Their term expires in 2014 and must be extended annually pursuant to the Swiss Ordinance against Excessive Compensation.

Fritz Fahrni

Function at u-blox

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

Professional background

Prof. Fahrni holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (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 2007, he was Professor for Technology Management and Entrepreneurship at both ETH Zurich and the University of St. Gallen. He now is an Emeritus Professor at both universities.

Other positions or consultancy agreements

Prof. Fritz Fahrni is chairman of the board of Insys Industrie-systeme AG, Switzerland. He is a member of the Board of the University Hospital Balgrist, Switzerland and a member of the Industrial Board of CTI Start up, Switzerland. He is an individual member of the Swiss Academy of Technical Sciences.

Hans-Ulrich Müller

Function at u-blox

Hans-Ulrich Müller has been appointed Vice-Chairman of the Board of Directors since incorporation of u-blox Holding AG in 2007. He acts as member of the Board of Directors of u-blox AG since 1998 and since 2006 as Vice-Chairman. He served as interim CEO of u-blox AG from 2001 to 2002. He chairs the audit committee. He is a Non-Executive Director. Mr. Müller is a Swiss citizen.

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 was Partner at Partners Group Switzerland from 2001 to 2012. He is Operating Partner since 2012.

Other positions or consultancy agreements

Hans-Ulrich Müller is member of the Board of Rioglass Solar Holding SA, Spain.

Gerhard Tröster

Function at u-blox

Prof. Gerhard Tröster has served as a member of the Board of Directors since the incorporation of u-blox Holding AG in 2007. He is also a member of the Board of Directors of u-blox AG. 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 of Directors between 2001 and 2003. He chairs the nomination and compensation committee. He is a Non-Executive Director. Mr. Tröster is a Swiss and German citizen.

Professional background

Prof. Gerhard Tröster holds a Diploma degree from the Technical University of Karlsruhe, Germany and a PhD degree from the Technical University of Darmstadt, Germany, 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 Zurich (ETH) heading the Electronics Laboratory. In 1997, he co-founded u-blox AG.

Other positions or consultancy agreements

Prof. Gerhard Tröster is Chairman of the Board of Amphiro AG, Switzerland.

Thomas Seiler

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 Holding AG in 2007. He serves as CEO and Head of Marketing and Sales of u-blox AG since 2002. In 2006 he was appointed member of the Board of Directors of u-blox AG. Mr. Seiler is a Swiss citizen.

Professional background

Thomas Seiler holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (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 Artum AG, Switzerland.

Jean-Pierre Wyss

Function at u-blox

Since the incorporation of u-blox Holding AG in 2007 Jean-Pierre Wyss has served as a member of the Board of Directors and, until 2011, as CFO. Since 1997, he has served as a member of the Board of Directors, CFO (until 2011) and Head of Production and Logistics of u-blox AG. Mr. Wyss is a Swiss citizen.

Professional background

He holds a degree in electrical engineering from the Swiss Federal Institute of Technology Zurich (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.

Other positions or consultancy agreements

Jean-Pierre Wyss is a member of the board of Ardo Medical AG, Switzerland.

Soo Boon Quek

Function at u-blox

Soo Boon Quek has served as a member of the Board of Directors of u-blox Holding AG since the incorporation of u-blox in 2007. She also serves as a member of the Board of Directors of u-blox AG since 2006. She is a Non-Executive Director. Mrs. Quek is a Singaporean citizen.

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 is the Managing Partner of iGlobe Partners.

Other positions or consultancy agreements

Soo Boon Quek is a Board member of the following companies: Verisilicon Holdings Co. Ltd., Forte Media Inc., Anacle Systems Pte Ltd. and Sparky Animation Pte Ltd. She is Council Member of the Singapore Chinese Chamber of Commerce and the Singapore Board member of Swissnex.

Paul Van Iseghem

Function at u-blox

Dr. Paul Van Iseghem was elected member of the Board of Directors of u-blox Holding AG and u-blox AG in 2011. He is a member of the audit committee. He is a Non-Executive Director. Dr. Van Iseghem is a Belgian citizen.

Professional background

Dr. Paul Van Iseghem holds a Ph.D. in Engineering from the University of California, USA, and a master degree in Engineering from the University of Leuven, Belgium. He led LEM Holding SA as CEO and president from 2005 to 2010. From 2000 to 2005, he led the components division of LEM. Before joining LEM, he held various management positions in Europe and the US in the engineering industry.

Other positions or consultancy agreements

None.

6 Internal Organization of the Board of Directors

Decisions are made by the Board of Directors as a whole, with the support of the Nomination and Compensation Committee and the Audit Committee.

The primary functions of the Board of Directors include:

- Providing the strategic direction of the group.
- Determining the organizational structure and governance rules of the group.
- Approving acquisitions.
- Reviewing and approving the annual financial statements and results.
- Preparing matters to be presented at General Meetings.
- Reviewing the Risk Management System.
- Appointment and removal of, as well as the structure of remuneration/ compensation payables to members of the Executive Committee and of the Board of Directors.

Further detail is provided under the Rules of Procedure available under the Investor Relations / Corporate Governance section of the company website.

The Board of Directors convened 6 times in 2013. The duration of each meeting was between 2 and 4 hours.

Role and functioning of the Board Committees

Each Committee member and its chairman are elected by the Board. For further detail see the Rules of Procedure available under the Investor Relations / Corporate Governance section of the company website.

Audit Committee

The Audit Committee is composed of Hans-Ulrich Müller (chair) and Paul Van Iseghem.

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.
- The quality of audit services rendered by the external and internal auditors.

The Committee convened twice, once for the preparation of the annual report and once for the preparation of the half year report. The members of the audit committee, the auditors, the CFO, the CEO, the Chairman of the Board, the Executive Vice President Production and Logistics (former CFO) and the General Counsel participated in the meeting. The duration of each meeting was about 1 hour.

Nomination and Compensation Committee
The Nomination and Compensation Committee 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 payables to members of the Executive Committee and of the Board of Directors.
- It drafts the employee stock ownership program.
- It proposes the allotment of options within the scope of the employee stock ownership program to the Board.

The Committee convened twice. The CEO, CFO, the Executive Vice President Production and Logistics (former CFO, present at one meeting) and the General Counsel participated in the meeting. The duration of each meeting was about 45 minutes.

Delegation
The Board delegates the executive management of the company to the members of the Executive Committee, as further defined in the Rules of Procedure available under the Investor Relations / Corporate Governance section of the company website.

7 Information and control systems of the Board towards management

Information
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 Executive Vice President Production and Logistics are members of the Board of u-blox. All Board members are also members of the Board of u-blox AG. All Executive Committee members participate in the Board meetings and each member presents a status report at each meeting.
- A monthly status report is prepared by the CEO and submitted to the Board.
- The CFO and CEO participated in each Audit Committee and Nomination and Compensation meeting. The minutes of Committee meetings are made available to all Board Members.
- The Chairman of the Board meets the CEO approximately every month to discuss the strategy or prepare Board meetings.
- A working group consisting of the CEO and Mr. Paul Van Iseghem (chair) ensures that the Board is informed on the strategic options of the company. The working group has convened once and informed the Board on the strategic options it has identified.
- The auditors participated in each Audit Committee meeting.

Risk management
A risk assessment plan for the group is prepared by the Executive Committee and presented to the Board on an ongoing basis. 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.

At each Board meeting risks and a risk mitigation plan were presented 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.

8 Management of the group

The members of the Executive Committee are:

Name	Age	Position
Thomas Seiler	57	CEO
Roland Jud	46	CFO
Jean-Pierre Wyss	44	EVP Production and Logistics
Daniel Ammann	44	EVP Positioning Products
Andreas Thiel	46	EVP Cellular Products

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:

- Conduct of the day-to-day-business and developing of new business.
- Implementation and enforcement of resolutions adopted and instructions given by the Board.
- Management and supervision of staff.

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

9 Executive Committee



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 Holding AG in 2007. He serves as CEO and Head of Marketing and Sales of u-blox AG since 2002. In 2006 he was appointed member of the Board of Directors of u-blox AG.

Professional background
Thomas Seiler holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (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 Artum AG, Switzerland.



Function at u-blox
Since the incorporation of u-blox Holding AG in 2007 **Jean-Pierre Wyss** has served as a member of the Board of Directors and, until 2011, as CFO. Since 1997, he has served as a member of the Board of Directors, CFO (until 2011) and Head of Production and Logistics of u-blox AG.

Professional background
He holds a degree in electrical engineering from the Swiss Federal Institute of Technology Zurich (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.

Other positions or consultancy agreements
Jean-Pierre Wyss is a member of the board of Ardo Medical AG, Switzerland.



Function at u-blox
Daniel Ammann has served as Executive Vice President (R&D Software) of u-blox Holding AG from 2007 to 2012. He has been a member of the Board of u-blox AG from 1997 to 2003 and acted as Executive Vice President R&D Software from 1997 to 2012. He acts as Executive Vice President Positioning Products for u-blox Holding AG and u-blox AG since 2012.

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

Other positions or consultancy agreements
Daniel Ammann is a member of the Board of Scancorner AG, Switzerland.



Function at u-blox
Andreas Thiel has served as Executive Vice President (R&D Hardware) of u-blox Holding AG from 2007 to 2012 and as Executive Vice President R&D Hardware of u-blox AG from 1997 to 2012. He acts as Executive Vice President Wireless Products for u-blox Holding AG and u-blox AG since 2012.

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 Zurich (ETH). In 1997, he co-founded u-blox AG.

Other positions or consultancy agreements
None.



Function at u-blox
Roland Jud has been appointed CFO of both u-blox Holding AG and u-blox AG in 2011.

Professional background
He holds a degree in economics from the University of St. Gallen (HSG), a diploma as Swiss Certified Auditor (CPA) and a diploma as Certified IFRS/IAS Accountant. From 1992 until 1999 he was auditor and consultant at KPMG. He served as Group Controller and Deputy CFO at Gurit-Heberlein Holding AG, Switzerland from 1999 to 2008. Thereafter, he was Head of Accounting, Reporting and ICS at Ascom Holding AG, Switzerland until 2010. From 2010 until 2011 he held the position of CFO and member of the executive committee at Nexgen AG, Switzerland.

Other positions or consultancy agreements
Roland Jud is a member of the advisory board of c-crowd AG, Zürich.

10 Shareholdings

Ownership of u-blox shares
The total number of u-blox shares owned by members of the Executive Committee and the Board of Directors at December 31, 2013 (including holdings of "persons closely linked"*) is shown in the table below.

Non-executive members of the Board

	Number of shares
Fritz Fahrni	13'046
Hans-Ulrich Müller	32'000
Gerhard Tröster	24'760
Paul Van Iseghem	175
Soo Boon Quek	0

Executive Committee

	Number of shares
Thomas Seiler	114'356
Andreas Thiel	49'664
Jean-Pierre Wyss	47'718
Daniel Ammann	41'620
Roland Jud	0

* "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.

11 Auditors

Duration of the mandate and term of office of the lead auditor
In 2013, KPMG AG, Lucerne was re-appointed as Statutory Auditor of u-blox. KPMG Lucerne has been appointed each year since incorporation of u-blox in 2007. Mr. Daniel Haas, Partner, has been acting as the lead auditor.

Auditing fees
Total auditing fees charged by KPMG for mandatory audits of u-blox for the financial year 2013 amount to CHF 375'800 (excl. VAT).

Additional fees
Additional fees (excl. VAT) charged by KPMG during the financial year 2013 amounted to CHF 248'177 for tax advice and consulting.

Supervisory and control instruments
The External Auditor presents to the Audit Committee an overview of issues found during the audit of the annual financial statement, the half year financial statement, as well as the internal control system. The External Auditors were present at both Audit Committee meetings in 2013.

The Board of Directors monitors the work and audit results of the External Auditors through the Audit Committee. The Audit Committee reviews annually the selection of auditors as well as the level of the external audit fees. In its review, the Audit Committee takes into account the External Auditor's quality of service, the expenses compared to other auditing companies and the fees for non-audit related services.

12 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.

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13 Compensation report

The compensation of the Board members and the Executive Committee members is reviewed in regular intervals by the Nomination and Compensation Committee and based on benchmarks of compensation paid to members of the Board and Executive Committee members of comparable companies listed on the Swiss stock exchange. The Board determines the fee of its members and the salary of the Executive Committee members based on the recommendations of the Nomination and Compensation Committee.

Board of Directors

The compensation of the non-executive Board of Director members consists of a fixed fee, social insurance and pension contributions and participation in the stock option plan.

Fixed Fee

The fixed fee of the Board members is defined to offer a reasonable fixed compensation compared to fixed compensations offered by other companies in the market.

Contributions to pensions and social insurance

u-blox pays the applicable mandatory employer contributions for the pension scheme and social insurances.

Stock option plan

At the beginning of each year, Board members are granted stock options in order to offer a competitive compensation package and to encourage their long term commitment to the company. The options vest 3 years after the grant date and expire 6 years after the grant date. The decision on the number of options to be granted is taken by the Board. See for details the next section "Stock option plan".

Compensation 2013

The compensation is based on a review of the fee of Board members performed end of 2011 by the Chairman of the Nomination and Compensation Committee. The fee was benchmarked with fees offered by 11 listed companies in Switzerland with comparable revenue, market capitalization or EBIT. The benchmarked companies are active in the semiconductor industry, communication service, software, electronics, medical solutions or production engineering industry. On the basis of the review, the Board decided that as of 2012 non-executive Board members will be paid the following fees: the Chairman will be paid an annual fee of CHF 60'000, committee members CHF 45'000 and each other member CHF 30'000. The fee is not cumulated in case a Board member holds several positions. The decision was taken by the Board within its discretion, without external advisors. The fee was defined for an unlimited period of time.

Compensation paid to the members of the Board of Directors

	Fixed Fee CHF 000s	Number of options[1]	CHF 000s[2]	Pension and social insurance funds CHF 000s	Total compensation 2013 CHF 000s
Fritz Fahrni Chairman of the BoD	60	499	8	4	72
Hans-Ulrich Müller	45	499	8	3	56
Gerhard Tröster	45	499	8	4	57
Soo Boon Quek	30	499	8	0	38
Paul Van Iseghem	45	499	8	1	54
Thomas Seiler[3]					
Jean-Pierre Wyss[3]					
Total	**225**	**2'495**	**40**	**12**	**277**

[1] Accruals based.
[2] Based on a fair value price of CHF 17.07 at grant date.
[3] Compensated as member of the Executive Committee.

Compensation 2014-2015

On November 1, 2013 a review of the fee of Board members was performed by the Chairman of the Nomination and Compensation Committee with the same benchmarked companies as in 2011 (except one company which was de-listed from the stock exchange). On the basis of the review, the Board decided that as of 2014 non-executive Board members will be paid the following fees: the Chairman will be paid an annual fee of CHF 68'000, the chairman of the Audit and Nomination and Compensation Committee each CHF 53'000, the head of the strategy working group CHF 53'000 and each other Board member CHF 30'000. The fee is not cumulated in case a Board member holds several positions. The decision was taken by the Board within its discretion, without external advisors. The fee was defined for the period from January 1, 2014 until the ordinary general assembly in 2015.

The Board members are also granted stock options according to the rules defined in the stock option plan (see below).

Executive Committee

The compensation package of the Executive Committee consists of a fixed salary, a variable bonus, a participation in the stock option plan and contributions to pensions and social insurance. A company car is put at the disposition of the CEO.

Fixed Salary

The fixed salary of the CEO is defined to offer a reasonable fixed salary compared to fixed salaries offered by other companies in the market and taking into account his seniority and experience. In order to ensure a strong team spirit, the fixed salary of the other Executive Committee members is not defined individually but defined as a percentage (60%) of the fixed salary of the CEO.

Contributions to pensions and social insurance

The aim is to provide Executive Committee members, respectively their family members, a financial coverage in case of retirement, illness, invalidity or death in line with market practices and regulations.

Bonus

The bonus is designed to incite the Executive Committee members to focus their attention on maintaining a high EBIT margin and increasing the revenue. The bonus depends on two factors: i) the EBIT in percent of revenue (EBIT margin) and ii) the change of the revenue of the group compared to the previous year. The bonus does not depend on personal performance objectives. Both factors have the same influence on the bonus for each Executive Committee member, with the exception of the CEO. In view of his position as head of sales, the EBIT margin of the CEO is weighted more strongly than the change of revenue for the calculation of the bonus compared to other members of the Executive Committee.

CEO bonus

The EBIT margin has an exponential influence on the CEO bonus. E.g. a 20% increase in revenue and a 10% EBIT margin results in a 67.7% bonus (in percent of the fixed salary) while a 20% increase in revenue and a 15% EBIT margin results in a 87% bonus (approximately 20% increase of the bonus). The CEO has a minimum bonus of 14% and a maximum bonus of 150% of the fixed salary.

Other Executive Committee member bonus

The factors are weighted to incentivize a high EBIT margin, however, the EBIT margin is weighted significantly less than in the CEO's formula. E.g. a 20% increase in revenue and a 10% EBIT margin results in a 39% bonus (in percent of fixed salary), while a 20% revenue increase and a 15% EBIT margin would result in a 49.5% bonus (approximately 10% increase of the bonus). The bonus of the other Executive Committee members has no minimum and is limited to 100% of the fixed salary.

Stock option plan

At the beginning of each year, Executive Committee members are granted stock options in order to offer a competitive compensation package and to encourage their long term commitment to the company. The options vest 3 years after the grant date and expire 6 years after the grant date. The decision on the number of options to be granted is taken by the Board. See for details see the next section "Stock option plan".

Compensation 2013

The compensation is based on a review of the compensation of all Executive Committee members performed end of 2010. The total compensation including salary, bonus and stock options of the CEO and that of the other Executive Committee members were benchmarked with those offered by 6 listed companies with comparable market capitalization in Switzerland and one non-listed company in Switzerland. The benchmarked companies are active in the semiconductor industry or provide software, logistics or telecommunication solutions or energy. The Board decided, taking into account the growth of u-blox and based on a proposal made by the Nomination and Compensation Committee, to increase the compensations in order to reach the median compensation of the benchmarked industry progressively in 2013 by annually increasing as of 2011 and until 2013 (i) the fixed salary of the CEO and (ii) the bonus factors of the other Executive Committee members. The proposal of the Nomination and Compensation Committee was based on an analysis made by the CEO. No external consultants or other Executive Committee members were involved in this process. The decision was made by the Board within its discretion. The total compensation was defined for the three year period from 2011 to 2013.

Compensation paid to the members of the Executive Committee

	Salary	Bonus[1]	Number of options[1]		Pension and social insurance funds[1]	Other benefits[3]	Total compensation 2013
	CHF 000s	CHF 000s		CHF 000s[2]	CHF 000s	CHF 000s	CHF 000s
Thomas Seiler CEO	360	297	6'243	107	114	9	887
Jean-Pierre Wyss	245	115	6'243	107	66	0	533
Andreas Thiel	245	115	6'243	107	69	0	536
Daniel Ammann	245	115	6'243	107	65	0	532
Roland Jud	239	115	6'087	104	57	0	515
Total	**1'334**	**757**	**31'059**	**532**	**371**	**9**	**3'003**

[1] Accruals based.
[2] Based on a fair value price of CHF 17.07 at grant date.
[3] Company car.

For 2013, the bonus of the Executive Committee members amounted to 46.8%, respectively 82.5% for the CEO, of the fixed salary.

The bonus amount has slightly reduced compared to 2012 because the revenue growth has reduced and the EBIT margin has only slightly increased compared to the previous year.

Compensation for 2014-2015

On November 1, 2013 a review of the total compensation including salary, bonus and stock options of Executive Committee members was performed by the Chairman of the Nomination and Compensation Committee with virtually the same benchmarked companies as in 2010 (total of 7 companies). On the basis of the review, the Board decided that as of January 1, 2014, the fixed salary of each Executive Committee member will be increased by 5% in order to reach the median total compensation of the benchmarked companies.

The proposal of the Nomination and Compensation Committee was based on an analysis made by the CEO. No external consultants or other Executive Committee members were involved in this process. The decision was made by the Board within its discretion. The total compensation was defined for the period from January 1, 2014 until the ordinary general assembly in 2015.

Other compensations

Share allotment

No shares were allotted to the members of the Board or the Executive Committee in 2013.

Additional fees, remunerations, guarantees and loans

No additional fee or remuneration was paid to the members of the Board or the Executive Committee. No guarantees or loans were granted by a group company to the members of the Board or the Executive Committee or were outstanding on December 31, 2013.

Non-compete

Each Executive Committee member is subject to a non-compete obligation during one year after termination of his employment, which can be triggered by the company. If the company decides to implement the obligation, the member will be paid 50% of the net income he received during the preceding year.

Persons closely linked

No remuneration, fees or loans were paid, respectively granted, to persons closely linked to members of the Board or members of the Executive Committee. 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.

14 Stock option plan

The stock option plan offers Board members and the Executive Committee members (as well as other employees) an opportunity to participate in the share capital of u-blox. The stock option plan is reviewed in regular intervals, last in 2013. The stock option plan is valid for an unlimited period of time.

The majority of u-blox employees and the members of the Board are eligible to participate in the stock option plan. The eligibility and the number of options to be attributed to different categories of employees, Executive Committee members and Board members is defined at the beginning of every year by the Board based on recommendations of the Nomination and Compensation Committee.

The decision is taken by the Board within its discretion, without external consultants. The number of options granted does not depend on personal performance objectives.

Each option grants the owner the right to purchase one share at a certain price (exercise price). The options lapse on the day following the last day of employment of the Executive Committee member, respectively of the mandate of the Board member. The option can be exercised between the third year (vesting date) and the sixth year after the grant date and expires six years after the grant date.

With respect to options with a grant date on or prior to December 31, 2012, the exercise price is the lower amount 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.

With respect to options with a grant date as of January 1, 2013, the exercise price is calculated by deducting 33% from the lower price 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.

2013

At the beginning of 2014, the Board decided that the members of the Executive Committee each have the same functional rank and are each granted the same number of options pro rata temporis of their employment in 2013 and that the members of the Board each have the same functional rank and are each granted the same number of options pro rata temporis of their membership in 2013. The number of options granted to the Board members and members of the Executive Committee has remained unchanged compared to the previous year.

Stock option allotment*

	Allotment
Non-executive Board Member (number of options)	499
Executive Committee Member (number of options)	6'243
Exercise price in CHF/option	59.29
Grant date	January 1, 2014
Vesting date	January 1, 2017
Expiry date	January 1, 2020

Stock option allotment previous year*

	Allotment
Non-executive Board Member (number of options)	499
Executive Committee Member (number of options)	6'243
Exercise price in CHF/option	25.50
Grant date	January 1, 2013
Vesting date	January 1, 2016
Expiry date	January 1, 2019

* Accruals based.

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Consolidated financial statements u-blox Holding AG

Consolidated statement of financial position

(in CHF 000s)	Note	At December 31, 2013	At December 31, 2012 restated[1)]	At January 1, 2012 restated[1)]
Assets				
Current assets				
Cash and cash equivalents	6	33'163	33'416	35'151
Marketable securities	7	27'395	27'175	45'981
Trade accounts receivables	8	29'204	22'127	16'877
Other receivables		6'765	4'307	2'456
Current tax assets		1'652	0	0
Inventories	9	22'671	19'171	20'556
Prepaid expenses and accrued income		1'501	1'280	1'636
Total current assets		**122'351**	**107'476**	**122'657**
Non-current assets				
Property, plant and equipment	10	13'764	7'078	5'331
Goodwill	11	37'825	37'659	17'137
Other intangible assets	11	44'570	33'682	15'965
Financial assets		1'222	1'195	425
Deferred tax assets	23	6'777	4'543	1'887
Total non-current assets		**104'158**	**84'157**	**40'745**
Total assets		**226'509**	**191'633**	**163'402**
Liabilities and equity				
Current liabilities				
Trade accounts payables	12	15'318	8'290	6'120
Other payables		5'454	5'687	2'140
Current tax liabilities		1'391	1'326	1'584
Accrued expenses	13	13'811	11'565	9'325
Total current liabilities		**35'974**	**26'868**	**19'169**
Non-current liabilities				
Other payables		822	1'747	609
Borrowings	14	0	2'825	0
Provisions	15	1'879	1'941	1'190
Pension liability	16	4'213	4'311	3'027
Deferred tax liabilities	23	3'185	3'091	1'704
Total non-current liabilities		**10'099**	**13'915**	**6'530**
Total liabilities		**46'073**	**40'783**	**25'699**
Shareholders' equity				
Share capital	17	5'810	5'675	5'619
Share premium	17	92'556	94'132	98'694
Retained earnings		82'070	51'043	33'390
Total equity, attributable to owners of the parent		**180'436**	**150'850**	**137'703**
Total liabilities and equity		**226'509**	**191'633**	**163'402**

[1)] See note 2

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

Consolidated income statement

(in CHF 000s)	Note	For the year ended December 31, 2013	For the year ended December 31, 2012 restated[1)]
Revenue	5	**219'813**	**173'128**
Cost of sales		-118'654	-91'949
Gross profit		**101'159**	**81'179**
Distribution and marketing expenses		-21'217	-17'828
Research and development expenses	20	-38'941	-32'730
General and administrative expenses		-11'034	-7'785
Other income		83	112
Operating profit (EBIT)		**30'050**	**22'948**
Finance income	22	1'013	922
Finance costs	22	-2'193	-2'487
Profit before income tax (EBT)		**28'870**	**21'383**
Income tax expense	23	-4'227	-4'305
Net profit, attributable to owners of the parent		**24'643**	**17'078**
Basic earnings per share (in CHF)	18	3.86	2.72
Diluted earnings per share (in CHF)	18	3.75	2.70

[1)] See note 2

Consolidated statement of comprehensive income

(in CHF 000s)	Note	For the year ended December 31, 2013	For the year ended December 31, 2012 restated[1)]
Net profit		**24'643**	**17'078**
Other comprehensive income			
Remeasurements on defined benefit obligations	16	703	-1'044
Income tax on remeasurements on defined benefit obligations	23	-135	206
Items that will not be reclassified to income statement		**568**	**-838**
Currency translation differences		-96	-454
Items that are or may be reclassified subsequently to income statement		**-96**	**-454**
Other comprehensive income, net of taxes		**472**	**-1'292**
Total comprehensive income, attributable to owners of the parent		**25'115**	**15'786**

[1)] See note 2

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

Consolidated statement of changes in equity

(in CHF 000s)	Note	Share capital	Share premium	Cumulative translation differences	Other retained earnings	Retained earnings	Total equity, attributable to owners of the parent
Balance at January 1, 2012 as previously reported		**5'619**	**98'694**	-3'360	36'000	**32'640**	**136'953**
Change in accounting policies	2	0	0	0	750	**750**	750
Balance at January 1, 2012, restated		**5'619**	**98'694**	-3'360	36'750	**33'390**	**137'703**
Net profit for the period, restated		0	0	0	17'078	17'078	17'078
Other comprehensive income for the period, net of taxes, restated		0	0	-454	-838	-1'292	-1'292
Total comprehensive income		0	0	-454	16'240	15'786	15'786
Share-based payments[1)]	19	0	0	0	1'867	1'867	1'867
Dividends out of share premium		0	-5'660	0	0	0	-5'660
Options exercised during the year, net of transation costs		56	1'098	0	0	0	1'154
Balance at December 31, 2012, restated		**5'675**	**94'132**	-3'814	54'857	**51'043**	**150'850**
Net profit for the period		0	0	0	24'643	24'643	24'643
Other comprehensive income for the period, net of taxes		0	0	-96	568	472	472
Total comprehensive income		0	0	-96	25'211	25'115	25'115
Share-based payments[1)]	19/23	0	0	0	5'912	5'912	5'912
Dividend out of share premium		0	-6'375	0	0	0	-6'375
Options exercised during the year, net of transaction costs	19	135	4'799	0	0	0	4'934
Total transactions with owners of the parent		*135*	*-1'576*	*0*	*5'912*	*5'912*	*4'471*
Balance at December 31, 2013		**5'810**	**92'556**	-3'910	85'980	**82'070**	**180'436**

For further information on share capital and share premium see note 17.

Approximately CHF 5.0 million of the share premium and retained earnings is not available for distribution due to legal restrictions.

[1)] Represents the amount of stock option expense of CHF 2.2 million (2012: 1.9 million) including respective tax effects of CHF 3.7 million (2012: CHF 0) recognized per December, 2013 and 2012 respectively

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

Consolidated statement of cash flows

(in CHF 000s)	Note	For the year ended December 31, 2013	For the year ended December 31, 2012 restated[1)]
Net profit		**24'643**	**17'078**
Adjustments for:			
Depreciation	10	4'141	2'967
Amortization	11	11'997	9'273
Share-based payment transactions	19	2'206	1'867
Increase of defined benefit obligation	16	597	194
Other non-cash transactions		-95	507
Increase/(decrease) of allowance for doubtful receivables		28	-164
Increase of allowance for obsolete inventories	9	612	23
Finance income	22	-1'013	-922
Finance costs	22	2'193	2'487
Income tax expense	23	4'227	4'305
Increase in trade and other receivables, prepaid expenses and accrued income		-8'675	-3'809
Increase/(decrease) in inventories		-4'101	1'885
Increase in trade and other payables and accrued expenses		6'200	1'644
(Decrease)/increase in provisions		-56	749
Income tax paid		-4'421	-5'996
Net cash generated from operating activities		**38'483**	**32'088**
Acquisition of property, plant and equipment	10	-10'902	-4'329
Acquisition of intangible assets	11	-22'814	-9'823
Proceeds from disposal of property, plant and equipment	10	6	0
Proceeds from disposal of intangible assets	11	27	40
Acquisition of marketable securities		-9'173	-8'767
Proceeds from sale of marketable securities		8'611	27'332
Acquisition of financial assets		-33	-44
Acquisition of subsidiaries, net of cash acquired		0	-22'003
Interest received		640	789
Net cash used in investing activities		**-33'638**	**-16'805**
Proceeds from exercise of options		4'934	1'154
Dividends paid to owners of the company		-6'375	-5'660
Repayments of borrowings and other payables	4, 14	-3'315	-11'089
Interest paid		-28	-23
Net cash used in financing activities		**-4'784**	**-15'618**
Net increase/(decrease) in cash and cash equivalents		**61**	**-335**
Cash and cash equivalents at beginning of year		33'416	35'151
Exchange losses on cash and cash equivalents		-314	-1'400
Cash and cash equivalents at end of year	6	**33'163**	**33'416**

[1)] See note 2

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' or 'the parent'), incorporated on September 21, 2007 in Thalwil, Switzerland, and its consolidated subsidiaries (together "the group entities"). 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 Standard of the SIX Swiss Exchange.

u-blox' core activities comprise the development, manufacturing and marketing of products and services supporting GPS/GNSS satellite positioning systems. u-blox offers a range of GPS/GNSS positioning products, including satellite receiver chips and chipsets, receiver modules, receiver boards, antennas and smart antennas which are in use worldwide for navigation, automatic vehicle location, security, traffic control, location based services, timing and agriculture. In 2009, u-blox expanded its activities by acquisition into wireless products and services. In 2012, u-blox expanded further in the wireless and positioning products business through additional acquisitions (note 4). 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 and for net defined benefit obligations, that are measured at fair value of plan assets less the present value of the defined benefit obligations. The consolidated financial statements are presented in Swiss Francs (CHF), rounded to the nearest thousand unless otherwise stated. Group entities 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 principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy and disclosure

- Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
- IFRS 10 Consolidated Financial Statements (2011)
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- Annual Improvements to IFRSs 2009-11 Cycle

Early adopted:

- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (2013)

With effect from January 1, 2013, u-blox has applied the amendment to IAS 1 Presentation of Items of Other Comprehensive Income, which has an effect on the disclosure of the other comprehensive income items in the consolidated statement of comprehensive income. Comparative information has also been represented accordingly.

As of January 1, 2013, u-blox has adopted various amendments to existing International Financial Reporting Standards (IFRSs) and Interpretations. With the exception of the changes described below, the new and amended standards have no material impact on the Group's results or financial position.

The amendments to IAS 19 "Employee Benefits" require immediate recognition of actuarial gains or losses in other comprehensive income. Until now entities could choose between immediate recognition in the income statement or the statement of comprehensive income or deferring recognition using the so-called "corridor" approach. U-blox had already applied the immediate recognition in other comprehensive income method in the past and was therefore not impacted by this change.

The amendments to IAS 19 also require that management determines the expected return on pension plan assets by applying the discount rate used to measure the defined benefit obligation and no longer on the basis of the estimated return based on asset allocation.

Under the amended IAS 19 u-blox now takes future employee contributions into account in calculating the net liability (risk sharing). This risk sharing is the main reason for the decrease of the net liability at December 31, 2011 by TCHF 931.

The changes required by the amended IAS 19 have been made retrospectively. The effects on the consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income are presented below:

(in CHF 000s)	**Reported**	**Adjustments**	**Restated**
Balance sheet at January 1, 2012			
Deferred tax assets	2'068	-181	1'887
Pension liability	3'958	-931	3'027
Equity	**136'953**	**750**	**137'703**
Balance sheet at December 31, 2012			
Deferred tax assets	4'808	-265	4'543
Pension liability	5'670	-1'359	4'311
Equity	**149'756**	**1'094**	**150'850**
Income statement full year 2012			
Distribution and marketing expenses	-17'807	-21	-17'828
Research and development expenses	-32'678	-52	-32'730
General and administrative expenses	-7'754	-31	-7'785
Finance costs	-2'436	-51	-2'487
Income tax expense	-4'335	30	-4'305
Net profit	**17'203**	**-125**	**17'078**
Basic earnings per share (in CHF)	2.74	-0.02	2.72
Diluted earnings per share (in CHF)	2.72	-0.02	2.70

Statement of comprehensive income full year 2012

Net profit	**17'203**	**-125**	**17'078**
Remeasurements on defined benefit obligations	-1'627	583	-1'044
Income tax on remeasurements on defined benefit obligations	320	-114	206
Other comprehensive income, net of taxes	**-1'761**	**469**	**-1'292**
Comprehensive income	**15'442**	**344**	**15'786**

The ongoing impact for 2013 and beyond is expected to be of a similar magnitude.

New IFRSs issued but not yet effective in 2013

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 reflect a first assessment by group management.

Standard/Interpretation		Impact	Effective date	Planned application by u-blox
New Standards and Interpretations				
IFRIC 21	Levies	3)	January 1, 2014	Reporting year 2014
IFRS 9	Financial Instruments	3)	January 1, 2017 at the earliest	to be determined
Revised Standards and Interpretations				
IAS 32	Offsetting Financial Assets and Financial Liabilities	1)	January 1, 2014	Reporting year 2014
Various	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1)	January 1, 2014	Reporting year 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1)	January 1, 2014	Reporting year 2014
IAS 19	Employee Contributions (Amendments to IAS 19)	3)	July 1, 2014	Reporting year 2015
Various	Annual Improvements to IFRSs 2010-2012 Cycle	1)	July 1, 2014	Reporting year 2015
Various	Annual Improvements to IFRSs 2011-2013 Cycle	1)	July 1, 2014	Reporting year 2015

[1)] No or no significant impacts are expected on the consolidated financial statements of u-blox.

[2)] Mainly additional disclosures are expected in the consolidated financial statements of u-blox.

[3)] The impact on the consolidated financial statements of u-blox can not yet be determined with sufficient reliability.

Principles of consolidation

The consolidated financial statements include the financial statements of u-blox Holding AG, which provides holding functions, and its subsidiaries, the following entities at December 31, 2013 and 2012:

Company	Share capital (million)	Ownership interest Dec. 31, 2013	Ownership interest Dec. 31, 2012	Function
u-blox AG, CH-Thalwil	CHF 4.23	100%	100%	E
u-blox Europe Ltd., UK-Charing	GBP 0.06	100%	100%	I
u-blox Asia Pacific Ltd., HK-Hong-Kong	USD 0.10	100%	100%	M
u-blox America Inc., US-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%	100%	M
u-blox Italia S.p.A., IT-Sgonico	EUR 0.40	100%	100%	E
u-blox UK Ltd., UK-Reigate	GBP 0.00	100%	100%	D
u-blox San Diego Inc., US-San Diego	USD 0.00	100%	100%	D
u-blox Melbourn Ltd., UK-Melbourn	GBP 0.14	100%	100%	D
u-blox Espoo Oy, FI-Espoo	EUR 0.05	100%	100%	E
u-blox Luton Ltd., UK-Luton	GBP 0.00	100%	100%	E
u-blox Lahore (Private) Ltd., PK-Lahore	PKR 14.11	100%	100%	D
u-blox Cork Ltd., IE-Cork	EUR 0.00	100%	-	D

E = Engineering, Logistics, Marketing, Sales and Support
S = Sales and Support
M = Marketing
D = Engineering
I = Inactive

In 2013 u-blox Cork Ltd. was founded as an engineering subsidiary.

In 2012, the group acquired u-blox Melbourn Ltd. (former: Cognovo Ltd.), u-blox Espoo Oy (former: Fastrax Oy) , u-blox Luton Ltd. (former: 4M Wireless Ltd.) and its subsidiary u-blox Lahore (Private) Ltd. (former: 4M Wireless Private Ltd.), see note 4. u-blox Europe Ltd. was inactive during the years 2013 and 2012. Subsidiaries are all entities that u-blox Holding AG has the ability to control. u-blox Holding AG controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the group. They are de-consolidated from the date that control is lost.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and its subsequent settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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 translated to the functional currency at year-end rates and related unrealized gains and losses are presented in the income statement within finance income or costs. 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 presentation currency, which is the functional currency of the parent. Group entities prepare their individual financial statements using their functional currency, being the currency of the primary economic environment in which the entity operates.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income. 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. Upon disposal of the net investment, 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, 2013		December 31, 2012	
	Average rate	Closing rate	Average rate	Closing rate
EUR	1.24144	1.22566	1.21959	1.20716
USD	0.93914	0.88902	0.94805	0.91419
GBP	1.46684	1.46861	1.49773	1.47975
HKD	0.11864	0.11465	0.11794	0.11794
SGD	0.75320	0.70279	0.75448	0.74792
CNY	0.15241	0.14547	0.15004	0.14484
JPY	0.00986	0.00846	0.01968	0.01061
PKR	0.00938	0.00838	0.00999	0.00933

Segment information
In accordance with the management structure and the reporting made to the Board of Directors (the Group's Chief Operating Decision Maker), the reportable segments are the two operating Corporate Groups 'Positioning and Wireless products' and 'Wireless services'. Segment accounting is prepared up to the level of Operating Profit (EBIT) because this is the key figure used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis are reported in the respective Corporate Groups. No distinction is made between the accounting policies of segment reporting and those of the consolidated financial statements. No operating segments were aggregated.

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.

Marketable Securities
Marketable securities include investments in bonds denominated in CHF with a remaining duration of maximum 4 years at the date of investment, which are classified at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Marketable securities are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Trade accounts receivables and other receivables
Trade accounts receivables 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, such as insolvency of a counterparty, that the amounts due in respect of such accounts cannot be recovered in full. The allowance is measured as the difference between the carrying amount of the receivable and expected future cash flows.

Inventories
Inventories 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 inventories 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. It excludes overheads and borrowing costs. Allowances are made for slow-moving items. Obsolete items are written off.

Non-current assets and disposal groups held for sale
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 2013 and 2012, the group held no non-current assets classified as held for sale.

Property, plant and equipment
Property, plant and equipment is stated at acquisition cost less 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	2-6
IT infrastructure	2-5
Tools and test infrastructure	2-5

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount. At the time of disposal, items of property, plant and equipment are eliminated from the statement of financial position. Any gains or losses on disposal are recognized in the income statement as a component of other income and expenses.

Goodwill
The group measures goodwill at the acquisition date of business combinations as:
- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquiree, less
- the net recognized amount of the identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGU's), or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Other intangible assets
Other intangible assets are stated at acquisition cost or in the case of intellectual property rights, technology and customer relationships acquired in a business combination at fair value 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/acquired technology	2-5
Software	2-5
Capitalized development costs	2-5
Customer relationships/other intangible assets	2-5

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 except for goodwill.

Capitalized development costs
Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized if they 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 include the cost of materials as well as direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

The group expenses research and development costs incurred in the preliminary project stage. To the extent that 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.

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. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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.

Impairment of property, plant and equipment and intangible assets
The carrying amounts of the group's property, plant and equipment and intangible 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 at least 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 cash generating units 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.

Financial assets
Financial assets primarily consist of rent deposits for offices and loans. These deposits and loans bear interest at current market rates and are stated at amortized cost, 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.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include other obligations including contingent payments to former shareholders of acquired subsidiaries. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Leases
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, 2013, the group did not enter into any finance lease agreement (2012: none). Other leases represent operating leases for which the leased assets are not recognized on the group's statement of financial position. Operating lease payments are recognized in the income statement on a straight line basis over the term of the lease.

Employee benefits
a) Pension obligations
The group maintains pension plans for employees located in Switzerland, the United Kingdom (UK), Italy, Finland, the United States of America (USA), Singapore, Pakistan and China. These plans comply with the respective legislation in each country and are financially independent of the group. The funds are generally financed by employer and employee contributions.

The plans in the UK, partly in Italy, the USA, Pakistan, China and Singapore qualify as defined contribution plans since the group has no further payment obligations once the fixed contributions have been paid. Employer contributions paid or due are recognized in the income statement as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The plan in Switzerland is contracted with an insurance company and qualifies as defined benefit plan. The part of the Italian TFR (Trattamento di fine rapporto) which has vested before December 31, 2006 also qualifies as defined benefit plan.

The net liability (asset) recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets. The defined benefit obligation is calculated annually and separately for each defined benefit plan by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The group recognizes them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses and finance cost respectively.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognized immediately in profit or loss when the plan amendment or curtailment occurs.

The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the group in connection with the settlement.

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.

b) Termination benefits
Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits at the earlier of the following dates: (i) when the entity can no longer withdraw the offer of these benefits; and (ii) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Termination benefits are measured in accordance with the nature of the employee benefit by applying the requirements of IAS 19 for either post-employment benefits, short-term employee benefits or other long-term employee benefits.

c) Profit-sharing and bonus plans
The group recognizes a liability and an expense for bonuses and profit-sharing, either based on a formula that takes into consideration sales and earnings before interest and taxes (EBIT) attributable to the company's shareholders or a formula based on gross margin improvement in comparison to local costs. The group recognizes an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

Income taxes
The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share-based payments
The group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the group. The fair value of the employee services received in exchange for the grant of the equity instruments is based on a binomial model for options and on the listed share price for shares, respectively, and is recognized as an expense with the counter-entry recognized in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted, excluding the impact of any service and non-market performance vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of equity instruments that are expected to vest based on the service and non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Revenue recognition
Revenue for goods and services are measured at fair value of the consideration received or receivable, net of returns and allowances, sales taxes and rebates.

Sales of positioning & wireless products are 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.

For sales of wireless services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. The revenue for service licenses is considered at the time of the transfer of the rights and the level of the usage of the license. The portion of 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 cash and cash equivalents, trade accounts receivables and other receivables, loans and borrowings, marketable securities, accrued income, accrued expenses and trade and other payables. These financial instruments are recognized initially at fair value. Subsequent measurement is at amortized cost except for marketable securities and contingent considerations which are both subsequently measured at fair value through profit or loss. The fair values of the group's non-derivative financial assets and liabilities are equal to their carrying amounts, except for borrowings (refer to note 24).

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.

The group did not enter into any derivative financial instrument transactions in 2013 (2012: none).

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

3 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the process of applying the group's accounting policies, management has made the following judgments and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial years:

Inventories

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 inventories 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 favourable 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 favourable, the group may have higher gross margins when products incorporating inventory that was previously written down are sold. At December 31, 2013 inventories amounted to TCHF 22'671 (2012: TCHF 19'171) that include allowance for obsolete inventories of TCHF 1'116 (2012: TCHF 504), see note 9.

Recoverability of trade accounts receivables

Management makes estimates of the collectability of accounts receivables and regularly reviews the adequacy of the allowance for doubtful accounts after considering the amount of aged accounts receivables, 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 collectability of trade accounts receivables 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 receivables, an insurance policy covering the risk of customers' insolvency has been entered into. The gross amount of trade accounts receivables at December 31, 2013 amounted to TCHF 29'767 (2012: TCHF 22'653) and the allowance for doubtful receivables amounted to TCHF 563 (2012: TCHF 526), see note 8.

Capitalization of development costs

After the technical feasibility of products to be developed has been demonstrated, u-blox capitalizes the related development costs until such time as the product is commercialized. However, there can be no assurance that such products will complete the development phase or will be commercialized or that market conditions will not change in the future requiring a revision of management's assessment of such future cash flows which could lead to additional amortization or impairment charges. The group has capitalized development costs with a carrying amount of TCHF 22'588 (2012: TCHF 12'001), see note 11.

Impairment of non-current assets

In addition to the regular, periodic test applied to goodwill, non-current assets are reviewed whenever there are indications that, due to changed circumstances or events, their carrying amount may no longer be recoverable. If such a situation arises, the recoverable amount is determined on the basis of expected future cash inflows. It corresponds to either the discounted value of expected future net cash flows or the expected net selling price. If the recoverable amount is below the carrying amount a corresponding impairment loss is recognized in the income statement. The main assumptions on which these measurements are based include growth rates, margins and discount rates. The cash inflows actually generated can differ considerably from discounted projections. In addition, useful lives can become shorter or assets impaired if the purpose for which property, plant and equipment are used changes, or medium-term revenues are lower than expected. The carrying amounts and information regarding impairments of the items of property, plant and equipment and intangible assets affected are set out in notes 10 and 11. At December 31, 2013 the net value of the property, plant and equipment is TCHF 13'764 (2012: TCHF 7'078) and for the other intangible assets TCHF 44'570 (2012: TCHF 33'682).

Goodwill

As of December 31, 2013, the carrying amount of goodwill from acquisitions totalled TCHF 37'825 (2012: TCHF 37'659). The recoverability of goodwill is tested for impairment annually. The value of goodwill is primarily dependent upon projected cash flows, the discount rate (WACC) and long-term growth rate. The significant assumptions are disclosed in note 11. Changes to these assumptions may result in an impairment loss in the following year.

Income taxes
At December 31, 2013, the current tax liability is TCHF 1'391 (2012: TCHF 1'326) and the current tax asset is TCHF 1'652 (2012: TCHF 0). The liability for deferred income taxes is TCHF 3'185 (2012: TCHF 3'091), the asset for deferred income taxes is TCHF 6'777 (2012: TCHF 4'543) and not capitalized tax loss carry forwards amounted to TCHF 9'238 (2012: TCHF 12'189), as disclosed in note 23. 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 favourable or unfavourable 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 are recognized 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 23).

Provisions
Certain participants in the wireless industry protect and pursue their intellectual property rights, which occasionally resulted in litigation. Relying on third party technology that is integrated into some of the products implies the risk of disputes about the use of such technology. Based on estimates a provision of TCHF 1'879 (2012: TCHF 1'941) has been recorded to reflect such potential liabilities (see note 15).

Pension liability
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.

The pension obligation in Italy is to accrue for each individual employee a pension amount which will be due on retirement or when employment ends, unless the employee decides to have the yearly cost to be paid in a defined contribution plan. The accrued amount is considered as a defined benefit plan and has to be provisioned for by the company. The present value of the defined benefit obligation is impacted by assumptions on discount rates used to arrive at the present value of future 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.

The above described differences could materially impact the assets or liabilities recognized in the statement of financial position in future periods. At December 31, 2013, the net present value of the group's defined benefit obligation is TCHF 4'213 (2012: TCHF 4'311) (see note 16).

4 CHANGES IN SCOPE OF CONSOLIDATION

In 2013 no business combinations took place. In connection with the acquisition of Fastrax Oy in 2012 a deferred payment of TCHF 410 was made in 2013. For 2012 the following business combinations took place:

Cognovo Ltd.

At June 27, 2012 u-blox AG acquired 100% of the shares of Cognovo Ltd., a company specialized in "Software Defined Modem" (SDM) chip development technology. Cognovo Ltd., a spin off from ARM Ltd. in 2009, employed 30 employees as of the acquisition date. The company is headquartered in Melbourn, England with an office in leuven, Belgium. Cognovo's SDM platform enables the creation of flexible multi-mode devices capable of operating a dynamic mix of cellular modems and broadcast receivers. Cognovo extends u-blox' chip design capabilities to create differentiated products for strategic markets that require 4G communications combined with global positioning. In August 2012 the name of the company was changed to u-blox Melbourn Ltd.

The acquisition had the following effect on the group's assets and liabilities:

(in CHF 000s)	Carrying amount of the acquired assets and liabilities	Fair value adjustments	Acquired assets and liabilities at fair value
Cash and cash equivalents	539		539
Other receivables	18		18
Prepaid expenses and accrued income	266		266
Property, plant and equipment	163		163
Intangible assets			
Software	2'159		2'159
Acquired technology		5'771	5'771
Deferred tax assets		1'925	1'925
Total assets	**3'145**	**7'696**	**10'841**
Other payables	-254		-254
Accrued expenses	-1'057		-1'057
Deferred tax liabilities		-1'154	-1'154
Shareholder loan	-11'089		-11'089
Net liabilities	**-9'255**	**6'542**	**-2'713**
Goodwill			6'925
Total consideration transferred			**4'212**
Paid in cash in 2012			4'212
Cash and cash equivalents acquired			-539
Acquisition of 100% of shares of subsidary, net of cash acquired			**3'673**
Repayment of shareholder loan with regard to acquisition of subsidiary (included in cash flow used in financing activities)			11'089
Net cash outflow			**14'762**

The goodwill represents intangible assets that do not qualify for a separate recognition as well as the assembled workforce of Cognovo. The goodwill is allocated to the Positioning and Wireless products segment and is not expected to be deductible for tax purposes. The gross contractual amount of receivables is equal to the fair value. All receivables are expected to be collectible. The shareholder loan, which forms part of the acquired net assets, is not included in the consideration transferred as it was repaid after the acquisition. The acquisition had no impact on revenues of the group in 2012 and a negative impact of CHF 3.2 million on net profit of the group in 2012 since the date of acquisition.

4M Wireless Ltd.

At October 3, 2012 u-blox AG acquired 100% of the shares of 4M Wireless Ltd., a company specialized in software stack technology for signal processing of the 4G LTE standard. 4M Wireless Ltd. was founded in 2006 and is headquartered in Luton, England with an operation in Lahore, Pakistan. The advanced protocol stack of 4M Wireless Ltd. brings u-blox leading edge know-how in the area of next-generation wireless technology that will operate over the 4G networks. The names of the companies were changed to u-blox Luton Ltd. and u-blox Lahore (Pvt) Ltd. during January and February 2013.

The acquisition had the following effect on the group's assets and liabilities:

(in CHF 000s)	Carrying amount of the acquired assets and liabilities	Fair value adjustments	Acquired assets and liabilities at fair value
Cash and cash equivalents	1'133		1'133
Trade receivables	50		50
Other receivables	10		10
Prepaid expenses and accrued income	4		4
Property, plant and equipment	46		46
Intangible assets			
Acquired customer relationships		1'346	1'346
Acquired technology		3'229	3'229
Total assets	**1'243**	**4'575**	**5'818**
Trade payables	-69		-69
Other payables	-79		-79
Accrued expenses	-50		-50
Deferred tax liabilities		-915	-915
Net assets	**1'045**	**3'660**	**4'705**
Goodwill			4'306
Total consideration transferred			**9'011**
Settled by:			
Cash payment			7'963
Deferred payment (net debt adjustment) in cash			664
Contingent consideration in cash			384
Paid in cash in 2012			7'963
Cash and cash equivalents acquired			-1'133
Acquisition of subsidiary, net of cash acquired			**6'830**

The undiscounted contingent consideration is estimated to be in a range of CHF 0 to CHF 0.5 million in dependency of the licence revenue with the 4M Wireless Ltd. software stack technology in 2013 and 2014. The acquired receivables are measured at fair value which is equal to the contractual gross amounts. They are expected to be fully collectible. The goodwill represents intangible assets that do not qualify for a separate recognition as well as the assembled workforce of 4M Wireless ltd. The goodwill is fully allocated to the Positioning and Wireless products segment and is not expected to be deductible for tax purposes. The acquisition had a positive impact on revenues of the group in 2012 of CHF 0.3 million and a negative impact of CHF 0.1 million on net profit of the group in 2012 since the date of acquisition.

Fastrax Oy

At October 29, 2012 u-blox AG acquired 100% of the shares of Fastrax Oy, a company specialized in a broad range of GNSS positioning and antenna modules. Fastrax Oy established itself as a successful player in the global positioning markets worldwide and employed 21 employees as of the acquisition date. The company is headquartered in Espoo, Finland. Fastrax' products are an excellent complement to the existing portfolio of u-blox and will benefit from u-blox' economies of scale. The name was changed to u-blox Espoo, Oy during December 2012.

The acquisition had the following effect on the group's assets and liabilities:

(in CHF 000s)	Carrying amount of the acquired assets and liabilities	Fair value adjustments	Acquired assets and liabilities at fair value
Cash and cash equivalents	523		523
Trade receivables	1'670		1'670
Other receivables	49		49
Inventories	519		519
Property, plant and equipment	216		216
Intangible assets			
License fees & software	38		38
Capitalized development costs	3'793		3'793
Acquired customer relationships		1'089	1'089
Financial assets	737		737
Total assets	**7'545**	**1'089**	**8'634**
Trade payables	-1'731		-1'731
Accrued expenses	-216		-216
Long-term loans	-3'342		-3'342
Deferred tax liabilities		-267	-267
Net assets	**2'256**	**822**	**3'078**
Goodwill			9'637
Total consideration transferred			**12'715**
Settled by:			
Cash payment			12'023
Deferred payment in cash			692
Paid in cash in 2012			12'023
Cash and cash equivalents acquired			-523
Acquisition of subsidiary, net of cash acquired			**11'500**

The fair value of the receivables and the loans is equal to the gross contractual amounts. All receivables and loans are expected to be collectible. The goodwill represents intangible assets that do not qualify for a separate recognition as well as the assembled workforce of Fastrax Oy. The goodwill is fully allocated to the Positioning and Wireless products segment and is not expected to be deductible for tax purposes. The acquisition had a positive impact on revenues of the group of CHF 2.0 million and a negative impact of CHF 1.2 million on net profit of the group since the date of acquisition.

Had the three acquisitions taken place at January 1, 2012, the consolidated income statement for 2012 would show pro-forma revenue of CHF 184.5 million and net profit of CHF 15.7 million. Acquisition related costs for all three acquisitions of total CHF 0.2 million have been charged to general and administrative expenses in the consolidated income statement for the year ended December 31, 2012.

5 SEGMENT REPORTING

According to IFRS 8 'Operating Segments', the identification of the reportable operating segments has to follow the management approach. Therefore the external segment reporting is based on the internal organizational and management structure, as well as internal reports to the Chief Operating Decision Maker (CODM). The group's CODM is the Board of Directors of u-blox Holding AG.

The following reportable segments were identified:

Positioning and Wireless products
The group develops and distributes GPS/GNSS positioning receivers and, since early 2009, also wireless communication modules which are mainly used in automotive, industrial and consumer applications. Products are marketed and sold by the u-blox worldwide sales organization. The products are manufactured by third parties. The group coordinates the whole supply chain and manages the world-wide production and distribution of the products. With the acquisition of u-blox Espoo Oy and u-blox Melbourn Ltd. another two entities were added to this segment in 2012.

Wireless services
With the acquisitions of u-blox Italia S.p.A. and u-blox San Diego, Inc., u-blox offers also services in the wireless communication technology which forms a separate business segment as these products consist of delivery of reference designs and software. With the acquisition of u-blox Luton Ltd. and u-blox Lahore (Pvt) Ltd. (former: 4M Wireless Ltd. and 4M Wireless (Pvt) Ltd.) another two entities joined 2012 in this operating segment. The customization for each delivery is prepared by the companies.

Segment information at December 31

	Positioning and Wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
(in CHF 000s)	**2013**	**2012 restated**	**2013**	**2012 restated**	**2013**	**2012 restated**	**2013**	**2012 restated**	**2013**	**2012 restated**
Revenue third	218'888	171'093	925	2'035	219'813	173'128	0	0	219'813	173'128
Revenue intragroup	0	0	17'988	12'323	17'988	12'323	-17'988	-12'323	0	0
Total Revenue	**218'888**	**171'093**	**18'913**	**14'358**	**237'801**	**185'451**	**-17'988**	**-12'323**	**219'813**	**173'128**
EBITDA	43'526	32'559	3'612	2'919	47'138	35'478	-950	-290	46'188	35'188
Depreciation	-3'018	-2'204	-1'123	-763	-4'141	-2'967	0	0	-4'141	-2'967
Amortization	-10'359	-7'716	-1'638	-1'557	-11'997	-9'273	0	0	-11'997	-9'273
EBIT	**30'149**	**22'639**	**851**	**599**	**31'000**	**23'238**	**-950**	**-290**	**30'050**	**22'948**
Finance income									1'013	922
Finance costs									-2'193	-2'487
EBT									**28'870**	**21'383**
Assets	142'431	114'886	15'521	11'037	157'952	125'923	68'557	65'710	226'509	191'633
Liabilities	34'776	28'581	8'374	4'962	43'150	33'543	2'923	7'240	46'073	40'783
Additions to non-current assets	29'826	11'700	3'890	2'452	33'716	14'152	0	0	33'716	14'152

In 2012 there was a reallocation from the assets of the segment Wireless services to the assets of the segment of Positioning and Wireless products over TCHF 9'448. Due to the application of IAS 19 revised the EBITDA, EBIT and EBT figure has been restated, accordingly. Please refer to the details disclosed in note 2.

Revenues are derived from:

(in CHF 000s)	For the year ended December 31, 2013	For the year ended December 31, 2012
Sale of goods	218'362	169'843
Services rendered	925	2'035
License fees	526	1'250
Total	**219'813**	**173'128**

Geographic information

u-blox in Switzerland is the main decision making body and bears the associated business 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. Furthermore most of the businesses are developed on a global base with partners of our customers involved in various geographic regions.

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

	For the year ended December 31, 2013		For the year ended December 31, 2012	
	in CHF 000s	**% share**	**in CHF 000s**	**% share**
EMEA	55'953	25.5	41'902	24.2
thereof: Switzerland	*519*	0.2	*381*	0.2
Germany	*15'158*	6.9	*13'558*	7.8
America	61'701	28.0	70'506	40.7
thereof: United States of America	*54'331*	*24.7*	*64'635*	*37.3*
Asia Pacific	102'159	46.5	60'720	35.1
thereof: China and Hong Kong	*65'203*	*29.7*	*33'265*	*19.2*
Total	**219'813**	**100.0**	**173'128**	**100.0**

Revenues of TCHF 24'199 (2012: TCHF 20'795) are derived from a single customer. These revenues are attributable to the Asia Pacific market (previous year the customer with the largest share of revenue, attributable to the US market).

The following table summarizes property, plant and equipment and intangible assets by geographic region as allocated:

	For the year ended December 31, 2013		For the year ended December 31, 2012	
	in CHF 000s	**% share**	**in CHF 000s**	**% share**
EMEA	92'588	96.3	74'917	95.5
thereof: Switzerland	*41'980*	*43.7*	*22'091*	*28.2*
America	3'088	3.2	3'452	4.4
Asia Pacific	483	0.5	50	0.1
Total	**96'159**	**100.0**	**78'419**	**100.0**

6 CASH AND CASH EQUIVALENTS

(in CHF 000s)	At December 31, 2013	At December 31, 2012
Petty cash	11	11
Cash at banks	33'152	33'405
Total	**33'163**	**33'416**
Composition of cash and cash equivalents by currency (in CHF 000s)		
CHF	9'706	12'483
USD	14'505	11'337
EUR	6'567	7'868
GBP	1'448	966
SGD	34	27
CNY	79	109
KRW	44	50
TWD	23	24
JPY	643	419
PKR	103	133
INR	11	0

7 MARKETABLE SECURITIES

In November 2009, u-blox entered into an asset management agreement with Zürcher Kantonalbank to invest in CHF bonds. This amount is being increased or decreased at least on an annual basis, based on the cash requirements of the group. The interest received on the investments is reinvested. The rating of the debtors of the bonds which may be invested into have to meet highest credit ratings, see note 24. The agreement can be terminated with immediate effect.

8 TRADE ACCOUNTS RECEIVABLES

(in CHF 000s)	At December 31, 2013	At December 31, 2012
Gross amount	29'767	22'653
Allowance for doubtful receivables	-563	-526
Total	**29'204**	**22'127**
Composition by currency (in CHF 000s)		
USD	25'248	18'972
EUR	3'055	2'551
JPY	749	437
GBP	148	167
CHF	4	0
Composition by regions (in CHF 000s)		
EMEA	5'742	5'130
Americas	15'086	11'416
Asia Pacific	8'376	5'581

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

At the balance sheet date the aging structure of trade accounts receivables was as follows:

	At December 31, 2013		At December 31, 2012	
(in CHF 000s)	**Gross receivables**	**Net receivables**	**Gross receivables**	**Net receivables**
Not yet due	23'555	23'555	17'608	17'608
1 - 30 days overdue	5'075	5'075	4'307	4'307
31 - 90 days overdue	180	176	172	156
91 - 180 days overdue	4	4	70	54
More than 180 days overdue	953	394	496	2
Total	**29'767**	**29'204**	**22'653**	**22'127**

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

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

(in CHF 000s)	**2013**	**2012**
Individually assessed value adjustments		
At January 1,	526	693
Increase/(decrease)	37	-167
Total value adjustments at December 31,	**563**	**526**

The individually assessed impairment allowance amounts to TCHF 563 (previous year: TCHF 526). It is assumed that a small part of the underlying receivables will eventually be paid. For further information on credit management and trade accounts receivables see note 24.

9 INVENTORIES

(in CHF 000s)	**At December 31, 2013**	**At December 31, 2012**
Raw material (components)	7'006	3'190
Work in process	7'321	7'489
Finished products	9'460	8'996
Allowance for obsolete inventories	-1'116	-504
Total	**22'671**	**19'171**

Components and changes in finished products recognized as cost of sales amounted to CHF 113.4 million (2012: CHF 87.6 million). The allowance relates to inventories considered obsolete.

10 PROPERTY, PLANT AND EQUIPMENT

Cost (in CHF 000s)	Furniture, equipment and vehicles	IT infrastructure	Tools and test infrastructure	Total
Balance at January 1, 2012	**7'602**	**640**	**8'252**	**16'494**
Additions	2'590	204	1'535	4'329
Additions due to acquisitions	389	20	16	425
Derecognition	-82	-29	0	-111
Translation differences	-56	-7	-2	-65
Balance at December 31, 2012	**10'443**	**828**	**9'801**	**21'072**
Additions	6'479	427	3'996	10'902
Additions due to acquisitions	0	0	0	0
Derecognition	-6	-7	0	-13
Translation differences	-76	-14	-1	-91
Balance at December 31, 2013	**16'840**	**1'234**	**13'796**	**31'870**

Accumulated depreciation (in CHF 000s)	Furniture, equipment and vehicles	IT infrastructure	Tools and test infrastructure	Total
Balance at January 1, 2012	**5'043**	**329**	**5'791**	**11'163**
Depreciation	1'581	169	1'217	2'967
Derecognition	-82	-29	0	-111
Translation differences	-22	-3	0	-25
Balance at December 31, 2012	**6'520**	**466**	**7'008**	**13'994**
Depreciation	2'463	257	1'421	4'141
Derecognition	-6	-1	0	-7
Translation differences	-12	-10	0	-22
Balance at December 31, 2013	**8'965**	**712**	**8'429**	**18'106**
Net carrying amount at December 31, 2012	**3'923**	**362**	**2'793**	**7'078**
Net carrying amount at December 31, 2013	**7'875**	**522**	**5'367**	**13'764**

The value of property, plant and equipment for the purposes of insurance against fire amounted to CHF 10.2 million at December 31, 2013 (CHF 10.2 million at December 31, 2012). During the years ended December 31, 2012 and December 31, 2013 no impairment losses were recognized on tangible assets. The group did not have any capital commitments at December 31, 2013 (December 31, 2012: none).

11 INTANGIBLE ASSETS

Cost (in CHF 000s)	**Goodwill**	Intellectual property rights/ acquired technology	Software	Capitalized development costs	Customer relationships/ other intangible assets	**Total other intangible assets**
Balance at January 1, 2012	**17'137**	**14'961**	**3'539**	**18'477**	**778**	**37'755**
Additions	0	4'039	2'080	3'692	12	9'823
Additions due to acquisitions	20'868	8'975	2'192	3'826	2'432	17'425
Derecognition	0	0	0	-40	0	-40
Translation differences	-346	-152	-41	-40	-40	-273
Balance at December 31, 2012	**37'659**	**27'823**	**7'770**	**25'915**	**3'182**	**64'690**
Additions	0	6'042	1'894	14'878	0	22'814
Additions due to acquisitions	0	0	0	0	0	0
Derecognition	0	-630	-40	-247	0	-917
Translation differences	166	-83	20	173	-9	101
Balance at December 31, 2013	**37'825**	**33'152**	**9'644**	**40'719**	**3'173**	**86'688**

Accumulated amortization (in CHF 000s)	**Goodwill**	Intellectual property rights/ acquired technology	Software	Capitalized development costs	Customer relationships/ other intangible assets	**Total other intangible assets**
Balance at January 1, 2012	**0**	**7'472**	**2'673**	**11'389**	**256**	**21'790**
Amortization	0	3'942	1'909	2'528	894	9'273
Derecognition	0	0	0	0	0	0
Translation differences	0	-16	-21	-3	-15	-55
Balance at December 31, 2012	**0**	**11'398**	**4'561**	**13'914**	**1'135**	**31'008**
Amortization	0	3'497	2'920	4'429	1'151	11'997
Derecognition	0	-630	-40	-220	0	-890
Translation differences	0	-20	14	8	1	3
Balance at December 31, 2013	**0**	**14'245**	**7'455**	**18'131**	**2'287**	**42'118**
Net carrying amount at December 31, 2012	**37'659**	**16'425**	**3'209**	**12'001**	**2'047**	**33'682**
Net carrying amount at December 31, 2013	**37'825**	**18'907**	**2'189**	**22'588**	**886**	**44'570**

During the years ended December 31, 2013 and December 31, 2012 no impairment losses were recognized on intangible assets. The group did not have any capital commitments at December 31, 2013 (December 31, 2012: none).

Amortization for the year is recorded in the following income statement positions:

(in CHF 000s)	**2013**	**2012**
Cost of sales	75	110
Distribution and marketing expenses	96	687
Research and development expenses	10'671	6'746
General and administrative expenses	1'155	1'730
Total amortization	**11'997**	**9'273**

Goodwill

Goodwill has been allocated to the group's Cash Generating Units („CGU") which are identical to the group's reportable segments as follows:

(in CHF 000s)	At December 31, 2013	At December 31, 2012
Positioning and Wireless products	36'879	36'727
Wireless services	946	932
Total goodwill	**37'825**	**37'659**

Impairment

The group of intangible assets of each CGU, including allocated goodwill, is tested for impairment at least annually. The value in use is thereby determined based on future discounted cash flows. As a basis for the calculation, the four-year mid-term plan is used. Subsequent years are included using a perpetual annuity. The projections are based on knowledge and experience and also on judgments made by management as to the probable economic development. Consequently, it is assumed that for all CGU's, there are no planned significant changes in their organization. The underlying projections for the next four years are therefore calculated based on historical figures and the latest market estimates. Pre-tax discount rates were applied in determining the recoverable amount of the units. The discount rates were estimated based on an industry average weighted average cost of capital.

Following parameters have been used for the calculations:

	2013		2012	
	Discount rate	Growth rate (residual value)	Discount rate	Growth rate (residual value)
Positioning and Wireless products	10.57%	3%	9.82%	3%
Wireless services	10.57%	3%	9.71%	3%
Pre-tax discount rate for:				
Positioning and Wireless products	11.31%		12.15%	
Wireless services	13.40%		13.40%	

The growth rate does not exceed the long-term average growth rate for the industry.

For the CGU Positioning and Wireless products u-blox management is of the opinion that none of the anticipated changes in key assumption which can be reasonably expected would cause the carrying amount of the CGU to exceed its recoverable amount.

For the **CGU Wireless services** the sensitivity analysis is shown below:

For the year ended December 31, 2013

Change in the headroom that reflects the difference between the carrying amount and value in use of the CGU Wireless services (in CHF 000s)

		Growth rate (residual value)		
	Discount rate	0.0%	1.5%	3.0%
	12.57%	-2'008	-1'531	-905
	10.57%	-893	-139	**915**
	8.57%	762	2'066	4'071

12 TRADE ACCOUNTS PAYABLES

(in CHF 000s)	At December 31, 2013	At December 31, 2012
Trade accounts payables	15'318	8'290
Total	**15'318**	**8'290**
Composition by currency (in CHF 000s)		
CHF	-178	233
USD	2'535	6'129
EUR	12'952	1'928
GBP	2	0
PKR	7	0

13 ACCRUED EXPENSES

(in CHF 000s)	At December 31, 2013	At December 31, 2012
Personnel related	7'323	6'181
Other accruals	6'488	5'384
Total	**13'811**	**11'565**
Therefore classified as financial instruments (note 24)	6'488	5'384

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.

14 BORROWINGS

In 2013 the borrowing over TEUR 2'340 (TCHF 2'905) from u-blox Espoo Oy against the publicly funded organisation were paid back. There are no additional borrowings in 2013 and therefore the balance at December 31, 2013 is zero.

15 PROVISIONS

(in CHF 000s)	2013	2012
At January 1,	1'941	1'190
Additional provisions	298	1'338
Used during year	-360	-587
At December 31,	**1'879**	**1'941**

u-blox products are designed to conform to certain wireless industry standards which are based on certain patented technologies. A provision for royalty payments is recorded which is estimated to be due to these patent holders once the license agreements are concluded with them. The provision is based on absolute amounts, and on a percentage of individual product revenues and is recorded at the time revenue is recognized. Should the actual royalties to be paid under license agreements signed in the future differ from the estimates, the royalty provision would have to be revised. In 2013 certain new agreements have been signed. All items of the provisions are considered to have a duration of more than one year and therefore are classified as non-current.

16 PENSION LIABILITY

The group maintains a defined benefit plan in Switzerland and Italy and defined contribution plans in the United Kingdom (UK), in the United States of America (USA), Italy, Finland, Singapore, Pakistan 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.

16.1 Defined benefit plans

Switzerland

The Swiss pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

u-blox participates in a Swiss "Sammelstiftung", which is a collective foundation administrating the pension plans of various unrelated employers. The pension plan of u-blox is fully segregated from the ones of other participating employers.
The most senior governing body of the collective foundation is the Board of Trustees, which is also ultimately responsible for the investment strategy and policy, taking into account the foundation's objectives, benefit obligations (i.e. asset-liability management) and risk capacity. The Board of Trustees has delegated the implementation of the investment policy to an Investment Committee.
The benefit-related operations are managed by a life insurance, which is also re-insuring the risks described below. The segregated pension plan of u-blox is administered by a Parity Pension Committee, which is composed of equal numbers of employees and employer representatives. All governing and administration bodies have an obligation to act in the interests of the plan participants.

Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG, which is specifying the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital which can either be drawn as a life-long annuity or as a lump sum payment. The annuity is calculated by multiplying the retirement capital with the currently applicable conversion rate. The accumulated retirement capital is made of the yearly contributions towards the old age risk by both employer and employee and the interest thereon until retirement. Contributions towards the old age risk are approved by the Parity Pension Committee, based on the rules defined by the Board of Trustees of the collective foundation. Minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2013 the minimum interest was 1.5%; in 2014 it will be 1.75%. Employer and employee are also making contributions towards the disability and death risks; the corresponding benefits are defined based on the current salary and fully re-insured with a life-insurance. The pension fund has concluded an insurance contract with Helvetia that covers death benefits, disability benefits and old age pensions. The pension fund is the policy holder and the beneficiary of the contract. If the applicable tariff of the insurance company results in a lower old age pension than the old age pension according to the plan rules, the pension fund has to finance this difference buy buying a further pension amount within the insurance company.

In case of an underfunding of the pension plan measured based on its Swiss GAAP FER financial statements, various measures can be taken such as increasing current contributions of both employer and employee or decreasing the interest on the retirement capital.

Italy
Employee severance indemnities are due under an Italian plan, the Trattamento di fine rapporto, which is mandatory for Italian companies pursuant to article 2120 of the Italian Civil Code. The deferred compensation to be paid when the employee leaves the Italian entity is based on the employees' years of service and the taxable compensation earned by the employee during the service period, i.e. the accumulated retirement capital at the time when the employment ends. Benefits are payable in the event of retirement, death, disability or resignation.

A liability has been recognized for this plan to be treated as a defined benefit plan for the amounts vested up to December 31, 2006. The liability is not associated with any vesting condition or period or any funding obligation; hence, there are no assets servicing the provision.

From January 1, 2007, Italian law has provided that employees may choose whether they accrue their employee severance indemnity to supplementary pension funds or to the company: following the changes defined by Law no. 296 of 27 December 2006 (the "2007 Finance Act") and the subsequent decrees and regulations (the "Pension Reform"), the severance indemnities accruing from 2007 have been assigned, as elected by the employees, to either the INPS Treasury Fund or to supplementary pension funds and take the form of a defined contribution plan.
However, revaluations of the provision for the employee severance indemnities vested up to December 31, 2006, made on the basis of the official cost-of-living index and legally prescribed interest, are retained in the provision for employee severance indemnities.

Movement in net defined benefit liability
The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components. The movements in the table below represent mainly the Swiss plan. The unfunded Italian plan is also included but has no significant impact on the movements.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
(in CHF 000s)	**2013**	**2012[1)]**	**2013**	**2012[1)]**	**2013**	**2012[1)]**
Balance at 1 January	17'741	13'190	-13'430	-10'161	4'311	3'029
Included in income statement						
Current service cost	1'536	995	-	-	1'536	995
Interest cost / (income)	357	352	-277	-285	80	67
Administration cost	-	-	29	71	29	71
	1'893	**1'347**	**-248**	**-214**	**1'645**	**1'133**
Included in other comprehensive income						
Remeasurements loss / (gain): - Actuarial loss / (gain) arising from:						
- demographic assumptions	856	86	-	-	856	86
- financial assumptions	-1'291	1'277	-	-	-1'291	1'277
- experience adjustments	285	258	-	-	285	258
- return on plan assets excluding interest income	-	-	-553	-577	-553	-577
Exchange rate differences	8	-4	-	-	8	-4
	-142	**1'617**	**-553**	**-577**	**-695**	**1'040**
Other						
Contributions by employer	-	-	-1'029	-885	-1'029	-885
Plan participants' contributions	688	593	-688	-593	-	-
Benefits received, net	601	994	-620	-1'000	-19	-6
	1'289	**1'587**	**-2'337**	**-2'478**	**-1'048**	**-891**
Balance at 31 December	**20'781**	**17'741**	**-16'568**	**-13'430**	**4'213**	**4'311**
					2013	**2012[1)]**
thereof: funded					**3'735**	**3'829**
unfunded (refers to the Italian pension plan)					**478**	**482**

[1)] Restated amounts, see note 2

The expected contributions of the group for defined benefit plans for the financial year 2014 amount to TCHF 1'078.

Principal actuarial assumptions for the Swiss plan only

Calculation of defined benefit obligations	At December 31, 2013	At December 31, 2012
Discount rate	2.40%	1.94%
Future salary increases	2.50%	2.44%
Future pension indexations	0.25%	0.24%
Mortality table	BVG 2010G	BVG 2010 Proj 2011

At 31 December 2013, the weighted-average duration of the defined benefit obligation for the Swiss plan was 20.7 years (2012: 20.1 years).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to significant actuarial assumptions. The impact of a change in the respective assumptions on the defined benefit obligation at the end of the reporting period would be as follows:

- A 0.25% increase in the discount rate would lead to a decrease of TCHF 843 in the defined benefit obligation.
- A 0.25% decrease in the discount rate would lead to an increase of TCHF 918 in the defined benefit obligation.
- A 0.25% increase in the expected increase in salaries would lead to an increase of TCHF 167 in the defined benefit obligation.
- A 0.25% decrease in the expected increase in salaries would lead to a decrease of TCHF 162 in the defined benefit obligation.

The sensitivity analysis is based on realistically possible changes as of the end of the reporting period. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Asset classes (Swiss plan only)

Fair value of plan assets (CHF 000s)	2013	2012
Equities	5’142	2’116
Bonds	7’531	8’078
Real estate	1’984	2’231
NTF Alternative investments	1’281	586
Qualified insurance policies	285	278
Cash	345	141
	16’568	**13’430**

All equity securities, and bonds have quoted prices in active markets.

16.2 Defined contribution plans

In 2013, group contributions recognized as an expense for defined contribution plans were TCHF 1’038 (2012: TCHF 559).

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Ordinary share capital CHF 000s	Share premium CHF 000s	Total CHF 000s
At January 1, 2012	6'243'370	5'619	98'694	104'313
Dividends paid-out			-5'660	-5'660
Options exercised during the year	61'662	56	1'098	1'154
At December 31, 2012	**6'305'032**	**5'675**	**94'132**	**99'807**
Dividends paid-out			-6'375	-6'375
Options exercised during the year	150'464	135	4'799	4'934
At December 31, 2013	**6'455'496**	**5'810**	**92'556**	**98'366**

Ordinary share capital

The company's ordinary share capital at December 31, 2013 consists of 6'455'496 registered shares with a nominal value of CHF 0.90 each. Dividends per share of CHF 1.00 were paid out in 2013 (2012: CHF 0.90). Transaction costs related to the options exercised in 2013 amounting to TCHF 87 have been netted off with the deemed proceeds and recorded in share premium.

Authorized share capital

At the ordinary shareholders meeting held on April 24, 2013, the shareholders resolved that the Board of Directors shall be authorized, at any time until October 16, 2015, to increase the share capital through the issuance of up to 1'261'000 fully paid-in registered shares with a nominal value of CHF 0.90 each. On December 31, 2013 the authorized share capital amounted to CHF 1'134'900 (1'261'000 shares of CHF 0.90 each).

Conditional share capital

At the ordinary shareholders' meeting held on April 24, 2013, the shareholders resolved that the Board of Directors shall be authorized to increase the share capital by a maximum aggregate amount of CHF 567'452.70 by issuing no more than 630'503 fully paid-in registered shares with a nominal value of CHF 0.90. The conditional share capital is 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. In 2013, 150'464 options were exercised out of the conditional share capital (2012: 61'662). The conditional share capital amount available decreased accordingly to CHF 432'035.10 (480'039 shares with a nominal value of CHF 0.90).

18 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit 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, 2013	For the year ended December 31, 2012 restated
Net profit (in CHF 000s)	**24'643**	**17'078**
Weighted average number of outstanding shares (basic)	**6'392'219**	**6'284'347**
Effect of share options on issue	173'576	38'134
Weighted average number of outstanding shares (diluted)	**6'565'795**	**6'322'481**
Basic earnings per share (in CHF)	**3.86**	**2.72**
Diluted earnings per share (in CHF)	**3.75**	**2.70**

At December 31, 2013 the group had 431'018 outstanding options (December 31, 2012: 478'024 outstanding options) granted to employees (see note 19). All the potential ordinary shares arising from outstanding stock options were "in the money" at December 31, 2013. Therefore all granted options were considered for the calculation of the diluted earnings per share in 2013.

19 EMPLOYEE COMPENSATION AND BENEFITS

Personnel expenses

Personnel expenses included in operating expenses consist of the following:

(in CHF 000s)	For the year ended December 31, 2013	For the year ended December 31, 2012 restated
Salaries	26'122	25'947
Share-based payments	2'206	1'867
Social taxes	4'744	3'546
Pension cost	2'687	1'641
Other personnel related expenses	1'977	1'369
Total personnel expenses	**37'736**	**34'370**
Average number of employees (FTE*)	408.2	259.5

* (FTE = Full Time Equivalent)

Employee 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. For US, Belgium and Finland residents, the exercise price equals the closing price of the share on the SIX Swiss Exchange on the granting date. For all other employees, the exercise price is one third part lower than the volume weighted average share price of the company 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 grant date. One option grants the right to purchase one u-blox Holding AG share.

In 2013, 106'532 options were granted to certain members of the Board of Directors, Executive Committee members and employees at an exercise price of CHF 25.50 and 10'494 employee stock options at an exercise price of CHF 39.15.

In 2013, 150'464 options were exercised to buy one share with a nominal value of CHF 0.90 at a share price of CHF 19.15, 25.50, 26.25 and 46.00 per option respectively. Share transaction cost of TCHF 87 were deducted from the proceeds. Net proceeds were recorded in share capital TCHF 135 and share premium TCHF 4'799.

The following table details the movements of outstanding employee stock options:

	For the year ended December 31, 2013		For the year ended December 31, 2012	
	Weighted average exercise price in CHF	Number of options	Weighted average exercise price in CHF	Number of options
Opening balance	**39.08**	**478'024**	**35.64**	**397'951**
Granted	26.72	117'026	39.98	154'818
Exercised	33.37	-150'464	19.15	-61'662
Forfeited	40.49	-13'568	39.15	-13'083
Ending balance	**37.67**	**431'018**	**39.08**	**478'024**
Thereof vested	27.94	46'190	40.63	86'171

The following table summarizes the employee stock options outstanding at December 31, 2013 and December 31, 2012 respectively:

Expiry date	Exercise Price CHF	Options outstanding at December 31, 2013	Options outstanding at December 31, 2012
2014	46.00	8'599	68'951
2015	19.15	10'115	17'220
2016	25.50	26'657	105'787
2016	26.25	819	6'890
2017	48.58	118'578	123'422
2017	50.30	7'425	7'425
2018	39.91	135'219	140'752
2018	41.20	7'577	7'577
2019	25.50	105'673	0
2019	39.15	10'356	0
Total		**431'018**	**478'024**
Weighted average remaining expected life at December 31,		2.21 years	2.13 years
Weighted average remaining contractual life at December 31,		3.71 years	3.63 years

The weighted average fair value of options granted during 2013 was CHF 16.47 (2012: CHF 13.02). 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 valuation model applied at grant date and used for the consolidated financial statements ended December 31, 2013 and 2012 respectively:

	2013	2012
Dividend yield	2.52%	2.16%
Expected volatility	43.10%	47.70%
Risk-free interest rate	0.26%	0.47%
Expected life of option	4.50 years	4.50 years
Expected exit rate during vesting	3.00%	3.00%
Weighted average share price	CHF 62.53	CHF 39.98

For 2013 the expected volatility was based on the historical volatility of the u-blox share. For 2012 the base was a selection of comparable companies.

The expense for employee services received is recognized over the vesting period. The expense from the employee stock option plan recognized in 2013 was TCHF 1'894 (2012: TCHF 1'815). Additional options were granted at the beginning of 2014 (see note 30).

Other share-based compensation

A payment in u-blox Holding AG shares will become due upon fulfillment of performance goals over the two years following the date of acquisition of a subsidiary. The share-based compensation is measured at the listed share price of one u-blox Holding AG share as of the acquisition date (CHF 41), less discounted dividend yield for the two years vesting period and multiplied by the amount of shares (15'822) that are to be paid should the performance goals be met. For the year ended December 2013, a share-based compensation expense of TCHF 312 (2012: TCHF 52) was recorded in the income statement.

20 RESEARCH AND DEVELOPMENT

(in CHF 000s)	2013	2012 restated
Research and development expenditures	25'892	24'146
Depreciation and amortization	13'049	8'584
Total research and development expenses	**38'941**	**32'730**

21 OPERATING EXPENSES BY NATURE

(in CHF 000s)	Note	2013	2012 restated
Material costs	9	113'421	87'636
Personnel expenses	19	37'736	34'370
Depreciation	10	4'141	2'967
Amortization	11	11'997	9'273
Travel- and representation expenses		3'773	2'696
Administration expenses		6'162	4'080
Marketing expenses		1'763	1'526
Rent expenses		2'380	1'772
Other expenses		8'473	5'972
Other income		-83	-112
Total		**189'763**	**150'180**

22 FINANCE INCOME/FINANCE COSTS

(in CHF 000s)	2013	2012 restated
Interest income on bank deposits	596	810
Gains on financial instruments at fair value for trading	417	112
Finance income	**1'013**	**922**
Losses on financial instruments at fair value for trading	-445	-353
Interest expenses	-28	-23
Foreign exchange result (net)	-1'587	-1'784
Other finance costs	-133	-327
Finance costs	**-2'193**	**-2'487**
Total, net	**-1'180**	**-1'565**

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

23 INCOME TAX EXPENSE

Income taxes can be analyzed as follows:

(in CHF 000s)	At December 31, 2013	At December 31, 2012 restated
Current income taxes	2'834	5'731
Deferred income taxes	1'393	-1'426
Total income tax expense	**4'227**	**4'305**

The group has operations in various locations, where differing tax laws and income tax rates apply. Consequently, the effective tax rate on consolidated income may vary from year to year, based on the source of earnings. The 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 main operating company in Thalwil, is as follows:

	2013		2012 restated	
	in %	in CHF 000s	in %	in CHF 000s
Profit before income tax		**28'870**		**21'383**
Income tax rate of u-blox AG, Thalwil	19.2		19.2	
Expected income tax expense		5'543		4'105
Effect of different tax rates		356		370
Effect of non-tax-deductible expenses		236		512
Tax effect of tax-exempt income		-314		-386
Prior year adjustments		-73		10
R&D tax credits		-111		-156
Prior year tax loss newly recognised		-1'668		-71
Tax loss carry forwards not recognised in current year		332		180
Withholding taxes (non recoverable)		-51		-197
Other		-23		-62
Effective income tax expense		**4'227**		**4'305**

Deferred tax assets and liabilities

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

	At December 31, 2013		At December 31, 2012		
(in CHF 000s)	Deferred tax assets	Deferred tax liabilities	Deferred tax assets restated	Deferred tax liabilities	Change restated 2013
Investments in subsidiaries	0	0	0	121	121
Other assets	526	3'098	887	2'406	-1'053
Other liabilities	2'055	87	902	564	1'630
Tax loss carry forwards	4'196	0	2'754	0	1'442
Deferred tax assets/liabilities[1)]	**6'777**	**3'185**	**4'543**	**3'091**	**2'140**

[1)] 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.

The increase in tax loss carry forward are mainly due to the subsidaries of u-blox Melbourn and u-blox Espoo.

(in CHF 000s)	2013	2012 restated
Deferred income taxes recognized in the income statement	-1'393	1'426
Addition due to acquisition	0	-412
Deferred income taxes recognized in other comprehensive income	-135	206
Recognized in equity	3'706	0
Translation differences	-38	49
Total changes compared to previous year	**2'140**	**1'269**

As in 2013 the tax deduction resulting from share-based payments exceeds the amount of the related cumulative remuneration expenses from share-based payments, the excess of the deferred tax in the amount of CHF 3.7 million was recognized directly in equity. On temporary differences from investments in subsidiaries of TCHF 1'720 (2012: TCHF 1'720), no deferred tax liability was recorded.

Tax loss carry forwards

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 carry forwards structured by expiry date are as follows:

	Gross value of tax loss carry forwards		Potential tax benefits	
(in CHF 000s)	2013	2012	2013	2012
Expiry dates				
2014	836	0	205	0
2015	21	0	5	0
2016	186	0	46	0
2017	97	0	24	0
2018 - 2029	550	0	135	0
To be carried forward unlimited	15'987	9'347	3'781	2'754
Total tax loss carry forwards capitalized	**17'677**	**9'347**	**4'196**	**2'754**
Expiry dates				
2014	2'313	2'279	567	558
2015	0	823	0	202
2016	0	22	0	5
2017	0	183	0	45
2018 - 2029	604	291	205	71
To be carried forward unlimited	7'862	8'591	1'572	1'809
Total tax loss carry forwards not capitalized	**10'779**	**12'189**	**2'344**	**2'690**
Total tax loss carry forwards[1)]	**28'456**	**21'536**	**6'540**	**5'444**

[1)] The tax loss carry forwards 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.

24 FINANCIAL RISK MANAGEMENT

The following table shows the carrying amount of all financial instruments per category. They correspond, approximately, to the fair values in accordance with IFRS, with the exception of borrowings (note 14).

(in CHF 000s)	For the year ended December 31, 2013	For the year ended December 31, 2012
Cash and cash equivalents	**33'163**	**33'416**
Trade accounts receivables	29'204	22'127
Other receivables	6'765	4'307
Accrued income	412	465
Financial assets	1'222	1'195
Loans and receivables	**37'603**	**28'094**
Marketable securities	27'395	27'175
Financial assets at fair value through profit or loss	**27'395**	**27'175**
Trade accounts payables	15'318	8'290
Other payables – other	4'464	6'227
Accrued expenses	6'488	5'384
Borrowings	0	2'825
Liabilities at amortized costs	**26'270**	**22'726**
Other payables – contingent consideration	962	969
Liabilities at fair value through profit or loss	**962**	**969**

The carrying amount of the marketable securities recognized at their fair value is determined on the basis of the bonds prices at the balance sheet date. Information with respect to measurement of contingent consideration is found in note 4.

The contingent consideration contains the latest earn-out estimate in connection with acquisition. The earn-outs reflect the present value of the expected cash outflow which is measured on the basis of the achievement of profit goals defined in the corresponding purchase agreements.

Fair value hierarchy

The different levels of financial instruments carried at fair value have been defined as follows in the table below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

For the year ended December 31, 2013

(in CHF 000s)	Total	Level 1	Level 2	Level 3
Marketable securities	27'395	27'395	0	0
Total assets	**27'395**	**27'395**	**0**	**0**
Other payables – contingent consideration	962	0	0	962
Total liabilities	**962**	**0**	**0**	**962**

For the year ended December 31, 2012

(in CHF 000s)	Total	Level 1	Level 2	Level 3
Marketable securities	27'175	27'175	0	0
Total	**27'175**	**27'175**	**0**	**0**
Other payables – contingent consideration	969	0	0	969
Total liabilities	**969**	**0**	**0**	**969**

There were no reclassifications between the various levels in 2013.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

(in CHF 000s)	2013	2012
Balance at January 1,	969	609
Arising from business combinations	0	384
losses recognized in profit or loss due FX-Effect	-7	-24
Balance at December 31,	**962**	**969**

Risk exposure
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

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 affected.

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 cash and cash equivalents, trade accounts receivables from customers and investment securities.

Trade accounts receivables 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 as far as possible 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. 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.

Cash and cash equivalents and marketable securities
The group limits its exposure to credit risk by only investing in fixed time deposits and marketable securities such as Swiss Francs bonds 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 4 years. 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, 2013 no guarantees were outstanding (December 31, 2012: 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 8.

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

(in CHF 000s)	For the year ended December 31, 2013	For the year ended December 31, 2012
Cash and cash equivalents	33'163	33'416
Marketable securities	27'395	27'175
Trade accounts receivables	29'204	22'127
Other receivables	6'765	4'307
Accrued income	412	465
Other financial assets	1'222	1'195
Total	**98'161**	**88'685**

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, 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 5 million overdraft facility that would be – in case of a draw down – secured by a pledge of the trade accounts receivables. Interest would be payable at the rate of 3% p.a. plus commission of 0.25% per quarter. The bank may adjust the interest rate in line with the market interest rates. Securities are nominated up to CHF 5.6 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 December 31, 2013 (in CHF 000s)	**Carrying amounts**	**Contractual cash flows**	up to 6 months	6-12 months	1 - 5 years
Trade accounts payables	15'318	15'318	15'318	0	0
Other payables – other	4'464	4'464	4'464	0	0
Other payables – contingent consideration	962	1'116	572	544	0
Accrued expenses	13'811	13'811	13'811	0	0
Total	**34'555**	**34'709**	**34'165**	**544**	**0**

For the year ended December 31, 2012 (in CHF 000s)	**Carrying amounts**	**Contractual cash flows**	up to 6 months	6-12 months	1 - 5 years
Trade accounts payables	8'290	8'290	8'290	0	0
Other payables – other	6'227	6'227	5'061	0	1'166
Other payables – contingent consideration	969	1'127	0	0	1'127
Accrued expenses	11'565	11'565	11'565	0	0
Borrowings	2'825	2'890	0	0	2'890
Total	**29'876**	**30'099**	**24'916**	**0**	**5'183**

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 marketable securities. Interest rate risk exposure exists for the invested assets as the fair value of the bonds depend on the actual interest rates. The risk is limited by investing in bonds of a maximum remaining duration of 4 years. 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.

An increase of the Swiss Franc interest rate of 0.25% would decrease the value of the marketable securities by 0.41% resulting in a negative impact of TCHF 113 on the profit before income tax.

c2) Currency risk

Almost all of the revenue and cost 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 from time to time into economic hedging transactions pursuant to which u-blox purchases 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 revenue and cost 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 a foreign currency from the perspective of the group entity which holds these financial instruments:

	For the year ended December 31, 2013		For the year ended December 31, 2012	
(in CHF 000s)	**USD**	**EUR**	**USD**	**EUR**
Cash and cash equivalents	12'300	5'824	9'202	5'676
Trade accounts receivables	10'568	3'170	7'838	2'436
Receivables from subsidiaries	16'593	2'721	14'748	967
Other receivables	7	3'260	271	2'567
Trade accounts payables	-12'844	-1'274	-6'824	-351
Other payables – other	-578	-1'813	-862	-1'471
Other payables – contingent consideration	-962	0	-969	0
Payables to subsidiaries	-6'434	-3'930	-5'604	-2'937
Accrued expenses	-1'361	-500	-1'150	-500
Total currency exposure	**17'289**	**7'458**	**16'650**	**6'387**

A 10% change in exchange rates at December 31, 2013 would have increased or decreased net profit 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	2013	2012	2013	2012
	USD/CHF	**USD/CHF**	**EUR/CHF**	**EUR/CHF**
Change	10%	10%	10%	10%
(in CHF 000s)				
Impact on income statement for positive change	1'397	1'345	603	516
Impact on income statement for negative change	-1'397	-1'345	-603	-516

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. In 2013 the group did not enter into any derivative financial instruments contracts (2012: none).

25 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 number of shareholders, as well as the return on capital, which the group defines as net profit divided by total shareholders' equity. Return on capital was 13.7% in 2013 (2012: 11.5%). 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 but also, based on the sound cash situation, wants to let the shareholders participate in the business result by dividend payments or by repaying part of the share premium.

26 OPERATING LEASES

Future minimal rental payments under equipment and facility leases at December 31, 2013 are as follows:

Operating leases due (in CHF 000s)	**At December 31, 2013**	**At December 31, 2012**
Within 1 year	3'702	1'743
Within 2 years	2'370	1'493
Within 3 years	1'622	1'330
Within 4 years	1'474	1'097
Thereafter	4'016	2'415
Total	**13'184**	**8'078**

This position mainly consists of office space rented.

27 GUARANTEES, PLEDGES IN FAVOR OF THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At December 31, 2013 and 2012 there were no guarantees in favour of third parties. The group is not exposed to any significant other contingent liabilities. There is no known threatened or pending litigation against any group companies.

28 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 to the Board of Directors and Executive Committee was:

(in CHF 000s)	**For the year ended December 31, 2013**	**For the year ended December 31, 2012**
Salaries	2'316	2'266
Share-based payments	572	488
Social taxes	241	223
Employee benefit costs	142	136
Other non cash benefits	9	9
Total compensation	**3'280**	**3'122**

There were no other significant transactions with related parties during the years ended December 31, 2013 and 2012. The detailed disclosure of compensation and shareholdings of the Board of Directors and Executive Committee as per Swiss law can be found in the notes to the financial statements of u-blox Holding AG.

29 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 24. The organization, principles, and reporting of risk management are described in Corporate Governance under the subtitle 'risk management'.

30 POST BALANCE SHEET EVENTS

The Board of Directors authorized these consolidated financial statements for issuance on March 19, 2014. In January 2014 u-blox granted 131'174 employee stock options at an exercise price of CHF 59.29 and 14'219 employee stock options at an exercise price of CHF 96.15 under a new stock option plan to members of the Board of Directors, Executive Committee members and certain employees. There have been no other events between December 31, 2013 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, 2013.

Report of the Statutory Auditor to the General Meeting of Shareholders of

u-blox Holding AG, Thalwil

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of u-blox Holding AG, which are presented on page 60 to 101 and comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes for the year ended December 31, 2013.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation 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, 2013 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 (IFRS) 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.

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Nicole Charrière Roos
Licensed Audit Expert

Lucerne, March 19, 2014

Financial statements u-blox Holding AG

Statement of financial position

(in CHF)		Note	At December 31, 2013	At December 31, 2012
Assets				
Current assets				
Cash at bank			3'871'367	10'535'817
Marketable Securities			27'395'343	27'175'113
Other receivables	- third parties		34'986	160'133
	- group companies		10'365'527	0
Prepaid expenses and accrued income	- third parties		269'054	290'682
	- group companies		0	474'708
Total current assets			**41'936'277**	**38'636'453**
Non-current assets				
Loans to group companies			67'300'000	61'300'000
Investment in group company		2	14'697'917	14'697'917
Total non-current assets			**81'997'917**	**75'997'917**
Total assets			**123'934'194**	**114'634'370**
Liabilities and shareholders' equity				
Liabilities				
Other payables	- third parties		0	39'736
	- group companies		0	267'826
Accrued expenses			425'033	246'400
Total liabilities			**425'033**	**553'962**
Shareholders' equity				
Share capital		3	5'809'946	5'674'529
Legal reserve	- general reserves		5'323'986	5'297'816
	- reserves from capital contributions		81'910'617	79'633'387
Available earnings			30'464'612	23'474'676
Total shareholders' equity			**123'509'161**	**114'080'408**
Total liabilities and shareholders' equity			**123'934'194**	**114'634'370**

Income statement

(in CHF)	For the year ended December 31, 2013	For the year ended December 31, 2012
Income		
Dividend income	6'000'000	6'000'000
Interest and securities income	2'520'577	2'431'174
Service fee income	692	977
Total income	**8'521'269**	**8'432'151**
Expenses		
General and administrative expenses	-918'122	-615'848
Amortization of capitalized IPO costs	0	-556'000
Securities expenses	-524'863	-451'002
Foreign exchange losses	358	-23'917
Total expenses	**-1'442'627**	**-1'646'767**
Profit before income tax (EBT)	**7'078'642**	**6'785'384**
Income tax expense	-88'706	-85'031
Net profit for the year	**6'989'936**	**6'700'353**
Available earnings at beginning of the year	**23'474'676**	**16'774'323**
Available earnings at end of the year	**30'464'612**	**23'474'676**

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 IN GROUP COMPANY

	Percentage held	Share capital	Purpose
u-blox AG, Thalwil (Switzerland)	100% Holding	CHF 4'226'238	Provider of embedded positioning and wireless communication solutions

3 SHARE CAPITAL

The share capital consists of 6'455'496 (2012 6'305'032) registered shares with a nominal value of CHF 0.90 each.

4 AUTHORIZED SHARE CAPITAL

	At December 31, 2013	At December 31, 2012
Number of registered shares	1'261'000	1'248'634
With a nominal value of CHF 0.90 each	CHF 1'134'900.00	CHF 1'123'806.60

At the ordinary shareholders meeting held on April 24, 2013, the shareholders resolved that the Board of Directors shall be authorized, at any time until October 16, 2015, to increase the share capital through the issuance of up to 1'261'000 fully paid-in registered shares with a nominal value of CHF 0.90 each.

5 CONDITIONAL SHARE CAPITAL

	At December 31, 2013	At December 31, 2012
Number of registered shares	480'039	562'695
With a nominal value of CHF 0.90 each	CHF 432'035.10	CHF 506'407.50

At the ordinary shareholders meeting held on April 24, 2013, the shareholders resolved that the Board of Directors shall be authorized to increase the share capital by a maximum aggregate amount of CHF 567'452.70 by issuing no more than 630'503 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.

In 2013, 150'464 options were exercised, which reduced the conditional share capital at December 31, 2013 to 480'039 shares with a nominal value of CHF 0.90. At December 31, 2012 there were 431'018 options (at December 31, 2012: 478'024 options) on u-blox Holding AG shares outstanding.

6 SIGNIFICANT SHAREHOLDERS

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

Werner Dubach, Hergiswil, Switzerland	10.12%
Black Rock Inc. (Indirectly), USA	5.00%
LB Swiss Investment AG, Zurich, Switzerland	4.89%
UBS Fund Management AG, Basel, Switzerland	3.17%
Credit Suisse Funds AG, Zurich, Switzerland	3.05%
BlackRock Global Funds-Swiss Small&MidCapOpportunities Fund, Switzerland	3.02%

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

For the year ended December 31, 2013	Compensation[1]	Share-based compensation[2]		Pension and social insurance funds[1]	Total compensation 2013[3]
	CHF 000s	Number of options	CHF 000s	CHF 000s	CHF 000s
Fritz Fahrni Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	60	499	8	4	72
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	45	499	8	3	56
Gerhard Tröster Chairman of the nomination and compensation committee	45	499	8	4	57
Soo Boon Quek Member of the Board of Directors	30	499	8	0	38
Paul Van Iseghem Member of the Board of Directors	45	499	8	1	54
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)
Total	**225**	**2'495**	**40**	**12**	**277**

For the year ended December 31, 2012	Compensation[1]	Share-based compensation[2]		Pension and social insurance funds[1]	Total compensation 2012[3]
	CHF 000s	Number of options	CHF 000s	CHF 000s	CHF 000s
Fritz Fahrni Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	60	624	8	4	72
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	45	624	8	2	55
Gerhard Tröster Chairman of the nomination and compensation committee	45	624	8	3	56
Soo Boon Quek Member of the Board of Directors	30	624	8	0	38
Paul Van Iseghem Member of the Board of Directors	30	426	6	1	37
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)
Total	**210**	**2'922**	**38**	**10**	**258**

[1] Accruals based.
[2] The share based compensation consists of grant of options under the employee stock option plan in 2013 (2012: stock option plan 2012). The options underly a vesting period of 3 years, the validity is 6 years from grant date. The strike price of an option is CHF 25.50 (2012: CHF 39.91) to purchase one share.
The compensation is calculated at a fair value price of CHF 17.07 (2012: CHF 13.05) at grant date.
[3] 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 the compensation.
[4] Compensated as member of the Executive Committee.

Compensation paid to the members of the Executive Committee

For the year ended December 31, 2013	Salary	Bonus[1]	Share-based compensation[2]		Pension and social insurance funds[1]	Other benefits[3]	Total compensation 2013
	CHF 000s	CHF 000s	Number of options	CHF 000s	CHF 000s	CHF 000s	CHF 000s
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	360	297	6'243	107	114	9	887
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	245	115	6'243	107	66	0	533
Andreas Thiel Executive Vice President (R&D Wireless Products)	245	115	6'243	107	69	0	536
Daniel Ammann Executive Vice President (R&D Positioning Products)	245	115	6'243	107	65	0	532
Roland Jud CFO	239	115	6'087	104	57	0	515
Total	**1'334**	**757**	**31'059**	**532**	**371**	**9**	**3'003**

For the year ended December 31, 2012	Salary	Bonus[1]	Share-based compensation[2]		Pension and social insurance funds[1]	Other benefits[3]	Total compensation 2012
	CHF 000s	CHF 000s	Number of options	CHF 000s	CHF 000s	CHF 000s	CHF 000s
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	326	273	7'804	102	101	9	811
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	243	124	7'804	102	63	0	532
Andreas Thiel Executive Vice President (R&D Wireless Products)	243	124	7'804	102	70	0	539
Daniel Ammann Executive Vice President (R&D Positioning Products)	243	124	7'804	102	64	0	533
Roland Jud CFO	236	120	3'189	42	51	0	449
Total	**1'291**	**765**	**34'405**	**450**	**349**	**9**	**2'864**

[1] Accruals based. The bonus is based on a combination of EBIT ratios and the increase of the turnover of the Group.
[2] The share based compensation consists of grant of options under the employee stock option plan in 2013 (2012: stock option plan 2012). The options underly a vesting period of 3 years, the validity is 6 years from grant date. The strike price of an option is CHF 25.50 (2012: CHF 39.91) to purchase one share.
The compensation is calculated at a fair value price of CHF 17.07 (2012: CHF 13.05) at grant date.
[3] 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 the 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 2013, 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, 2013	Number of u-blox Holding AG shares at December 31, 2012
Fritz Fahrni Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	13'046	12'422
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	32'000	51'090
Gerhard Tröster Chairman of the nomination and compensation committee	24'760	35'760
Soo Boon Quek Member of the Board of Directors	0	0
Paul Van Iseghem (joined April 27, 2011) Member of the Board of Directors	175	1'450
Total Non-Executive members of the Board of Directors	**69'981**	**100'722**

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

	Number of u-blox Holding AG shares at December 31, 2013	Number of u-blox Holding AG shares at December 31, 2012
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	114'356	104'552
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	47'718	67'914
Andreas Thiel Executive Vice President (R&D Wireless Products)	49'664	68'164
Daniel Ammann Executive Vice President (R&D Positioning Products)	41'620	53'804
Roland Jud CFO	0	0
Total Executive Committee (incl. Executive members of the Board of Directors)	**253'358**	**294'434**

The Executive Committee and Board of Directors hold 116'370 option rights on u-blox Holding AG shares at December 31, 2013 (December 31, 2012: 138'463 option rights).

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 24 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 2014, the subsidiaries of u-blox Holding AG granted 145'393 employee stock options on shares of u-blox Holding AG to members of the Board of Directors, Executive Committee members and certain employees.
There have been no other events between December 31, 2013 and March 19, 2014 that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2013 or would otherwise have to be disclosed.

Proposal of the Board of Directors for appropriation of available earnings and the use of reserves from capital contributions

The Board of Directors proposes to the Annual General Meeting the following appropriation of available earnings and the use of reserves from capital contributions at December 31, 2013

(in CHF)	2013	2012
Net profit for the year	6'989'936	6'700'353
Brought forward from previous year	23'474'676	16'774'323
Available earnings before appropriation	**30'464'612**	**23'474'676**
Release of reserves from capital contributions	8'392'145	6'305'032
Total available earnings before appropriation	**38'856'757**	**29'779'708**
Dividend payment out of reserves from capital contributions, CHF 1.30 per share on 6'455'496 shares[1)]	-8'392'145	-6'305'032
To be carried forward	**30'464'612**	**23'474'676**

[1)] Depending on the number of shares issued at April 30, 2014.

The Board of Directors is proposing to the General Meeting, to be held at April 29, 2014, to carry forward the available earnings 2013 of CHF 30'464'612 and to pay out a dividend of CHF 1.30 per share exempt from Swiss withholding tax out of the reserves from capital contributions. The last trading day with entitlement to receive the dividend is April 30, 2014. The shares will be traded ex-dividend as of May 2, 2014. The dividend will be payable as of May 7, 2014.

Thalwil, March 19, 2014

For the Board of Directors
The Chairman
Fritz Fahrni

Report of the Statutory Auditor to the General Meeting of Shareholders of

u-blox Holding AG, Thalwil

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of u-blox Holding AG, which are presented on page 104 to 110 and comprise the statement of financial position, income statement and notes for the year ended December 31, 2013.

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, 2013 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

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Nicole Charrière Roos
Licensed Audit Expert

Lucerne, March 19, 2014

Three year overview

Condensed consolidated income statement

(in CHF 000s)	For the year ended December 31, 2013	2012 restated	2011
Revenue	**219'813**	**173'128**	**124'704**
% growth	27.0%	38.8%	10.6%
Cost of sales	-118'654	-91'949	-61'953
Gross profit	**101'159**	**81'179**	**62'751**
% gross profit margin	46.0%	46.9%	50.3%
Operating expenses	-71'192	-58'343	-41'807
Other income	83	112	256
Operating profit (EBIT)	**30'050**	**22'948**	**21'200**
% EBIT margin	13.7%	13.3%	17.0%
Finance income	1'013	922	1'034
Finance costs	-2'193	-2'487	-1'286
Profit before income tax (EBT)	**28'870**	**21'383**	**20'948**
% EBT margin	13.1%	12.4%	16.8%
Income tax expense	-4'227	-4'305	-4'440
Net profit, attributable to owners of the parent	**24'643**	**17'078**	**16'508**
% net profit margin	11.2%	9.9%	13.2%
Depreciation and amortization	16'138	12'240	7'919
EBITDA[1)]	**46'188**	**35'188**	**29'119**
% EBITDA margin	21.0%	20.3%	23.4%

[1)] Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to operating profit (EBIT), in each case determined in accordance with IFRS.

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2013	At December 31, 2012 restated	At December 31, 2011 restated
Assets			
Current assets			
Cash and cash equivalents	33'163	33'416	35'151
Marketable securities	27'395	27'175	45'981
Trade accounts receivables	29'204	22'127	16'877
Inventories	22'671	19'171	20'556
Other current assets	9'918	5'587	4'092
Total current assets	**122'351**	**107'476**	**122'657**
Non-current assets			
Property, plant and equipment	13'764	7'078	5'331
Goodwill	37'825	37'659	17'137
Other intangible assets	44'570	33'682	15'965
Financial assets	1'222	1'195	425
Deferred tax assets	6'777	4'543	1'887
Total non-current assets	**104'158**	**84'187**	**40'745**
Total assets	**226'509**	**191'633**	**163'402**
Liabilities and equity			
Current liabilities	35'974	26'868	19'169
Non-current liabilities	10'099	13'915	6'530
Total liabilities	**46'073**	**40'783**	**25'699**
Shareholders' equity			
Share capital	5'810	5'675	5'619
Share premium	92'556	94'132	98'694
Retained earnings	82'070	51'043	33'390
Total equity, attributable to owners of the parent	**180'436**	**150'850**	**137'703**
Total liabilities and equity	**226'509**	**191'633**	**163'402**

Condensed consolidated statement of cash flows

	For the year ended December 31,		
(in CHF 000s)	**2013**	**2012**	**2011**
Net cash generated from operating activities	38'483	32'088	18'597
Net cash used in investing activities	-33'638	-16'805	-6'217
Net cash used in financing activities	-4'784	-15'618	-2'397
Net increase/(decrease) in cash and cash equivalents	**61**	**-335**	**9'983**
Cash and cash equivalents at beginning of year	33'416	35'151	25'184
Exchange losses on cash and cash equivalents	-314	-1'400	-16
Cash and cash equivalents at end of year	**33'163**	**33'416**	**35'151**

Glossary

2G
Short for second-generation wireless telephone technology. 2G typically refers to the GSM standard which supports mobile voice, data and text (SMS). GSM is currently the world's most widely deployed mobile communications technology.

3G
These are the third generation family of technologies for mobile wireless networking consisting of HSPA, UMTS, EDGE and CDMA2000. They are designed to supersede 2G services. 3G networks enable operators to offer users a wider range of more advanced services while achieving greater network capacity through improved spectral efficiency.

4G
The fourth generation of mobile phone mobile communications standards. For cellular communications, 4G generally designates the LTE standard.

Automotive grade
Automotive grade is an umbrella term applied to components which meet specific automotive industry requirements such as adherence to specific standards, extended operating temperature, tolerance to electrostatic discharge, burn-in, quality and packaging requirements.

Acquisition performance
Performance of a GPS/GNSS receiver in detecting (or 'acquiring') satellite signals. Once acquired, the receiver is able to receive and process the signals and use this information to calculate a position. The speed and sensitivity which a receiver is able to acquire satellites is referred to as its acquisition performance. In general, four satellite signals must be received and decoded to determine a position.

A-GNSS (Assisted GNSS) Services
A service which provides a GNSS receiver with aiding data (i.e. satellite position data) in order to shorten the time required to establish a position fix. The aiding data can be acquired over mobile networks, enabling satellite receivers to improve their performance anywhere there is mobile phone coverage. u-blox provides such a service to its customers ("AssistNow").

Backwards compatibility
When upgrading electronic components for improved performance, lower cost or both, backwards compatibility with previous generation of products is maintained to insure smooth transition from older to newer products: very little or no end-product re-design must be made to accommodate the newer version of component.

BeiDou
Chinese-based satellite navigation system. Currently available in China, global coverage with 35 satellites is planned for completion in 2020.

CDMA (Code Division Multiple Access)
Communication channel modulation technique that allows numerous radio transmitters to occupy the same radio spectrum, each transmitting and receiving over a channel identifiable by a unique code. This technology is deployed world-wide for mobile phone communications. GPS systems also use CDMA techniques for transmitting, receiving, and decoding GPS satellite signals.

CellLocate
A trademarked feature of u-blox' wireless modules. The feature allows the capture of all visible mobile basestation parameters and mapping them to geographical coordinates recorded by GNSS. This allows devices to derive a location based solely on mobile basestation visibility readings.

Dead Reckoning
Technology that enables a GNSS receiver to calculate current position in the absence of satellite signals (i.e. in tunnels) by measuring distance travelled and directional changes since the last known position in order to extrapolate a position.

eCall
GPS based vehicle emergency call system which will be soon be deployed in the EU.

ERA-GLONASS
GLONASS based vehicle emergency call system which will soon be deployed in Russia.

Geotagging
The addition of location meta-data to primary information such as time-of-day (also called location logging), or media such as photographs, videos, sounds or events. The data usually consists of latitude and longitude coordinates, but can also include altitude, or street address.

GLONASS
GLObal NAvigation Satellite System, is a satellite navigation system operated by the Russian government. It complements and provides an alternative to GPS.

GNSS
Global Navigation Satellite System: umbrella term for a satellite navigation system with global coverage such as GPS, GLONASS and BeiDou.

GPRS (General Packet Radio Service)
A packet oriented mobile data service available to users of the 2G cellular communication system GSM. It is generally much slower than newer 3G data services such as HSPA.

GPS (Global Positioning System)
A globally available system developed and operated by the US Department of Defense consisting 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 via triangulation with great accuracy.

GSM (Global System for Mobile communications)
The second generation (2G) mobile telephony system that is used worldwide. GSM is currently the most deployed digital wireless telephony standard, although this is expected to change in the near future.

HSPA
High Speed Packet Access (HSPA) is a third-generation mobile telephony data protocol that extends and improves the performance of wireless communication services such as UMTS.

IPv6
Internet Protocol version 6 (IPv6) is the latest revision of the Internet Protocol (IP), the communications protocol that indentifies end-devices and routes traffic across the Internet. An important aspect of IPv6 is its ability to address a practically inexhaustible number of end-devices.

Location based services
Refers to a new class of services that deliver information to endusers that is relevant to their geographic location, for example shops, services and other end-users who are in the vicinity of their actual location.

LTE
Long-Term Evolution is the 4th generation (4G) standard for wireless communication of high-speed data for mobile phones and data terminals. It is the successor of GSM (2G) and UMTS (3G) network technologies, and increases data capacity and speed using an upgraded radio interface together with core network improvements. Unlike 2G and 3G standards, LTE transmits all traffic, including voice communication, over Internet Protocol.

M2M communications
"Machine-to-Machine" communications is a technology that allows machines to exchange information directly with each other over the internet with minimal or no human intervention. Communication is often implemented over a wireless mobile communications network.

OEM
Original Equipment Manufacturer. Refers to a commercial entity that manufactures their own products and sells them under their own brand name(s).

Point-of-Sale terminal (PoS)
Short for "Point-of-Sales terminal", a machine where a sales transaction occurs, typically a cash register or automatic vending or ticketing machine. Wireless connectivity is increasingly integrated into manned and un-manned POS terminals for processing of credit and debit card transactions, updating of prices, inventory level reporting, monitoring of coin/cash levels, and security.

QZSS
Three-satellite Satellite Based Augmentation System used for improving GPS performance in urban canyons in Japan and Southeast Asia.

SBAS
Short for "Satellite Based Augmentation System". SBAS is a system that improves GNSS performance through the use of additional satellite-broadcast messages that compensate for atmospheric conditions and GNSS satellite orbit and timing inaccuracies

TDMA
Time Division Multiple Access is a technique utilized in electronic communications (e.g. GSM) whereby a single frequency channel is shared among several users by dividing the channel into multiple time slots. Each user sends or receives only during his allocated time slot. This allows multiple end-users to share the same transmission medium (e.g. radio frequency channel) while using only a part of the total channel capacity.

Telematics
The integrated use of telecommunications and informatics used in the control and monitoring of remote objects.

UMTS (also referred to as WCDMA)
UMTS (Universal Mobile Telecommunications Service) is the third generation (3G) broadband mobile communications standard. It implements packet based transmission of text, digitized voice, video, and multimedia at data rates up to 2 megabits per second. It was designed to improve on and to ultimately replace GSM.

Information for investors

Share price performance
The share price jumped up by approximately 146% during this year going from CHF 39.15 to CHF 96.15.

At December 31, 2013, u-blox had 3'592 shareholders. Information on our major shareholders can be found in the Corporate Governance section of this report, page 48.

Dividend
In light of the positive future business outlook and the good cash situation of the company, the Board of Directors has proposed a dividend for 2013 of CHF 1.30 per share, equivalent to a total dividend payment of approximately CHF 8.4 million. The proposed dividend will be put to shareholders for approval at the Annual General Meeting of the company which will be held at 4 PM, April 29, 2014.

Share information (at December 31, 2013)

Stock Exchange	SIX Swiss Exchange
Swiss Security Number / ISIN	3336167 / CH0033361673
Ticker	UBXN
Nominal value	CHF 0.90
Shares issued	6'455'496
Reuters	UBXN S
Bloomberg	UBXN SW

Publications and calendar
u-blox pursues an open and ongoing information policy with the general public and the capital markets. The company also meets investors regularly throughout the year, presents its financial results at analyst meetings and road shows, hosts an investor day, and keeps its shareholders regularly informed about its business through press releases.

The annual report is published in March and presented at the analysts and press conference. It is also available online at: www.u-blox.com/en/investor-relations-section.html. The half-year report is published in September.

April 19, 2014:
Closing of share register for Annual General Meeting

April 29, 2014:
Annual General Meeting

May 2, 2014:
Proposed ex-dividend trading day

May 5, 2014:
Proposed dividend payout date

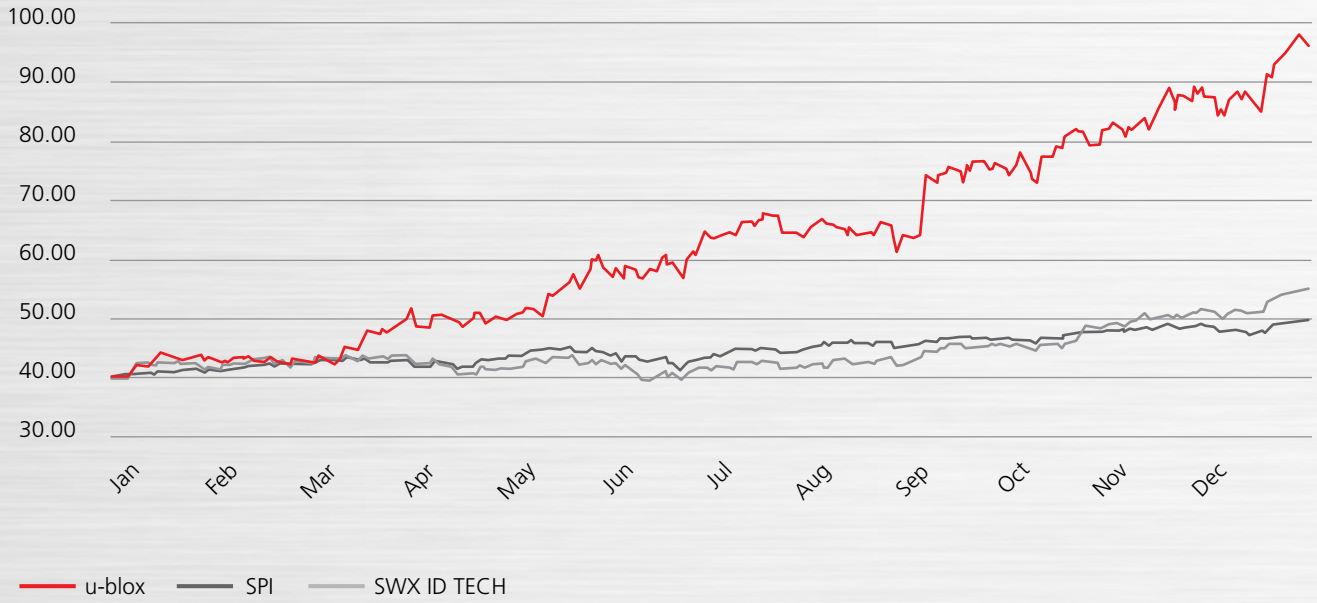
September 5, 2014:
Publication of half-year results 2014

Share price (in CHF)	**2011**	**2012**	**2013**
Highest	52.65	48.30	98.00
Lowest	24.15	37.00	39.90
Closing at December 31,	41.20	39.15	96.15
Market capitalization at December 31, (Mio CHF)	**257**	**247**	**621**

Key Figures	**2011**	**2012**	**2013**
Registered shares with a nominal value of CHF 0.90	6'243'370	6'305'032	6'455'496
Nominal share capital (in TCHF)	5'619	5'675	5'810
Basic earnings per share (in CHF)	2.64	2.74	3.86

Total shares issued

6'455'496



Share price u-blox (CHF per share)
January 1 – December 31, 2013

Market capitalization end 2013, Mio CHF

621

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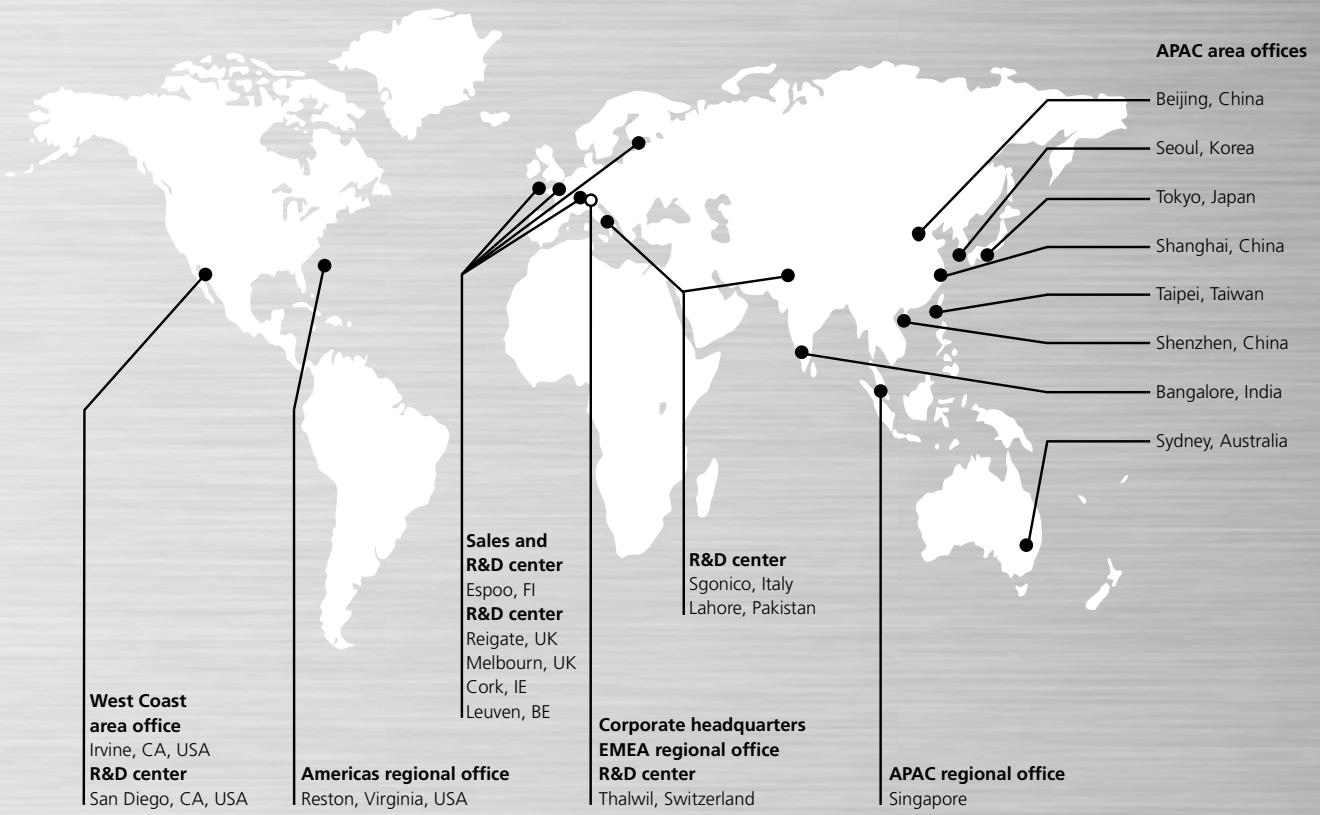
Website

www.u-blox.com



Daniel Ammann, Executive Vice President (Head of Positioning Products)
Andreas Thiel, Executive Vice President (Head of Wireless Products)
Thomas Seiler, CEO
Jean-Pierre Wyss, Executive Vice President (Head of Production and Logistics)
Roland Jud, CFO

Worldwide presence



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
Publisher / Copyright: March 2014 – u-blox Holding AG, Thalwil, Switzerland.

Printed on recycled paper.



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