

Form matters.



Annual Report 2011

Contents

u-blox at a glance

Introduction

- 4** Financial highlights
- 6** Operational highlights
- 7** How we create value
- 8** The markets we serve
- 14** Letter to the shareholders

Business review 2011

- 18** Financial summary
- 24** Strategy
- 28** Innovation
- 32** Products
- 38** Markets
- 40** Customers
- 46** Our brand
- 50** Sustainability
 - 51** Employees
 - 54** Community
 - 55** Environment
 - 55** Market place

Corporate Governance

- 57** Corporate Governance

Financial report 2011

- 68** Consolidated financial statements u-blox Holding AG
 - 112** Report of the Statutory Auditor on the consolidated financial statements
 - 114** Financial statements u-blox Holding AG
 - 124** Proposal of the Board of Directors for appropriation of available earnings and the use of reserves from capital contributions
 - 125** Report of the Statutory Auditor on the financial statements
 - 126** Three year overview
-
- 130** Glossary
 - 132** Information for investors
 - 134** Investor contact

Foundation 1997

Business Fabless semiconductor provider of embedded positioning and wireless communication solutions.

Headquarter Thalwil, Switzerland

Offices in USA, Singapore, Italy, United Kingdom, China, Hong Kong, Taiwan, Korea, Japan and India

Listed SIX Swiss Exchange (UBXN)

Employees 229 (end of 2011, FTE based)

Revenue CHF 124.7 million in 2011

EBIT CHF 21.2 million in 2011

Net Profit CHF 16.5 million in 2011

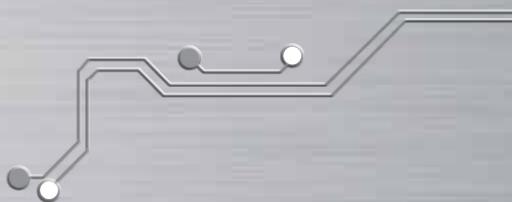
Markets Consumer, Industrial and Automotive

Mission u-blox aims to be a leading provider of embedded positioning and wireless communication solutions to the global electronics industry.

Intelligence too.



locate, communicate, accelerate



Financial highlights

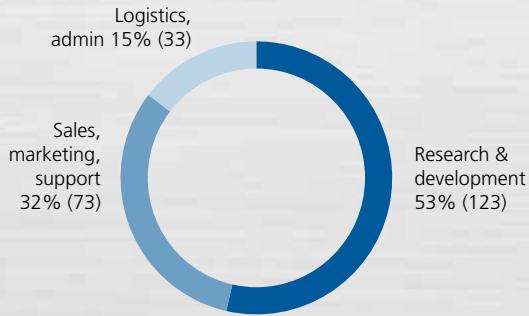
Key figures (CHF in million)

	2009	2010	2011
Revenue	73.5	112.8	124.7
Growth rate over previous year		53.4%	10.6%
EBIT	5.2	19.1	21.2
Margin on revenue	7.1%	16.9%	17.0%
Growth rate over previous year		267.7%	11.2%
Net profit	3.3	12.9	16.5
Margin on revenue	4.5%	11.5%	13.2%
Growth rate over previous year		288.3%	27.8%
Net operating cash flow	14.7	20.7	18.6
Margin on revenue	20.0%	18.3%	14.9%
Growth/(decline) rate over previous year		40.3%	-10.2%

Employees

Employee breakdown Total: 229 (end of 2011, FTE based)

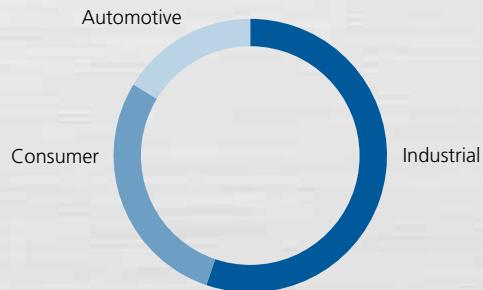
61% of employees based outside Switzerland (spread over 10 countries)



Revenue

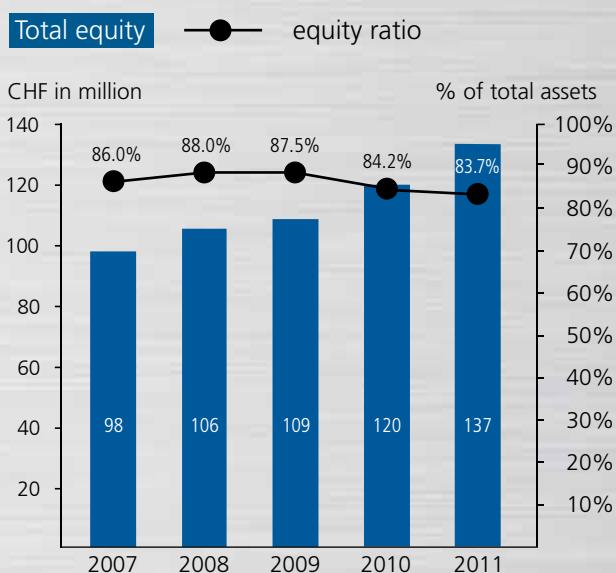
u-blox revenue split per market

Estimate



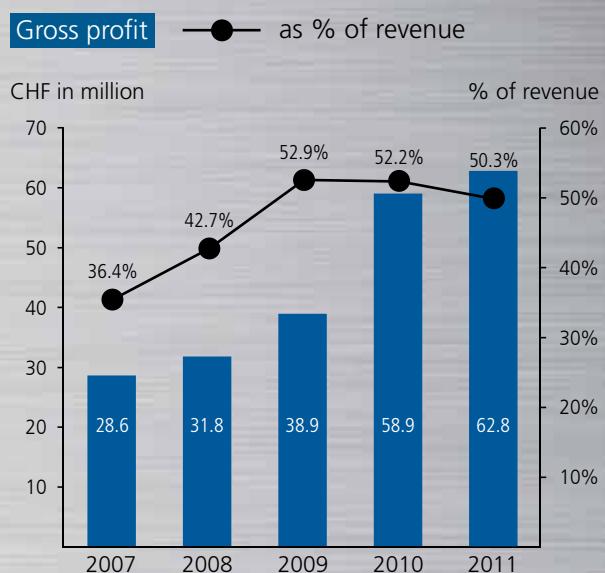
Equity

Total equity and equity ratio



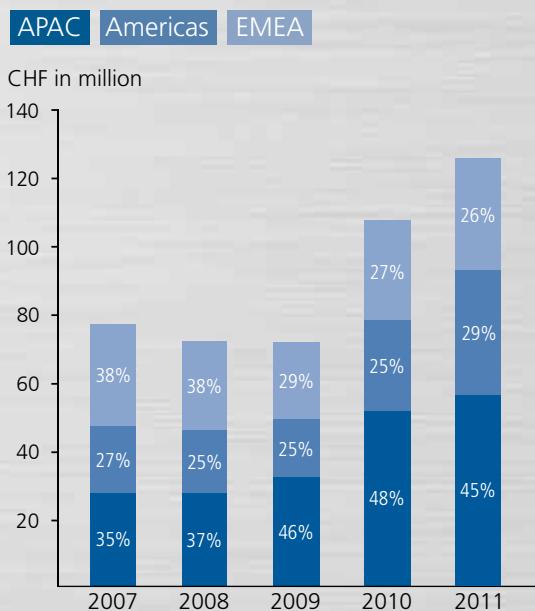
Gross profit

Gross profit and gross profit margin



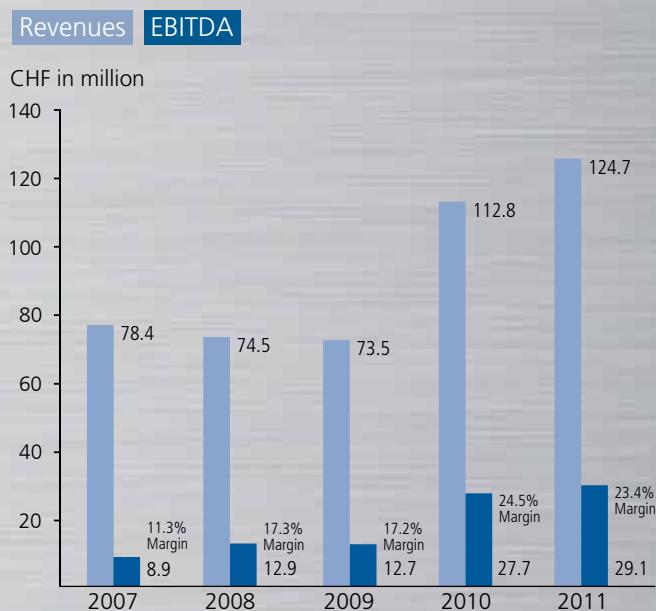
Revenues

Revenues by geography



Performance

Revenues/EBITDA



Operational highlights

Increased revenue and profits

2011 was a year of continued revenue growth in APAC, EMEA and especially in the Americas, albeit at a slower pace than 2010. By the end of the year, we increased our revenues by 10.6% and EBIT increased by 11.2% as compared to 2010 thanks to continued innovation in our core positioning and wireless products, acquisition of new attractive wireless products.

Acquisitions

u-blox entered the North American CDMA (Mobile communications standard) market through the acquisition of San Diego-based Fusion Wireless. The acquisition gave us new wireless module products plus access to the embedded CDMA market in North America for both consumer and M2M applications. Additionally, the acquisition of the intellectual property of Australia based SigNav enhanced our market position in precision timing technology, particularly for the telecom infrastructure market.

Strategic new technologies

u-blox experienced a strong year for innovation: CDMA wireless products for the North American M2M markets, new GPS Dead-Reckoning receivers, GPS module for mapping and agriculture, new technology supporting the Russian GLONASS and Japanese QZSS standards, new precision timing chip for the global femtocell markets, our smallest GPS chip for handheld consumer devices, MAX-6 family of industrial GPS receivers, and CellLocate technology implemented in our LEON wireless module series.

Strong expansion in the Americas

Revenues in the Americas grew by 29.9% as u-blox continued to win market share with both GPS and wireless products in the fleet management sector.

Certifications of wireless modules

Key certifications for wireless modules were achieved, in particular by AT&T and Sprint Nextel, both key service providers for the North American M2M markets.

GPS platform upgrade

The u-blox 6 GPS platform was upgraded with a major new firmware release. The upgrade gave our customers access to many new features and benefits such as improved sensitivity, significantly lower power consumption and improved anti-jamming performance.

Wins in Asia

u-blox was named as preferred GPS supplier to customers in Asia, including China's largest maker of in-car infotainment systems. Other major GPS wins were achieved in Korea and Japan for handheld consumer products.

Growth in the in-dash navigation systems

Thanks strong demand for new cars in both the USA and Asia, sales of our GPS receivers used for in-dash navigation systems grew strongly over the previous year.

Second office opened in China

A new Shenzhen based u-blox office was opened in July in the vibrant high-tech manufacturing regions of Southern China.

How we create value

Fabless business model

We work with the world's leading manufacturing partners, including semiconductor fabrication and module assembly companies. This allows us to focus our resources on research and development in order to deliver the breakthrough technologies that our customers need to stay competitive and to maintain the relationships with our customers.

Close customer relationships

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 critical for us to capitalize on opportunities in new markets, and 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 in-synch. Our broad array of over 3'500 customers in the consumer, industrial and automotive markets also allows us to stay close to market requirements and emerging trends.

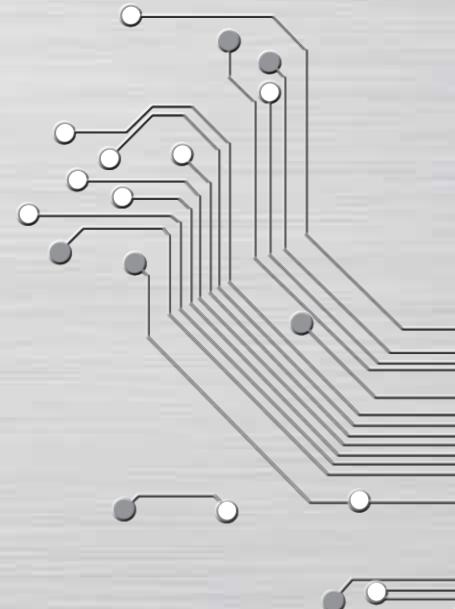
Comprehensive product lines

Our success depends on our ability to deliver continuous innovation. We therefore direct our research and development efforts largely to the development of ever smaller, higher-performance products.

Over the years we have also amassed an extensive intellectual property portfolio of numerous issued and pending patents covering key technologies used in our target markets.

Focus on quality

Millions of our products are deployed in the field, connecting people and enabling devices across the globe. From product concept to final shipment, our quality systems ensure that every component we deliver is of the highest quality and reliability while supporting environmental sustainability.



Dual technology strategy

GPS

u-blox' GPS receivers are behind the products that can pinpoint a location anywhere on the planet, quickly, reliably and with lower power. While leading the industry in GPS technology, we are also establishing a head start in other satellite positioning technologies such as Russia's GLONASS, Europe's Galileo, and Japan's QZSS satellite positioning systems.

Wireless

u-blox is capitalizing on the worldwide accessibility of 2G and 3G mobile communications networks, including GSM, WCDMA and CDMA technologies. Our wireless modules allow people and machines around the globe to communicate vital information with each other, anytime, anywhere.

Convergence

The combination of our global positioning with wireless communication products is enabling a broad range of new applications and services in the Consumer, Industrial and Automotive markets that were not possible with either technology alone.

The markets we serve: Consumer market

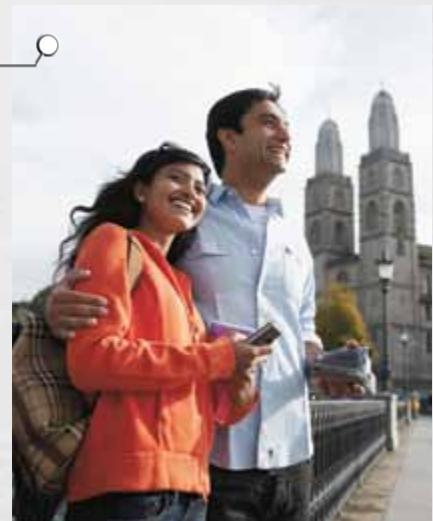
Smartphones GPS

With a u-blox GPS receiver in your smartphone, you can walk or drive to your destinations confidently with precise instructions along with text, multimedia and voice-guided directions to restaurants, shops, and other destinations that are of interest to you.



Personal Navigation Devices GPS & Wireless

Embedded in PNDs, our GPS and wireless solutions do much more than guide you to your destination; they can help you find your friends, your car, useful services and points of interest that are relevant to where you are, and where you are going.



Notebooks and Mobile Internet Devices

GPS & Wireless

Reliable, high-speed Internet access is becoming a standard feature in mobile computers. Combined with u-blox' Windows and Android-compliant GPS receivers, a whole new array of location based services are instantly enabled, delivering information and information relevant to where you are.





Cameras GPS

A built-in u-blox GPS receiver enables digital cameras to instantly capture a location, allowing people to sort, store, and share their photos online based on where they were taken. Photo geotagging takes travel photography to a new level of fun and interactivity.



Person locators

GPS & Wireless

Small, light-weight tracking devices with built-in GPS and wireless connectivity enable users to automatically notify friends.



Bike computer

GPS

Bike GPS systems are becoming the latest "must-have" accessory for on- and off-road bikers, allowing cyclists to not only know where they are, but also log where and how high they went, how long the trip took, and what points of interest were along the way.



Recreational devices: Golf

GPS

Embedded GPS technology is becoming an indispensable tool for golfers: GPS range finders makes it possible for golfers to know the precise distance to upcoming holes as well as the type of terrain ahead, including distances to hazards and fairway targets that would not be visible with the naked eye.

The markets we serve: Industrial market

Fleet management

GPS & Wireless

With the rising cost of fuel, fleet managers are constantly searching for ways to reduce costs and streamline operations.

With combined GPS and wireless connectivity in the vehicle cockpit, a wide range of cost-optimizing features are instantly available including calculation of optimal routes, traffic jam avoidance, and logging of engine and fuel efficiency.



Remote monitoring and control

GPS & Wireless

With the proliferation of automation in factories and supply chains, GPS-enabled computers with mobile connectivity are increasingly deployed to oversee robots, sensors, unmanned vehicles or vending machines to insure proper operation, as well as to identify problems before they occur.



Automatic Meter Reading

Wireless

With hundreds of millions of gas, water and electric meters distributed over vast urban areas around the world, the cost of manual meter reading generates significant costs.

AMR with embedded wireless connectivity means that meters can now be remotely and reliably read from a central computer with improved overview of energy consumption.





Remote displays

Wireless

Remote electronic displays, whether for advertising, traffic signs, or general information, are replacing the paper-and-glue signs of yesterday. The ability to update or rotate content on remote displays from a central location requires embedded wireless connectivity to support rich and attractive multimedia messages.



Point-of-Sales

Wireless

The ability to make a sale from any location is good for business: whether at outdoor restaurants, markets, or in service vehicles. PoS terminals equipped with u-blox' wireless modules give consumers the confidence to conveniently purchase goods or services anywhere.



Remote security and surveillance

Wireless

With the increasing security demands for both people and possessions, reliable 24/7 surveillance is becoming a job for machines. With u-blox wireless modules and broadband mobile connectivity now available almost everywhere, remote surveillance is both feasible and cost-effective.

The markets we serve: Automotive market

Automatic road pricing

GPS & Wireless

As global traffic increases geometrically, highways are pushed to their limits. The answer to maintaining and expanding road infrastructure is to extract revenues from those that use it. The solution is automated road pricing; the recording of road usage based on GPS and wireless technologies.



Stolen vehicle recovery

GPS & Wireless

The recovery of stolen vehicles has become a hot global issue. The combination of GPS with wireless connectivity embedded in cars has become the answer to not only finding stolen vehicles, but also to prevent their theft in the first place.



Emergency call

GPS & Wireless

Rapid emergency assistance after a collision can mean the difference between life and death. Unfortunately, thousands of car accidents each year result in dire consequences due to the inability of the driver to summon assistance, or accidents occurring in remote areas. This is where automated GPS with mobile connectivity can help: systems such as Europe's eCall and Russia's ERA-GLONASS emergency call systems combine GPS and wireless technologies to make driving safer for millions of drivers in over 30 countries.





Mobile Internet

Wireless

The availability of high-speed Internet anywhere has become the expectation of today's consumers. Whether in your pocket, or in your car dashboard, the delivery of broadband Internet, video and VoIP relies on small, embedded 3G wireless modules such as u-blox' LISA wireless module families.



Vehicle black-box

GPS & Wireless

Recording of driver behavior and crash logging for insurance purposes: devices using our GPS receivers can not only log where a vehicle was, but also how fast it was going. More and more insurance companies now offer this option to lower costs by offering pay-as-you-drive insurance.



Navigation

GPS & Wireless

This is where consumer GPS began; telling you how to get from point A to point B. With the combination of GPS with wireless communications, navigation systems have now become much smarter. In addition to updating maps, they can also warn you of traffic jams and tell you what there is to see along the way while keeping you informed, in-touch and entertained.

Letter to the shareholders

Dear Shareholders,

During a challenging global economy in 2011, u-blox increased revenues and EBIT as compared to 2010. We experienced growth in all regions and most market sectors.

To reflect the positive business development, u-blox proposes a dividend payout of CHF 0.90. The proposed dividend will be put to shareholders for approval at the Annual General Meeting.

A year of consolidation and growth

In 2011 we recorded revenue growth in APAC (+3.3%), the EMEA (+5.8%) and Americas (+29.9%) resulting in overall growth of 10.6% over 2010. Measured in local currencies the revenue increased by 29%. Growth was experienced in most of our target market sectors. Both our product and service business segments generated positive EBIT during 2011. Consolidated revenue was up by CHF 11.9 million to CHF 124.7 million with increased volumes, while EBIT increased from CHF 19.1 million to CHF 21.2 million, a 11.2% increase over the previous year. Net profit was CHF 16.5 million, representing a 13.2% net profit margin for 2011. These positive figures are especially significant in light of the negative exchange rate development of the Swiss Franc against both US dollar and Euro during the year.

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Long term value creation based on solid strategy

u-blox strives to create long-term value for all its stakeholders. To achieve this, we continued to adhere to our 4-pillar strategy, consistently focusing on innovation, market expansion, operational excellence and strategic partnerships.

Acquisitions

During 2011, u-blox entered the North American CDMA market through the acquisition of San Diego based Fusion Wireless. The acquisition immediately gave us new, cutting-edge wireless module products plus access to the CDMA market in North America for both consumer and M2M applications. It also expands our wireless module technology roadmap to cover all popular standards used worldwide.

A second acquisition of all intellectual property of Australia based SigNav, a leader and 15-year veteran in precision timing and reference frequency technologies, enhanced our market position in the global mobile basestation and femtocell markets which rely

on this technology. Both companies were successfully integrated. With healthy liquidity of CHF 81.1 million, u-blox continues to assess additional acquisitions in order to strengthen its product portfolio and global presence.

Positioning products highlights

u-blox experienced a strong year of innovation in positioning. Six new products were launched during the year targeting the in-dash automotive navigation sector, precision timing, and handheld consumer markets. A new application sector, Precise Point Positioning (PPP), was entered with a new product that addresses high-accuracy applications such as mapping and agriculture.

Of special significance was the development and verification of new technologies and products that address additional satellite positioning technologies in addition to GPS such as the Russian GLONASS and Japanese QZSS systems. u-blox is now well positioned with products that serve the majority of deployed global positioning technologies and augmentation systems.

Wireless products highlights

The wireless product line experienced both market acceptance and enhancement in terms of five new products addressing new markets. 4 new products supporting CDMA were launched during the year. Additionally, important certifications with major carriers such as AT&T, Verizon and Sprint Nextel were achieved.

u-blox' CellLocate hybrid GPS/Wireless positioning technology, announced in 2010, was also integrated into both LEON and LISA wireless module families.

Innovations

Innovation is the most important success factor for u-blox. During 2011 we maintained our efforts in research and development with CHF 22.1 million. Innovation was achieved in these distinct areas:

- We expanded our satellite positioning well beyond GPS: at the end of 2011, we now have commercially available products that support not only GPS, but also Russia's GLONASS, Europe's Galileo, and Japan's QZSS satellite positioning standards.
- The SigNav acquisition strengthened our market position in precision timing. Their know-how, software and equipment reinforced our position in GPS precision timing, a market where u-blox already has strong presence.
- High-precision GPS: We introduced our first product supporting high-precision GPS for applications such as mapping and agriculture. The technology is unique as it is based on a low-cost single frequency GPS receiver which can replace much more expensive techniques.

Expansion of our production capacities and new facilities

In addition to revenue growth and two acquisitions, production capacity was increased in all our manufacturing places and efficiency increased with additional automation and test equipment. Our company-wide culture of program and project management was expanded with new tools, allowing us to react quicker to market demands.

To address the growing market in Southern China, u-blox opened a new office in Shenzhen, our second office in China, and in India.

Despite the extreme situation in Japan and Thailand due to the tsunami and catastrophic flooding, no significant impact on our ability to deliver to our customers was experienced. This was in part due to our broad network of suppliers and subcontractors, most of who were not affected by these natural disasters.

Challenges and risks

Turbulence in the world economy continues to be an issue, especially the sovereign debt crisis in Europe and slow recovery in the USA. Both developments have an impact on the Asian economy. While Switzerland remains a bright spot in the global economy, the resulting strong Swiss Franc continues to pose a threat to our results. This is partially mitigated by a natural hedge as our production costs are incurred in the same currencies we use to invoice to our customers.

New Board and Management members

Two seasoned industry experts strengthened the top management teams; Dr. Paul Van Iseghem was elected as a Member of the Board, and Roland Jud was appointed CFO.

Outlook

We remain well positioned to serve the global markets for both positioning and wireless communications in the consumer, industrial and automotive markets. Thanks to our in-house expertise in both the wireless and positioning sectors, we are well prepared to address promising markets, including GSM, WCDMA and CDMA wireless modems for M2M markets on a global scale, as well as receivers for new satellite positioning systems in Europe, Russia and Japan. We will continue to follow our dual-track strategy and foresee continued growth in 2012.



Fritz Fahrni
Chairman of the Board of Directors



Thomas Seiler
CEO

Growth drivers will be:

- The adoption of positioning features in virtually all types of consumer products
- The continuing trend of embedded wireless connectivity used in a vast range of industrial M2M applications
- Increasing demand for asset and personal trackers to provide accountability and security
- Continued global domination of our positioning products in automotive navigation systems
- The strong growth of automotive emergency call and anti-theft systems

With over 3'500 global customers and a very strong business model and brand, we expect continued revenue growth in 2012.

“ In addition to revenue growth and two acquisitions, production capacity was increased in all our manufacturing places and efficiency increased with additional automation and test equipment. ”

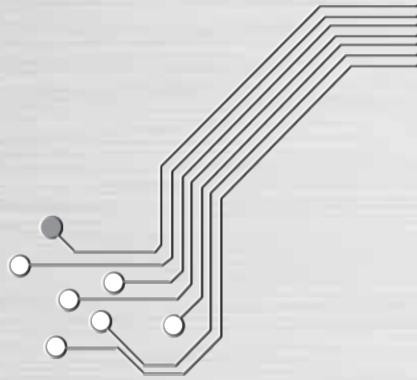
For the year 2012, u-blox maintains an EBIT guidance at approximately CHF 20 million, and its revenue guidance at CHF 155 million. This outlook is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level (USD/CHF: 0.90; EUR/CHF: 1.22).

Without our employees, we would not have been able to make 2011 such a successful year. On behalf of the Board of Directors and the Executive Committee, we would like to thank all employees for their commitment and outstanding performance they delivered throughout this fiscal year. Our gratitude also goes to our valued shareholders for their trust you have placed so far and to our customers and suppliers for the close partnerships that we share with them.

We look forward to an exciting and successful 2012.



Roland Jud
CFO



Business review **2011**



Financial summary



Financial highlights

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

- Consolidated revenue of u-blox was CHF 124.7 million in 2011, a growth of 10.6% as compared to 2010 (29% in local currency)
- Despite unfavorable exchange rates, gross profit improved from CHF 58.9 million to CHF 62.8 million, with a good gross profit margin of 50.3% in 2011
- Profit from operations (EBIT) increased from CHF 19.1 million to CHF 21.2 million, a growth of 11.2% as compared to 2010
- EBITDA margin of 23.4%, EBIT margin of 17.0%
- Net profit increased by 27.8% from CHF 12.9 million to CHF 16.5 million, representing a 13.2% net profit margin for 2011
- Strong net cash flow from operations was CHF 18.6 million
- Healthy balance sheet with a high equity ratio of 83.7%
- Unfavorable exchange rates negatively influenced financial results
- The payout of a dividend of CHF 0.90 per share is to be proposed at the Annual General Meeting

Consolidated income statement

(in CHF 000s)	For the year ended December 31, 2011	% revenue	For the year ended December 31, 2010	% revenue
Revenue	124'704	100.0%	112'781	100.0%
Cost of revenue	-61'953	-49.7%	-53'921	-47.8%
Gross profit	62'751	50.3%	58'860	52.2%
Distribution and marketing expenses	-14'200	-11.4%	-14'584	-12.9%
Research and development expenses	-22'081	-17.7%	-21'336	-18.9%
General and administrative expenses	-5'526	-4.4%	-5'239	-4.7%
Other income	256	0.2%	1'370	1.2%
Profit from operations (EBIT)	21'200	17.0%	19'071	16.9%
Financial income	1'034	0.8%	942	0.8%
Finance costs	-1'286	-1.0%	-3'546	-3.1%
Profit before income tax (EBT)	20'948	16.8%	16'467	14.6%
Income tax expense	-4'440	-3.6%	-3'551	-3.1%
Net profit	16'508	13.2%	12'916	11.5%
Profit from operations (EBIT)	21'200	17.0%	19'071	16.9%
Depreciation and amortization	7'919	6.4%	8'612	7.6%
EBITDA¹⁾	29'119	23.4%	27'683	24.5%

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



Cash flow
from
operations
million
CHF

18.6

Revenue breakdown

u-blox operates in two segments:

- GPS and Wireless products

u-blox develops and sells GPS chips and modules, and wireless modules which are used in automotive, industrial and consumer applications. Revenue was CHF 123.0 million for 2011 as compared to CHF 110.3 million in 2010.

- Wireless services

u-blox also offers wireless communication technology services in terms of reference designs and software, and activity which was enforced by the acquisition of Fusion Wireless Inc. In 2011, revenue for Wireless services was CHF 9.2 million compared to CHF 7.0 million in 2010 (including intra-group revenue).

In 2011, Asia Pacific generated 45%, EMEA 26% and Americas 29% of total revenue. Revenue for the region Asia Pacific was CHF 55.6 million, an increase of 3.3% compared to 2010. In the Americas revenue grew by 29.9% to CHF 36.3 million as compared to 2010. EMEA grew by 5.8% to CHF 32.7 million.

In 2011, the company made about 80% of its total revenue from 65 customers. u-blox' biggest customer accounted for less than 7% of revenue. u-blox was able to increase its total number of customers to over 3'500, as well as achieve global expansion into new regions and markets.

Increased gross profit

Gross profit increased by 6.6% to CHF 62.8 million in 2011 from CHF 58.9 million in 2010. Gross profit margin was 50.3% for 2011, declining slightly from 52.2% in 2010.

Distribution and marketing activities

Distribution and marketing expenses remained stable in 2011. In 2011, distribution and marketing activities were CHF 14.2 million as compared to CHF 14.6 million in the previous year. As a percentage of revenue distribution and marketing expenses were 11.4% in 2011 compared to 12.9% in 2010.

Research and product development

R&D expenses in 2011 were CHF 22.1 million as compared to CHF 21.3 million in 2010. As a percentage of revenue, R&D expenses in 2011 were 17.7% as compared to 18.9% in 2010.

Stock option expenses

The stock option expenses recognized in 2011 was CHF 1.6 million as compared to CHF 1.0 million in 2010.

Growth of profit from operations (EBIT)

EBIT was CHF 21.2 million in 2011 as compared to CHF 19.1 million in the previous year. Growth rate from 2010 to 2011 was 11.2%. EBIT margin was 17.0% and EBITDA margin was 23.4% in 2011.

Financial income and costs

In 2011, financial income was CHF 1.0 million. Financial expenses were CHF 1.3 million, mainly due to negative foreign exchange results.

Positive cash flow from operating activities

In 2011, u-blox generated cash from operating activities in the amount of CHF 18.6 million as compared to CHF 20.7 million in 2010. Inventory level was increased in the amount of CHF 4.8 million.

Main investing activities

In 2011, investments in capitalized development costs were CHF 4.0 million as compared to CHF 3.4 million in 2010. CHF 3.3 million was invested in furniture, equipment, tools and test infrastructure for the further expansion of capacity and approximately CHF 2.6 million in intellectual property rights and acquired technology.

With the acquisition of the intellectual property of Australia based SigNav u-blox could enhance its market position in precision timing.

Through the acquisition in September 2011 of San Diego based Fusion Wireless Inc., u-blox strengthened its wireless module product offering and gained access to the embedded CDMA market in North America.

Financing activities

In 2011, there was a repayment of CHF 2.4 million of a financial liability out of acquisitions.

Strong financial position

u-blox has a very strong balance sheet with an equity ratio of 83.7%. Cash and cash equivalents and marketable securities were CHF 81.1 million at December 31, 2011 compared to CHF 75.1 million at December 31, 2010.

Due to this strong position and positive outlook, the Board of Directors will propose at the annual shareholders meeting to pay-out dividends. For this year a dividend of CHF 0.90 per share is suggested.

At the end of 2011, goodwill was at CHF 17.1 million and no impairment losses were recognized on the goodwill.

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	35'151	25'184
Marketable securities	45'981	49'890
Other current assets	41'525	32'023
Total current assets	122'657	107'097
Non-current assets		
Property, plant and equipment	5'331	4'947
Intangible assets	33'102	27'687
Financial assets	425	352
Deferred tax assets	2'068	2'217
Total non-current assets	40'926	35'203
Total assets	163'583	142'300
Liabilities and equity		
Current liabilities	19'169	17'592
Non-current liabilities	7'461	4'857
Total liabilities	26'630	22'449
Shareholders' equity		
Share capital	5'619	5'619
Share premium	105'367	103'798
Retained earnings	25'967	10'434
Total equity	136'953	119'851
Total liabilities and equity	163'583	142'300

Condensed consolidated statement of cash flows

(in CHF 000s)	For the year ended December 31, 2011	For the year ended December 31, 2010
Net cash provided by operating activities	18'597	20'671
Net cash used in investing activities	-6'217	-13'589
Net cash used in financing activities	-2'397	-4
Net increase/(decrease) in cash and cash equivalents	9'983	7'078
Cash and cash equivalents at beginning of year	25'184	20'153
Effect of exchange rate fluctuations on cash and cash equivalents	-16	-2'047
Cash and cash equivalents at end of year	35'151	25'184



Stories in history: Long distance communications – El Silbo

Since ancient times the whistled language of the Guanches, a tribe of herdsman on the Canary Islands, allowed them to convey complex messages over distances of up to ten kilometers.



El Silbo is the loudest form of human communication without any technical aids. Place your index and middle finger in your mouth, press the tongue down with your finger tip and purse or widen your lips as you expel the air; use your free hand to point the sound in a particular direction.



Long distance communications – broadband wireless

El Silbo, meaning “the whistle” in Spanish, arose from the desire to communicate across the deep ravines of the volcanic islands. As early as the 15th century, the original inhabitants were able to warn of Spanish invaders and pirate attacks using the whistled language. In the Spanish civil war, men who could “speak” El Silbo were often deployed on the front line to transmit messages.

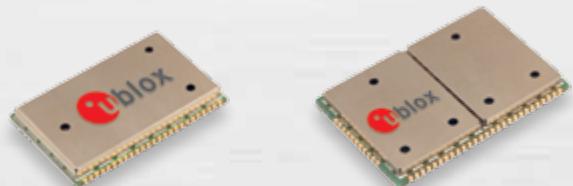
El Silbo was based on whistles of different pitch and length. Although it used only two vowels and four consonants, innumerable variations could be produced to convey meaning. Despite the limited choice of words, entire conversations were whistled, and not only between two people. Multiple whistlers could act as “relay stations” and transmit a message from one end of the island to the other. Depending on the wind direction, the sound reached up to ten kilometers.

The whistled language is unfortunately unsuitable for secret messages. It should always be remembered that others can overhear and understand. And this is where the analogy to modern communications such as Twitter and Facebook is evident: the whole world can be listening.

Click on this [link](#) to hear an actual example of El Silbo whistles.



u-blox' wireless modules enable people and machines to transmit voice and data instantly around the world.



LEON supports GSM, the most widely deployed mobile communications protocol.

LISA supports CDMA and WCDMA, the fastest third generation wireless standards.

The more things change, the more they stay the same

The need to communicate vital information over large distances is just as important today as it was in the days of the Guanches. The distances can now be vast, not just between valleys but over oceans and continents, and the data volumes can be huge.

Keeping communications confidential also remains a crucial requirement that is now fulfilled by advanced computer algorithms in place of human dialects.

Machines also like to talk!

As computers become increasingly intelligent, the need for machines to exchange information is surpassing the demand for wireless communications between people. This type of communication, referred to as “Machine-to-Machine”, or simply “M2M”, is a core focus of u-blox’ wireless technology.

Enabling humans and machines to exchange vital information instantly, regardless of where they are, is what drives u-blox to excel in wireless technology.

Strategy

Our four strategic initiatives enable us to create value for customers and shareholders.
We executed on this strategy during 2011 with continued positive results.

Technology and Innovation

1

Market position

2

Goals

- Extend technology roadmap
- Expand product offering
- Achieve differentiation

Achievements 2011

- 11 new products were launched: 6 GPS and 5 wireless
- Major firmware upgrade for GPS platform u-blox 6 brought our customers many benefits
- 4 new wireless CDMA modules launched serving the North American M2M markets
- Satellite positioning technologies expanded: we now offer products for GPS, GLONASS, Galileo and QZSS
- CellLocate positioning technology integrated into 2G and 3G modules and widely deployed to the market
- New product introduced for high-precision GPS

Outlook 2012

- Expansion of wireless products to cover all global standards (GSM, WCDMA, CDMA)
- Develop next generation technology platforms for positioning and wireless products
- Establish MAX and LISA form factors as de-facto industry standards for GPS and wireless, respectively
- Penetrate Russian GLONASS market with both positioning and wireless products
- Add more features to existing products
- Broaden technology scope

Goals

- Win and retain customers
- Enter new markets and geographical regions
- Leverage converged technologies of GPS and wireless communications
- Maintain performance leadership

Achievements 2011

- Revenue growth was achieved in virtually all market sectors: year on year revenue growth of 10.6%
- Significant GPS customer wins in the Asian automotive and consumer markets
- Gained a foothold in the North American CDMA wireless market with new M2M customers
- Expansion in the automotive in-dash navigation market thanks to new products with Automotive Dead Reckoning
- Gained additional market share over competition

Outlook 2012

- Deepen relationship with customers by expanding our field application engineering teams around the world
- Expand sales organization for additional territory coverage
- Maintain our strong momentum in the automotive markets, continue dominance in the industrial sector, and win further market share in the consumer market

Learn more about how we invest in innovation on page 28.

Operational excellence

3

Strategic partnerships and acquisition opportunities

4

Goals

- Optimize and better integrate all processes throughout our global organization
- Expand volume manufacturing
- Continuously improve and expand our quality program to maintain our reputation for reliability and performance

Achievements 2011

- Expanded our management team with a new CFO and new Board Member
- Successfully integrated Fusion Wireless
- Strengthened our Program Management initiative with new tools
- Expanded capacity at our fabrication and assembly partners
- Reduced sales, marketing and R&D cost in relation to revenues
- Deepened relationships with distributors through a web based partner portal
- Opened a second office in Shenzhen, China and a presence in India
- ISO-9001:2008 and customer specific quality system re-certification passed

Outlook 2012

- Continue to exploit the synergies between positioning and wireless technologies
- Further increase capacity to meet customer demands
- Expand and streamline our cross-divisional program management
- Strive for leaner processes and lower operational costs

Goals

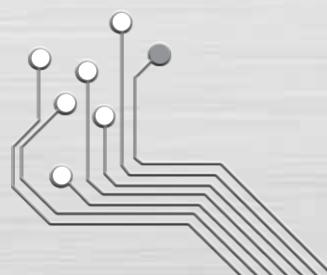
- Shareholder value creation:
 - Acquire new and complementary products and technologies
 - Establish key industry partnerships

Achievements 2011

- Acquired Fusion Wireless, a technology leader for the North American CDMA wireless standard
- Achieved preferred-supplier status with US based Sprint Nextel for our CDMA wireless modules
- AT&T approved our CDMA modules for use on their broadband wireless network
- Strengthened our precision timing IP through the acquisition of SigNav assets
- Partnership with Rhode & Schwarz allowed us to verify compatibility with the Russian GLONASS and European Galileo standards
- Feature of our LEON GSM module verified for Europe's eCall and Russia's emergency call services

Outlook 2012

- Continue to evaluate key growth initiatives and strategic acquisitions to complement and scale our product portfolio
- Establish service and manufacturing partnerships to enter new markets and expand production capabilities



Stories in history: The search for latitude – Jacob's staff

From the 14th century the Jacob's staff was the most widely used navigational instrument. It enabled navigators to determine latitude by measuring the altitude of the sun or a star above the horizon with a simple wooden instrument. With latitude, navigators could at least know that they were sailing in the right direction.



Invented
in the

14.

The Jacob's staff consisted of a main arm with a graduated scale and a sliding crossbar (transom). It looked a little like a crossbow. The navigator was said to be "shooting a star" when he measured a star's altitude above the horizon with the Jacob's staff.



century



The Jacob's staff was used in land surveying and astronomy, but primarily in seafaring. To determine latitude (specifies the north-south position of a point on the Earth's surface), the angle of elevation of the sun or a fixed star to the nautical horizon was measured. The navigator did this by placing the Jacob's staff just below his eye and sliding the cross piece until its ends covered the horizon and the sighted star. With a few trigonometric calculations approximate latitude could be determined.

The instrument was difficult to use, as the navigator had to maintain the two bearings while sliding the crossbar. It was seldom possible to do this with the required precision when the ship was pitching and rolling. What made it even more difficult was that the navigator had to look straight into the sun, which was extremely painful and harmful. Among the older captains there were only few that were not blind in one eye.



Navigation solutions using GPS

Ancient seamen once stared into the sun to help find their bearings. Today's navigators need only cast a glance at a computer display to know exactly where they are.



u-blox' modules enable GPS in a wide range of products.



u-blox' GPS single-chip unleashes the full power of GPS.

Satellite receivers replace the Jacob's Staff

Sailors' lives once depended on a crude wooden instrument for navigation. Positioning today is accomplished with advanced receiver electronics combined with GPS satellites orbiting 20 thousand kilometers overhead. Today, instantaneous and accurate positioning has become a daily expectation for mariners, drivers, fleet managers, and consumers across the globe.

GPS for navigation, safety, information and fun

In recent times, GPS technology has expanded far beyond navigation systems for ships, vehicles and aircraft. GPS is now routinely integrated into mobile phones, tablet computers, personal locators and a wide range of recreational equipment.

For all these applications the question "where am I?" is easily answered thanks to u-blox' advanced GPS receiver technology.

Innovation

Rapid and continuous innovation is the foundation of our success. A well coordinated team of highly skilled hardware and software engineers recruited from top institutions is the reason we excel at what we do. As in the previous year, u-blox once again spent 17.7% of revenues for ongoing research and development. This capital is used to develop new exciting products as well as retain, recruit and train our R&D staff of over 120 engineers. u-blox intends to maintain its level of spending in R&D at around 15-18% of revenue. See innovation highlights on page 34.

The world's best Automotive Dead Reckoning technology

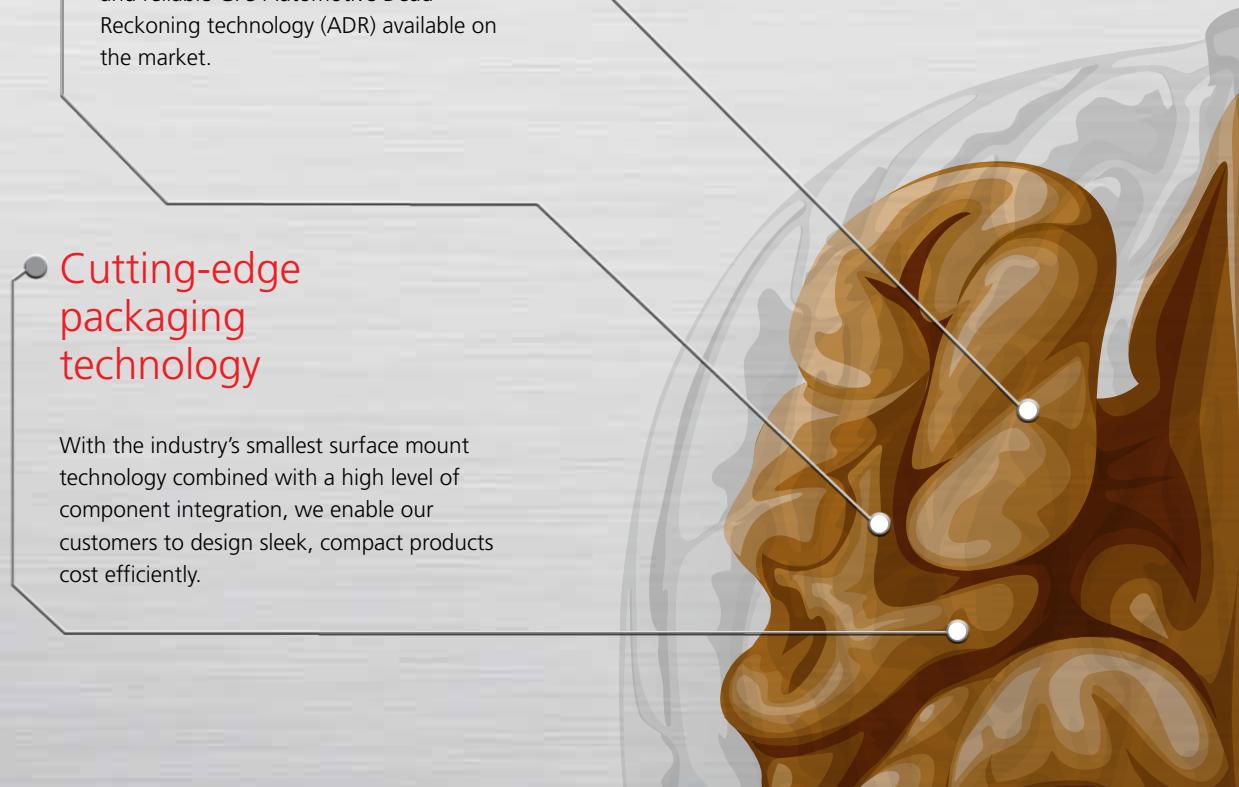
u-blox has developed the most accurate and reliable GPS Automotive Dead Reckoning technology (ADR) available on the market.

Cutting-edge packaging technology

With the industry's smallest surface mount technology combined with a high level of component integration, we enable our customers to design sleek, compact products cost efficiently.

Exploiting complementary technologies

Often the whole is greater than the sum of its parts. That is why u-blox focuses on leveraging complementary technologies. An example is CellLocate, a positioning service that works even indoors.



At u-blox, R&D is a continuous, long-standing tradition that extends back to the founding of the company. Technology breakthroughs are made incrementally, just as a stable building is built brick by brick on top of a solid foundation. It is a continuous process where progress only becomes tangible if the innovation steps are well sequenced. To realize this, u-blox maintains a program management structure that assigns R&D capacity at the right time to strategic stages of the development cycle.

Our market-oriented approach to innovation starts with a thorough analysis of market trends and customer needs. While implementing a systematic approach to innovation, we introduced "Individual innovation initiatives" in 2011, where employees can spend 5% of their working time on innovation and new ideas.

In 2010 we established a special research group dedicated to visionary technologies. This team is dedicated to keeping an eye on interesting and complementary technologies that could be integrated into our products and services, or form the basis for new ones.

u-blox' innovation management is based on 3 principles

1. Continuously improve performance and efficiency

u-blox continually upgrades its existing technologies to boost performance. In 2011 u-blox upgraded its GPS receiver platform with a major new software release and released new firmware for two wireless products.

2. Development of applications based on combined technologies

u-blox leverages new and existing technologies and products to make completely new applications possible. CellLocate is a prime example, a hybrid positioning technology productized in 2011 that makes use of both GPS and cellular basestation information to always return a position, even if GPS signals are absent.

3. Optimizing cost of ownership

A key consideration when developing a new generation of products is the reduction of the overall cost of ownership. We look far beyond individual component cost: our policy is to lower the overall bill of materials for our customers when designing with our products.

Multi-standard support

In both the positioning and wireless worlds, support of multiple regional standards is the only way to expand globally. u-blox is dedicated to developing products for the global markets, not only through dedicated products for specific regions, but ultimately through products that support multiple standards.

Achieving highly precise positioning

One of u-blox' main focuses in positioning is increasing accuracy. We continuously strive to improve accuracy through innovative combinations of satellite aiding data, satellite orbit prediction and by making maximum use of all available satellite augmentation systems plus new emerging technologies.

Leading the way in precision timing

Our chips and modules for precision timing have been deployed globally by many of the largest telecom equipment manufacturers. Our leadership in precision timing was consolidated in 2011 with the acquisition of all intellectual property of SigNav.



Stories in history: The search for longitude – the chronometer

Right up until the 18th century, one of the greatest challenges facing science was to find a method of determining longitude. Together with latitude, a ship's exact position at sea could finally be calculated. This would determine the route and distance to the nearest port, information that many lives depended on when far out at sea. The key to longitude depended on precision timing.



In 1759, John Harrison completed his "H-4" clock, a device which earned him the prize for determining longitude at sea. At twelve centimeters in diameter it would have been very large for a pocket watch, but perfectly suitable as a ship's clock. His invention, the H-4, or "The Watch" as it was eventually called, was considered the epitome of elegance and precision.

John Harrison, aged 73, sitting next to his ultimate achievement, the H-4 marine clock on the table beside him. Behind him, two of his earlier clocks: the pendulum clock on the right served as the reference for the measurement of time on land, while the clock on the left, the H-3, was used for keeping time at sea.

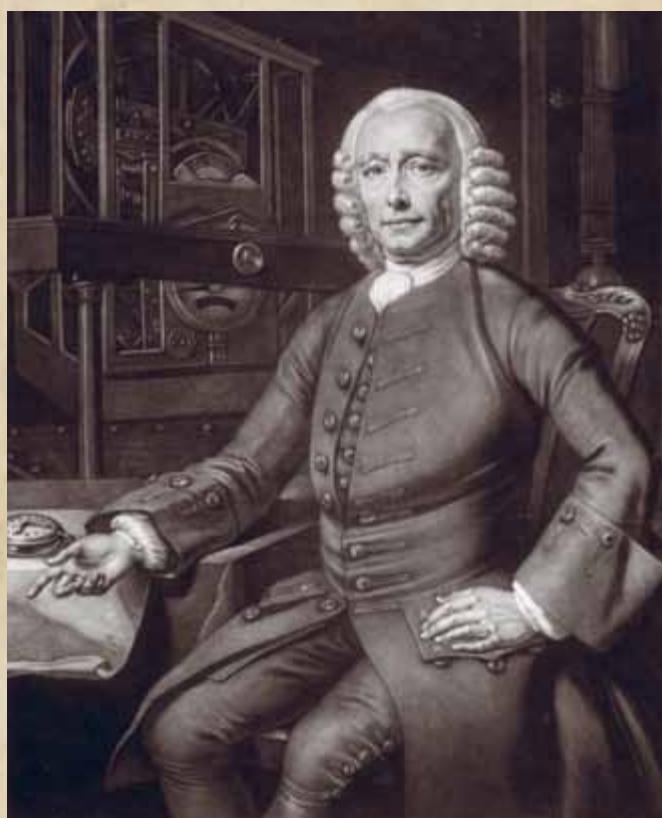


Accurate time measurement based on GPS

As long as there was no practical method of determining longitude (specifying the east-west position of a point on the Earth's surface), even the best captains in the Age of Discovery were virtually without means of orientation when far out at sea. In 1714 the British Parliament offered an enormous sum of money as a reward to anyone who found a means of determining longitude.

The calculation of longitude was a problem of accurate time measurement. To find a ship's position in terms of longitude, it was necessary to know the time on board the ship relative to the time in the home port. The navigator could then convert the time difference into a geographical distance. Nowadays it is possible to know the precise time in two different locations simply with two cheap wrist-watches. In the age of the pendulum clock, however, this was impossible: air pressure, temperature, humidity, the pitching of the ship ... all these factors had large negative effects on accurate time measurement.

The self-taught clockmaker John Harrison solved the problem with his invention of the marine chronometer. In 1713 he built the first pendulum clock with a wooden movement that compensated for temperature fluctuations at sea. 26 years later, his continuous improvements to his designs culminated in the H-4, the first marine clock precise enough to estimate longitude with practical accuracy.



Accurate time is a critical requirement of today's communication networks. GPS is now the preferred method for precision timing.



u-blox' GPS module for precision timing provides exact time.



u-blox' GPS precision timing single-chip delivers accuracy to 15 billionth of a second.

What time is it...precisely?

Clock accuracy to plus or minus several minutes in a week was once state-of-the-art. Although no longer necessary for navigation today's advanced communication networks require extremely high accuracy measured in billionth of a second. Thanks to sophisticated atomic clocks onboard every GPS satellite, the precise time-of-day can be derived by lowcost Earth-bound GPS receivers, regardless of location.

Our world depends on precision

Modern society depends on computers and data that run at the speed of light. Precise timing is needed for a wide range of activities - to synchronize distributed computers, facilitate global financial transactions, generate accurate reference frequencies for our radio communications, and even to calculate an accurate phone bill.

u-blox' GPS modules and chips for precision timing are essential components for these applications.

Products

During 2011 u-blox introduced many new chip and module products for both positioning and wireless applications. Innovation was driven by both internal developments as well as through two acquisitions.





Positioning products

GPS platform upgrade

During 2011 the u-blox 6 GPS platform was upgraded with a major new software release. The upgrade gave our customers access to many new features and benefits such as improved speed, sensitivity and significantly lower power consumption.

New positioning products

We launched our smallest GPS receiver chip ever to serve the growing market demand for smaller devices that incorporate global positioning such as cameras, smartphones, tablet computers, personal and asset trackers.

For the industrial sector, a new module series "MAX" for industrial applications was announced. It delivers all the benefits of the u-blox 6 GPS platform in a more compact form factor than ever before: high-sensitivity, intelligent power management and seamless operation with u-blox' wireless modules. With MAX, u-blox again sets the pace for industry dominant form factors for GPS modules.

Leadership in the automotive markets for in-dash navigation systems was consolidated through expansion of our industry-leading family of Automotive Dead Reckoning (ADR) GPS receivers both in chip and module forms. These products enable high precision vehicle navigation in areas of weak or no GPS satellite reception such as within tunnels and park houses.

Through the acquisition of SigNav assets, a precision timing single-chip based on GPS technology with extremely high acquisition sensitivity was developed. The chip is designed for high-volume applications requiring low-cost precision timing with accuracy down to 15 nanoseconds.

We achieved sub-meter positioning accuracy with a new GPS module with Precise Point Positioning (PPP). It addresses the need for high-accuracy positioning used in agriculture, mapping, marine, and slow-moving recreational applications.

Technology outlook

In 2012, u-blox will continue to improve its core GPS technology with special emphasis on developing satellite receiver products that serve new positioning standards. Simultaneous support for multiple standards will not only allow us to serve a wider range of customers, but also capitalize on parallel satellite systems to improve performance well beyond what is possible with single systems today.

Wireless products

New wireless products

2011 was a very active year for u-blox in the wireless sector. The acquisition of Fusion Wireless resulted in 3 new certified wireless modules based on the North American CDMA standard. These products were integrated into u-blox' wireless product portfolio. Shortly afterwards, we announced the LISA-C200, a CDMA module dedicated to the North American M2M markets. This new product integrates the new CDMA technology from Fusion Wireless into u-blox' industry leading LISA module form factor.

During the year u-blox integrated CellLocate into its LEON and LISA modem families. CellLocate is an innovative cellular positioning architecture that provides positioning in poor GPS signal conditions, or even without a GPS system present based on visible mobile basestation cell attributes. This revolutionary embedded technology complements u-blox GPS by adding a parallel method for determining position, effectively eliminating no-fix scenarios even when indoors. Integration of CellLocate into the LEON and LISA families of wireless modules gives u-blox a clear differentiator over the competition.

u-blox' LISA, the smallest WCDMA module on the market, was approved by AT&T for use on their mobile broadband network. This approval opened the door to the huge North American market for a wide variety of M2M applications such as fleet management, emergency call, Automatic Vehicle Location (AVL), asset tracking, security systems and remote metering.

Technology outlook

In 2012, u-blox will continue to introduce new and innovative wireless modules that support multiple regions and standards simultaneously. This will simplify purchasing, logistics, and end-product design for our customers, making our wireless module portfolio even more attractive. Additionally, we continue to experience the growing integration of wireless communications into the products designed by our core GPS customers, allowing us to leverage existing relationships to generate new wireless business.

Wireless services

u-blox continues to license complete, tested and proven off-the-shelf reference designs for embedded wireless modems ready for integration into OEM end-products and high-volume mass production. In 2011, we continued to put effort in establishing such solutions and won new customers. Other work comprised customization of software stacks and functionality for a variety of applications.

Intellectual property is at the core of our business. Our in-house expertise has been built up through years of development performed in our own labs as well as through knowledge obtained through acquisitions.

Product launches 2011

January

Smallest ever GPS single-chip, the UBX-G6010-NT

February

MAX-6, compact GPS modules for industrial applications

March

CellLocate™ feature integrated into LEON 2G module to support indoor positioning

July

u-blox 6 GPS platform upgraded with future-proof features

September

3 new certified wireless modules based on the North American CDMA standard

September

Precision timing chip, the UBX-G6010-ST-TM, used in telecom basestations

November

Two new Automotive Dead Reckoning GPS receivers, NEO-6V module and UBX-G6010-SA-DR single-chip

December

NEO-6P module providing sub-meter GPS accuracy with Precise Point Positioning

UBX-G6010



AMY



MAX



LEON



LISA



Stories in history: Smoke signals sound the alert

"All is well" was the message conveyed by two parallel columns of smoke rising to the sky. If more columns of smoke were added, this meant red alert: "Beware, enemies approaching." The smoke signals of the North American Indian nations were an early form of long-distance communication.

The great expanse of the North American prairies called for a visual means of communication that could be understood from afar. Rising smoke was a simple but effective method. Fires were lit at the highest point in the area so that the signals could be seen up to 60 miles away.

To produce a strong column of smoke, the Indians added damp grass to the fire. The flames were then almost smothered with a blanket that was then pulled aside suddenly. This produced a string of "smoke" and "no smoke" characters that were assigned different meanings. The different sizes of the smoke clouds were also a distinguishing feature, as was the color of the smoke which was changed by adding different substances to the fire. Smoke signals were used to transmit messages about imminent dangers, to ask questions, or propagate news.

Maximum range

60 miles

Smoke signals were not the only method used by the Indians for long distance communications. On horseback, patterns that a rider made, for instance large or small circles, could convey specific messages to far away observers.



Alert systems – Emergency Call

The ability to call for help from a great distance is as important today as it was in the days of the American Indians.



u-blox' LEON GSM module supports emergency calls systems in cars.



u-blox' GPS chip is the perfect partner for LEON during emergency situations.

Electronic smoke signals

Combining GPS with wireless communications provides the "smoke signals" of today. Modern emergency call systems can inform remote rescue services of the position, but also of important details such as vehicle type, time of accident, and number of passengers.

u-blox provides chips and modules for emergency call systems, including complete reference design and test environments for customers designing devices for European ("eCall") as well as Russian ("ERA-GLONASS") emergency call systems.

GPS plus wireless is also the key technology behind personal trackers. These compact devices let you keep track of your loved ones, no matter where they are.

Markets

The market sectors where u-blox operates in were both positively and negatively affected by global economic conditions as well as technology shifts during 2011. Revenue growth for the company was positive in all regions, resulting in overall sales growth of 10.6% over the previous year.

EMEA

An upturn in demand for European-made vehicles, and a strong German economy resulted in robust sales of our GPS components for in-dash navigation systems. With a leading position in this market, sales of our GPS receivers more than doubled over 2010.

A rising demand for automation and M2M communications was driven by businesses striving to operate with lower costs. This resulted in a growing market for devices for security and supply chain management systems where our products provide vital functions. Sales in this sector increased during 2011. The crisis negatively affected our customers in the fleet management market, however, lowering our sales of GPS and wireless components for this application.

Overall revenue growth in EMEA based on billing location was +5.8%, a remarkable achievement considering the appreciation of the Swiss Franc against the Euro.

Asia Pacific

Asia Pacific continued to consolidate itself as the world's manufacturing hub for consumer and automotive electronics. The largest percentage of u-blox revenue, 45%, comes from APAC. The rise of the middle class in China created strong domestic demand for cars and mobile phones where u-blox has a strong position in GPS. The most significant factor was demand for in-dash navigation systems where u-blox is a preferred supplier to car electronics manufacturers.

GPS in smartphones is also an area where we experienced significant growth, primarily in the Chinese domestic market. Strong growth in GPS for notebooks and tablet computers was experienced as GPS becomes a standard feature. Taiwan and China continue to be a manufacturing centers for American companies designing these types of devices. Japan and Korea also contributed to this trend with their own brands of personal computing products using u-blox GPS.

Sales into the vehicle tracking market were flat during 2011 due to market stagnation. Overall revenue growth in Asia based on

billing location was +3.3%. This relatively low growth is due primarily to the change in product mix and the weakening US dollar against the Swiss Franc.

Americas

The largest market in the Americas was the fleet and asset management sector. Due to rising fuel prices and reliance on trucks for transport, fleet management has become standard practice to optimize routes, and monitor performance to reduce costs.

Certification of our wireless modules at US carriers such as AT&T and Sprint Nextel played a key role in winning market share. Sales in this sector increased by over a fifth during 2011. With the acquisition of Fusion Wireless and CDMA technology, we expect this trend to continue.

Sales of GPS for precision timing increased. u-blox has market-leading technology for precision timing, a position strengthened by the acquisition of SigNav assets. Another bright spot is the market acceptance of personal tracking devices used to locate children, pets, and the elderly. This trend will develop into significant revenues in the future for both GPS and wireless products.

Overall revenue growth in the Americas based on billing location was +29.9% in 2011. Measured in US dollars this growth was even more pronounced.

General

A negative effect on our business in all regions is our reporting currency. The Swiss Franc significantly appreciated against all main currencies during the year, particularly the Euro and US dollar. As the Swiss Franc is our reporting currency and over 99% of our revenues are generated outside of Switzerland, this had a major impact on our overall results. In local currency revenues would have grown by 29%. Fortunately, our fabless business model and globally distributed employees, provided a natural hedge, reducing our exposure to the extreme exchange rate fluctuations.



Consumer applications

u-blox has emerged as a preferred supplier to many of the world's major consumer electronic brands. As our products are designed into a wide range of sleek, hand-held devices, our customer's requirements have become the main drivers for our innovation:

- Products are becoming smaller, thinner and lighter: our products must do the same
- Convergence of function and features on a single platform
- Consumers want fast response with minimal waiting for results

During 2011, u-blox strongly increased its revenues in the smartphone markets. The migration of more functionality to mobile phones, however, caused a decrease in revenues to dedicated devices for personal navigation and recreation. High sales were also experienced in consumer applications such as tablets, notebooks, and cameras where GPS has become a standard feature.

For more details about our consumer applications, see page 8.



Industrial applications

Electronics for fleet and supply chain management remained our main revenue generator in this sector. Our solutions allow our customers to design systems that let fleet managers know where their vehicles and assets are, anywhere and anytime.

The main drivers for innovation in the industrial sector are:

- Tight integration of GPS and wireless communication subsystems
- Small outline packages to enable pocket-size devices or covert installation
- Lowest possible power consumption to support long battery life
- High sensitivity and indoor positioning capability

The strongest growth in the industrial sector was for GPS precision timing used for femtocell applications, and asset tracking systems where we now supply both GPS and wireless technology.

For more details about our industrial applications, see page 10.



Automotive applications

During 2011, u-blox continued to expand its dominant global position in first mount as well as after-market navigation equipment at tier-1 suppliers to major automotive brands in Europe, Asia and America. As our most demanding market sector, our automotive customers require:

- Qualification and certification according to stringent automotive standards
- Leading Dead Reckoning performance (GPS products)
- Automotive temperature range and high product reliability
- Special reporting and Just-In-Time delivery requirements to reduce inventory costs

u-blox further penetrated the automotive markets with our GPS receivers, which are used in in-car navigation and emergency call systems.

For more details about our automotive applications, see page 12.

Customers

In 2011 we were able to maintain and expand our customer base. Approximately 80% of revenue was generated from sales and services to 65 customers where the largest customer accounted for less than 7% of total revenue.



Strong customer relationships

u-blox serves more than 3'500 customers through its global sales and support team. We firmly believe that maintaining a direct dialog with our customers and sales partners is the key to a strong and mutually beneficial relationship.

To manage the numerous and often complex communication channels with our customers and sales network, our dedicated support team depends on a comprehensive Customer Relationship Management (CRM) system deployed throughout the company.

During the year, u-blox opened up its internal CRM system to its sales partners via customized web based partner portals. This gave our partners direct access to end-customer's data, allowing them to maintain vital information required to identify new opportunities, provide technical and commercial support, and close successful business deals.



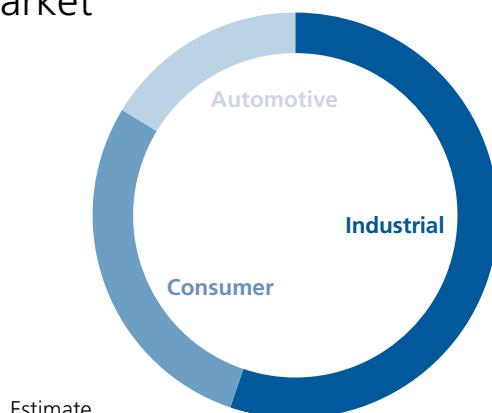
Our commitment to product quality

We expanded our team of quality engineers, particularly in the wireless segment where we acquired new products. We also passed key milestones; ISO-9001:2008 recertification of our headquarters in Switzerland and our wireless center of competence in Italy was a major accomplishment during the year, as was achieving customer specific quality systems recertification to insure our products meet strict environmental sustainability requirements.

Additionally, 2 key certifications for the automotive industry were achieved. Our entire line of u-blox 6 positioning chips was qualified according to AEC-Q100, and our u-blox 6 line of positioning modules according to ISO-16750. Both are crucial requirements for our automotive customers worldwide. Several key customer audits were also successfully held.



u-blox revenue split per market





Consumer customers

Our customers in the consumer markets have very clear demands: new attractive features, high performance with no waiting for results, and long battery life. These three requirements are key to success in the consumer market, and are factors that place huge demands on our products.

By listening to our customers, we were able to create the right products. In 2011, our products were chosen for many new consumer applications, here a few examples:

- Meizu, a leader for smartphones in China, chose u-blox 6 GPS chip for their latest "M9" multimedia smartphone for the Chinese market.

- Enspert, a leading Korean media convergence solution and device provider, selected u-blox as its GPS technology provider for its IDENTITY product line featuring a series of affordable Android based multimedia tablets.

- Iota, a US based leader in consumer connectivity, selected u-blox' LEON GSM module to power a wearable FLEX Clip that is capable of sharing GSM/GPRS voice and messaging connectivity with Bluetooth enabled Android devices such as notebooks, tablets, and handheld personal media players.



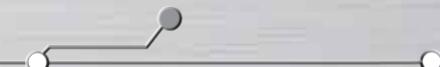
Industrial customers

The industrial market continued to be our strongest performing sector in 2011. As fuel prices rise, and employee headcount decreases, automation and intelligent machines are becoming more important. Location awareness and machine-to-machine communications is at the heart of this technological trend.

New industrial customers in 2011 included:

- Geotab, a Canadian vendor of premium vehicle tracking devices combined GPS and GSM modules in its next-generation vehicle tracking solution.
- US based GenX Mobile introduced its new product line for the vehicle tracking market. At the core of the platform is u-blox' LISA wireless module series and a u-blox 6 GPS receiver module.

- Singapore based Daviscomms, a provider of advanced personal tracking devices, integrated u-blox' LEON GSM and AMY GPS modules in their "EaziTRAC 2000", a pocket-size personal tracking device. It is targeted for civil defense, fire and police as well as for end consumers such as employees, hikers, children and the elderly where personnel safety, security and recovery is critical.

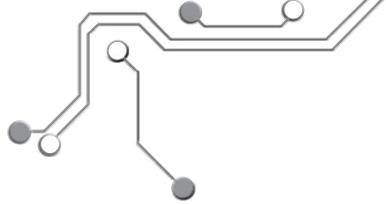


Automotive customers

u-blox continued to win new tier-1 automotive car electronics suppliers in 2011 for both factory-mounted or dealer-installed navigation systems.

- China's largest maker of in-car entertainment systems Coagent selected u-blox as their primary source of GPS technology. Coagent's products are sold to the worldwide automotive after-markets as well as to the huge first-mount market in China.
- u-blox' latest-generation u-blox 6 GPS chip was chosen for the entire line of the award-winning Samsung SEN car navigation devices. This includes the SEN-410, Samsung's most sophisticated multimedia navigator with 3D display and high-definition 7-inch touchscreen.

Customer focus: CalAmp



Founded in 1982 and headquartered in Oxnard, California, CalAmp provides wireless communication solutions for mission-critical industrial applications.

Greg Gower is Senior Vice President and General Manager of CalAmp's Mobile Resource Management (MRM) Group. u-blox recently spoke with him regarding the business and operational reasons leading to the selection of u-blox as its preferred provider of GPS and embedded wireless communication technology. The two companies have been working together since 2007 when a decision was made to purchase domain expertise rather than continue to develop GPS and cellular module technology in-house. The switch allowed CalAmp to more effectively scale the business by utilizing robust and cost effective technologies from strategically aligned suppliers.

Its MRM group focuses on wireless networking, fleet management, asset tracking and mobile broadband solutions. CalAmp has approximately 1.2 million MRM tracking devices in service and growing. Its bundled hardware and software offerings in the vehicle finance and remote start markets is growing rapidly with approximately 235,000 active subscriber units currently on its network.

"u-blox is able to quickly bring innovative GPS and cellular products to market that have proven reliable and perform well in challenging environments," says Gower. "Their fast time-to-market and leading features allow us to offer our customers the critical performance, reliability and location sensitivity they demand."

CalAmp initially evaluated six different companies, but the search ultimately narrowed to the market leader, u-blox. According to Gower, "The performance, features and manufacturability of u-blox's wireless cellular modules and GPS receivers were well suited to CalAmp's business model and strategic direction. The most significant benefits leading to the selection of u-blox were the superior acquisition sensitivity, accuracy and reliability of their GPS technology, coupled with outstanding technical support and their ability to bring innovative products to market quickly."

Low product return rates are a source of pride at CalAmp. "Our MRM products have an extremely low return rate, reflecting the high reliability and quality of our products, and our suppliers' products" adds Gower.

Quality and accuracy of data is vital to the success of products in the MRM market. For example a trucking company that transports hundreds of container loads per day between rail, depot, and distribution locations needs reliable access to shipment data, driver location, container temperature averages and container locations, among other variables. The ability to deliver quick, accurate information and see data updates in real-time is extremely important, especially if there are complaints. "Knowing which assets are in play – and effective utilization of those assets – are key to CalAmp's customers," says Gower.

CalAmp's products are increasingly used in emerging applications such as Positive Train Control in the rail industry and "pay as you drive" usage based initiatives in the insurance market. "u-blox' GPS acquisition and tracking sensitivity is among the best

and most reliability in the industry," says Gower. "Our products are used in a wide range of locations, and often under very adverse conditions. They are used in a wide variety of vehicles and trailers. They get placed upside down, inside or outside. They can be in trunks, parked six stories below ground or used in tough environmental conditions such as freezing rain, snow or intense heat. The bottom line is they have to work and maintain their high accuracy and reliable data delivery."

Engineering teams at u-blox in the US, Switzerland and Italy provide CalAmp with top notch customer service. "If we experience a problem or have a question, we know it will be resolved in a timely manner," says Gower. "Their high-level customer support standard puts our business first. We are very pleased with the responsiveness and knowledge of u-blox' technical teams."

“Their fast time-to-market and leading features allow us to offer our customers the critical performance, reliability and location sensitivity they demand.”

Company

CalAmp develops and markets wireless communications solutions that deliver data, voice and video for private and standards based wireless networks.

- Deliver resource management solutions that function reliably in a wide range of challenging applications.
- Lead the marketplace with new and innovative products and services.

Mobile Resource Management Focus

Wireless networking, fleet management, public works, stolen vehicle recovery, trailer tracking, vehicle finance, remote car start, insurance (Pay As You Drive and Driver Safety) , heavy equipment, cash tracking, asset tracking and mobile broadband solutions used in a variety of sectors including energy, public safety, and transportation.

Goals

- Utilize best-in-class wireless and GPS electronics to provide customers with accurate, real time access and control.

Solution

Industrial connectivity, fleet and tracking units, and cargo and asset tracking solutions based on u-blox GPS and wireless modules.

Results

- Significant cost reduction associated with product development and manufacturing.
- Significantly improved reliability and performance utilizing u-blox solutions.
- Reduced time to market by leveraging innovative solutions from u-blox that work well with CalAmp's test equipment.

1



2



3



1 Mobile Resource Management is a focus of CalAmp's business

2 Greg Gower, Senior VP and General Manager of CalAmp's MRM Group

3 CalAmp provides wireless solutions for mission-critical industrial applications

4 Quality and accuracy of data is vital to the success of products in the MRM market

5 CalAmp relies on u-blox for industry leading GPS and wireless modules

4



5



Stories in history: Dead Reckoning at sea

For a long time “Dead Reckoning” with a knotted rope attached to a log was the only way to estimate the forward motion of a ship at sea, and hence the distance travelled over time. Armed with the rope and log, a compass, a Jacob’s staff and a great deal of experience and luck, a number of mariners were able to make amazing journeys, venturing far into unknown worlds.

As there was no solution for calculating longitude until the end of the 18th century, for many hundreds of years seafarers would navigate west or east along a line of constant latitude. With Dead Reckoning they tried to gain at least an idea of their longitude. Dead Reckoning – the estimation of the distance traveled by a ship from its last known position – helped to calculate the change in longitude from a previous location. It was by no means accurate, however.

Mariners used a simple triangular piece of wood about the size of a plate that was attached to a long rope in which knots were tied at intervals of 51 feet. To navigate by Dead Reckoning, a sailor cast the wood into the water and counted the number of knots that ran over the railing in 30 seconds. From this, conclusions could be drawn about the speed, and hence position of the ship over time. This gave rise to the term “knot” as the nautical unit of measure for the speed of ships.

The success of the method depended on regularity: the rope had to be cast round the clock. The smallest measurement errors were cumulative and so the destination was often missed. Even Magellan and his crew measured longitude by this method on their first circumnavigation of the world in 1421. For thousands of seafarers, however, the journey ended at the bottom of the sea because their positioning was not precise enough.

The estimation of speed at sea required three men: the first held the heavy roll of knotted rope, the second measured the passage of time with a sand clock, and the third counted the number of passing knots.





Dead Reckoning based on sensor fusion technology

GPS is now the primary method for determining position on land and at sea. It works well, with one exception: deep inside buildings and underground.



Dead
Reckoning

deduced



u-blox' GPS module with Dead Reckoning for user-installed systems.



u-blox' GPS chip with Dead Reckoning for in-dash navigation devices.

Using space-age technology to solve an Earth-bound problem

By capitalizing on a mathematical concept known as the "Kalman Filter" used typically in aircraft and space vehicles, the problem of calculating a position on the ground when GPS satellites are blocked, such as within tunnels, can be solved. By monitoring and mathematically fusing vehicle sensor data such as bearing and distance traveled from the last known position, an accurate current position can be determined. This technology also increases accuracy in areas where GPS signals are weak or reflected, improving vehicle navigation in all possible situations.

Doing whatever it takes to find you

Dead Reckoning is just one of many possible methods that u-blox capitalizes on to increase positional accuracy when GPS signals are weak or unavailable. Our research and development teams are continuously investigating alternative methods to enhance positioning using information from satellite augmentation services, mobile telephone cell attributes, or various sensors.

Our brand

The u-blox brand stands for outstanding technological leadership, innovation, high quality and reliability. It serves as a point of reference for both employees and external stakeholders.

Since the founding of the company in 1997, u-blox has built up a broad, highly diversified global customer base consisting of over 3'500 customers. Over this time, these customers have come to recognize the u-blox brand as synonymous with technological leadership, innovation, high quality and reliability. As a Swiss based company with a global footprint, we are proud to be able to live up to the demanding expectations of our markets.

Brand values

Our values strengthen our corporate culture and contribute to the company's long-term success.

We are customer minded

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

We are innovation driven

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

We are a reliable partner

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

We are quality focused

Our products are engineered with precision and dedication. We qualify all our products through stringent testing methodologies and adhere to industry-recognized certifications.

Expanding our brand

As u-blox continues to expand through organic growth as well as acquisitions, we are keenly aware of the value of our brand. As our product portfolio increases in both the satellite positioning and wireless communication sectors, and as we enter new geographical regions, we are extremely diligent to maintain our high level of innovation, reliability and quality. We recognize that the trust our customers have in our brand is our most valuable asset, an asset that can be easily lost. This trust has taken years to establish, and must continue to be earned as

we acquire new customers in our existing markets, and even more importantly as we win new customers in new markets.

Consistency

The consistent presentation of our brand is a core aspect of our global communications and ensures customer recognition. We adhere to a well-defined Design Policy Manual which sets the guidelines for our visual communications in print, as well as electronic media. This Manual is available to everyone within the company, as well as to selected suppliers and resellers. Acquired businesses were integrated quickly under the u-blox brand, replacing former brands in a timely manner.

Adaption

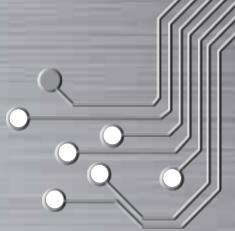
Adaption of our messages to our global audiences is also a core philosophy of our marketing communications: translation of website, press announcements, advertisements and collaterals were routinely executed so that our messages and key value propositions were transmitted to our customers in Asia, EMEA and the Americas. With a significant part of our revenues generated in Asia, we continued to invest in localization through dedicated PR agencies in China, Japan, Korea and Taiwan. With headquarters in the German-speaking part of Switzerland, we also deliver our messages to our German markets in local language, while English remains the source language for all our outgoing communications.

Creativity

u-blox strongly believes in in-house creativity. A core team of communication experts for electronic, print and PR activities support all our branding and messaging initiatives for both online and offline activities.

Brand protection

The u-blox brand is protected through trademark, and is comprehensively defended in all countries where our products are marketed. We believe strongly in protecting core technology trademarks such as CellLocate™ and AssistNow™, service differentiators that bring unique selling values to our products.



The screenshot shows the u-blox website's main page in Chinese. At the top, there is a navigation bar with links for "HOME", "SEARCH", "ABOUT US", "COMPANY", "CONTACT", and "SEARCH". Below the navigation is a large banner featuring two people looking at a tablet, with the text "locate, communicate, accelerate". To the left of the banner is a small image of a landscape. On the right side of the banner, there is a "SEARCH" button. Below the banner, there are three main sections: "What we do", "Who we are", and "Where we are". Each section contains some text and a "READ MORE" button.

This advertisement features a photograph of two mountain bikers on a rocky trail. The text "locate, communicate, accelerate" is displayed above them. Below the photo, it says "u-blox your partner for positioning". It lists "Global GNSS chipsets" and "GPS modules" as product offerings. At the bottom, there is a "Contact Us" button and the u-blox logo.

This advertisement shows a woman driving a car at night, with another person visible in the passenger seat. The text "locate, communicate, accelerate" is overlaid on the image. Below the photo, it says "Automotive GPS Chips for eCall & in-car navigation". It lists "u-blox 6 family of powerful positioning engines" and "Ideal for high-performance in-vehicle systems". At the bottom, there is a "Contact Us" button and the u-blox logo.

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 Korea and the USA.

Stories in history: Morse code

Dash – Dot – Space:

One of the simplest communication techniques has been able to save countless human lives and influence the course of wars.

Morse code is based on three different symbols: dot (.), dash (-) and space () and is transmitted acoustically or optically. A constant signal is switched on and off at different intervals. Basically, Morse code can be described as an old form of digital communication. There are only 2 states: "on" and "off" - a binary code that can be translated into letters and characters. It is versatile in the number of ways it can be transmitted: as an audio or light signal, as an electrical pulse via a Morse key or telephone line, or even purely mechanically by tapping on metal.

Samuel Morse built the first electromagnetic telegraph system in 1833. At that time the code consisted only of ten digits that were translated into letters and words by means of a table. It was an employee of Morse who developed the first code to include letters in 1838. This became known as the "American Morse Code" and was used from 1844 onward by the railway and telegraph companies. In 1909 Morse code was introduced into marine radio communications where it continued to be used, because of its reliability, at a time when teletype machines had long since taken over communications.

Even though Morse code has long been superseded by modern radio technologies, it still remains fascinating to this day. "Morse code works when all else fails." It continues to be the most reliable international form of communication when voice transmission breaks down.



Maximum
optical
range

A "straight key" is used to transmit Morse code. After the invention of telegraphy, it became the most important tool for the telegraph operator.

40 miles

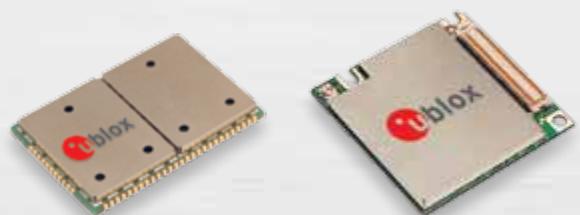


Communicating with dots and dash... on steroids

Even though Morse code was a crude method for transferring messages, the principal of dot and space still exists today. But that is where the similarity ends!



Morse code can also be transmitted via optical methods, here for example using a blinking spotlight.



u-blox' wireless modules transmit voice, video, or data around the globe over mobile networks.

u-blox provides solutions for a wide range of frequencies, data protocols, and encryption techniques.

Binary communications: alive and well in the 21st century

Over a century after the invention of Morse code, computers and machines have taken the concept of dot and space to a new level. Where once the best human Morse code operators could transfer information up to 50 words per minute, computers and phones using cellular networks can now do the same task millions of times faster.

With speed comes variety

Low-speed wireless communication methods like Morse code were good for one thing: text messaging. With today's multi megabit-per-second data rates, all forms of human communication can be easily conveyed: voice, video, and vast amounts of data. This is enabling a whole new realm of useful applications beyond voice communications, for example mobile Internet terminals, telehealth systems and remote video surveillance. u-blox' wide range of wireless modems for high speed mobile communications is at the core of all these advanced wireless services.

Our approach to sustainability

At u-blox, we do not operate in isolation. Everything we do as a company and as individuals affects our customers, employees, shareholders, partners, communities and ultimately everyone on the planet through our impact on the environment. We are therefore committed to creating value for all our stakeholders through the implementation of sustainability practices. In 2011, we outlined our four pillar strategy. In 2012, we will focus on bringing this strategy to life.

Sustainability strategy

Our sustainability strategy rests on four pillars – Environment, Employees, Communities and Marketplace. It acknowledges our ambition to include sustainability in all parts of our business, minimize environmental impact, attract and retain employees, support the less fortunate in our society, and to be a responsible business partner.

The new sustainability strategy was approved by the Executive Committee and Board of Directors in August 2011 and enjoys strong support throughout the company.

Where we are going

While we are proud of our first activities we realize that a lot more can still be done. We look forward to sharing our progress and ongoing efforts in the years to come.

Employees

We care about our employees.

Community

We support innovation and help the less fortunate in our society.

We are environmentally friendly.

Environment

We encourage sustainable and fair business conduct.

Market place



1 Sustainability: Employees

As a company dedicated to bringing continuous innovation to our markets, we recognize the importance of creating a working environment that attracts and retains talented people and fosters their ongoing development.

u-blox' Human Resources Department has taken on ownership of the 'People' category within the sustainability framework. It will drive activities and measure results in the area of people and organization.

At the end of 2011, u-blox had a total of 229 employees (FTE based), of which 38.8% were based at our headquarters in Switzerland. The remaining 61.2% worked in three R&D centers and eight sales and marketing offices across the globe. During 2011, we increased our head count by 25.3 positions, which includes one acquisition.

Developing talents

u-blox fosters an environment where continual update of knowledge and leadership skills is part of our corporate culture. Putting the right people with the right skills in the right jobs is a constant process that requires active participation of our management and human resource department.

Regular appraisals and feedback loops have been implemented throughout our company to encourage our people to improve their performance and skills, and increase their job satisfaction. Compensation and advancement are coupled with clearly defined individual as well as corporate goals, and quarterly assessment against these goals is institutionalized throughout the company.

A comprehensive leadership training program was initiated during

Performance indicators	2011
Total headcount	235
Jobs created	25
Woman in overall workforce	13.7%
Parttime employees	5.4%
Level of education (with University degree)	78.0%

the year and deployed throughout our entire organization. Emphasis was placed on a unified approach to motivating and encouraging employees, and on establishing a common vision of u-blox' company culture and strategy.

Attractive compensation

To attract and keep talented personnel, u-blox offers its employees excellent working conditions, compensation, social benefits, training and the opportunity to achieve an optimal work-life balance.

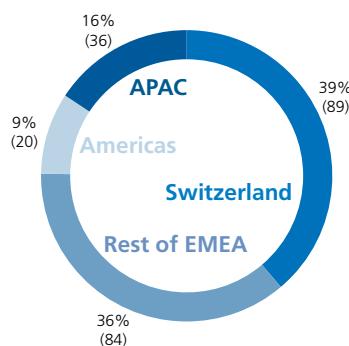
In 2011, we spent CHF 25.7 million on salaries and benefits worldwide. Details of employee compensation and benefits are provided on page 99 including information on salary, social taxes and stock option plans. u-blox is committed to being a fair and non-discriminatory employer with regards to its compensation policy.

Good business conduct

u-blox adheres to high standards of ethics and transparency in dealing with all stakeholders. We take our legal and ethical obligations seriously and want to embed our ethical approach in our culture, values and day-to-day work environment. We therefore updated our general terms of employment and will introduce a Code of Conduct in 2012, which guides employees in the high standards of behavior expected from them and in their obligation to act with integrity at all times. A procedure for reporting non-compliance is in place.

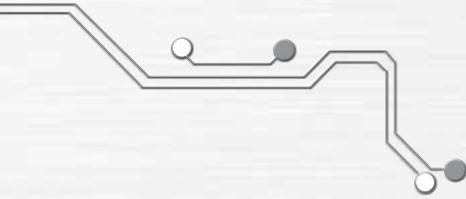
As a signatory of the UN Global Compact, our Code of Conduct is based on the principles of the Universal Declaration of Human Rights of Fundamental Principles and Rights at Work.

Employees per region



Employees per function





We talked to Stefan Frenademez about how it is working for u-blox

Stefan Frenademez joined u-blox in 2007 as a Supply Chain Manager. Today, 5 years later, he has taken on more responsibility and works as Supply Chain Controlling and Project Manager. In this position he is responsible for optimizing u-blox' supply chain to enable growth, drive productivity, and as a result, improve client satisfaction.

A well executed supply chain strategy results in value creation

"My job is to analyze the movement of goods through the supply pipeline, monitor flows and processes, identify and analyze gaps, and come up with process improvements. The purpose of my job is to optimize our cash flows, reduce cycle times, increase our customers' satisfaction and employee productivity.

“It is a bit like solving a Rubik's cube – it is not enough to get two sides of the cube right while disrupting the other four sides of the cube.”

There are lots of things I enjoy about my job, particularly the sense of accomplishment I get at the end when everything finally comes together and works according to plan.

It is a bit like solving a Rubik's cube – it is not enough to get two sides of the cube right while disrupting the other four sides of the cube. It is also crucial to realize that there are many ways to solve a problem, and that reaching the solution in the quickest and most efficient way is just as important as the solution itself."

A dynamic and professional working environment

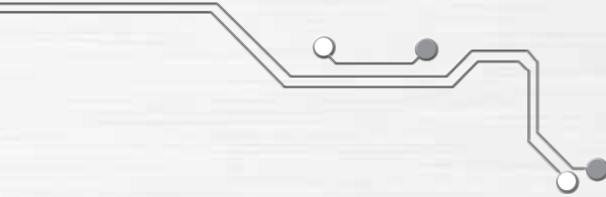
"u-blox is a very dynamic company that fosters personal growth. I enjoy the challenge of being involved in many different projects. With the integration of acquired companies, new processes and innovative products I am constantly challenged to expand my knowledge and skills.

In my daily work, I have a large degree of freedom in how I decide to execute my responsibilities, which I value very much. u-blox also has an open-door policy and a strong management team that is receptive to new ideas and methods on how to do things better.

I work on projects that often overlap, so there are always new challenges and new deadlines. This keeps my job both challenging and interesting."



Stefan Frenademez, Supply Chain Controlling and Project Manager at u-blox



2 Sustainability: Community

An essential component of our corporate social responsibility is to care for communities where we are both directly and indirectly involved. Our community involvement leverages our financial, human and technological resources to drive change and to make communities stronger. Education and health have been identified as the primary areas of activity.

We engage with projects to ensure education for children and improvement of general health for underprivileged.

1. Education

Education is critical to developing successful communities. Not only do companies need highly skilled and educated people, the global community needs an educated workforce and business leaders to innovate and prosper. Therefore, we are committed to raising awareness among young people in the fields of science, technology and engineering to encourage them to pursue careers as technicians and engineers, and to expanding educational opportunities for underprivileged children.

u-blox will establish long-term partnerships with Non-Governmental Organizations (NGOs) and Education institutions who share our values and drive projects and solutions that are sustainable. In 2011, we started our education initiatives and provided funding to the following programs:

The Sunshine School, Nepal



This project enables children in a poverty-stricken area to gain access to education. These children would otherwise be excluded from education because of their families' limited financial resources. By providing these children with a basic education, the program has an immediate and long-term impact on their lives. Today 150 kids have access to education through the Sunshine School. The goal is to increase the number to 250 and enable them to attend school through the 10th grade and earn a diploma. We believe that education is the primary vehicle by which poor children can lift themselves out of poverty.

Savannah Trust Education, Ghana



In Western Ghana, where the average income is less than \$1 per day and the rural literacy rate is 22%, most children do not have the possibility to attend school due to poverty. From primary school age they are often considered old enough to work and to help support their family. The Savannah Education Trust reaches some of these children by offering free education. u-blox supports the organization by financing a new school for approximately 400 children in the Lawra District, feeding the pupils and training teachers. The foundation of the school will be laid in 2012.

Engineers shape our future and Electronics4you, Switzerland

In Switzerland and in Europe in general, there is a lack of engineers and technical specialists. Promoting young people's interest in technology is therefore essential to ensure that more of them take up a technical profession.

We have chosen two Swiss organizations "Engineers shape our future" and "Electronics4you" as our partners to address this challenge. These organizations provide study weeks and workshops with the aim to stimulate interest in technology and fire enthusiasm for technical professions. The projects expose Swiss high school students to the principles of science through workshops and first-hand experiences, encourage curiosity, and broaden the imagination.

2. Health

We are also aiming to help create healthy, sustainable communities: We strive to increase access to quality healthcare for people in remote and rural areas. In 2012, we look forward to building our health initiatives.

3 Sustainability: Environment

u-blox is committed to ensuring that the company's products are as green as possible.

1. Product responsibility

u-blox and its manufacturing partners comply with environmental regulations and meet the environmental demands of industry regulations as well as the demands of our customers. We especially support power-saving and environmentally conscious products. We seek to reduce energy consumption, prevent pollution, minimize the use of hazardous materials and continually communicate with employees and suppliers on the company's policy and commitment to the environment, safety and health (ESH) management.

	GPS module	GPS 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 sheet and banned substance management
2010	●	●	●	Introduction of Cobalt Dichloride Free HIC
2011	●	●	●	GADSL Conformity (Automotive requirements)
2011	●	●	●	Position paper on Conflict Minerals

We continuously monitor the materials that go into our products in order to make them as environmentally sustainable as possible. Through our strict adherence to the EU's Reduction of Hazardous Materials (RoHS) initiative, additional restrictions according to the China RoHS standard, as well as vendor-initiated requirements such Sony's Green partner program, u-blox strives to minimize or even eliminate the use of materials that are hazardous to the environment.

In addition, u-blox supports the International Material Data System (IMDS) initiative to report materials used in automotive products for recycling purposes and environmental sustainability.

2. Green innovative projects



In 2011 we launched a partnership with ADES, a Swiss NGO who produces solar cookers and energy-saving stoves in Madagascar.

The objective of the project is to preserve an environmentally sensitive area by providing solar cookers and efficient wood stoves for cooking. For centuries the population of Madagascar has been cooking their food with wood on open fires, which requires vast amounts of firewood or charcoal. Each year, approximately 1% of Madagascar's forest is cut down. More than 90% of its original forest is already gone.

The solar cookers are an important contribution towards halting the deforestation process and thereby preserving the environment. Convincing people of energy saving cooking methods remains a great challenge. u-blox is committed to supporting ADES in the areas of promotion of the stoves, awareness-raising, and education of the women. With regular demonstrations on how to use solar cookers in outlying villages and in urban areas ADES tries to convince the population of the benefits of cooking with solar energy.

4 Sustainability: Market place

Responsible supply chain

Over the past year, focus on dialogue has become central to our vision and strategy for responsible supply chain management. We engage our suppliers in an open conversation about sustainability practices, challenges and opportunities. By sharing our experiences and working together, we believe we can help the organizations that supply us with their products to improve overall environmental sustainability.

Responsible supply chain management was identified in 2011 as one of four areas for sustainability development. u-blox wants to make sustainability issues an integral aspect of our choice of suppliers and our relationship with them, and we have charted a clear course towards this goal. The main target set for 2012 is to incorporate industry best practices for responsible supply chain management, and develop a suppliers' Code of Conduct.

Corporate Governance



The report describes the management structure, organization and control within the u-blox Group at December 31, 2011. The report fulfills the requirements of the "Directive on Information relating to Corporate Governance" of the SIX Swiss Exchange.

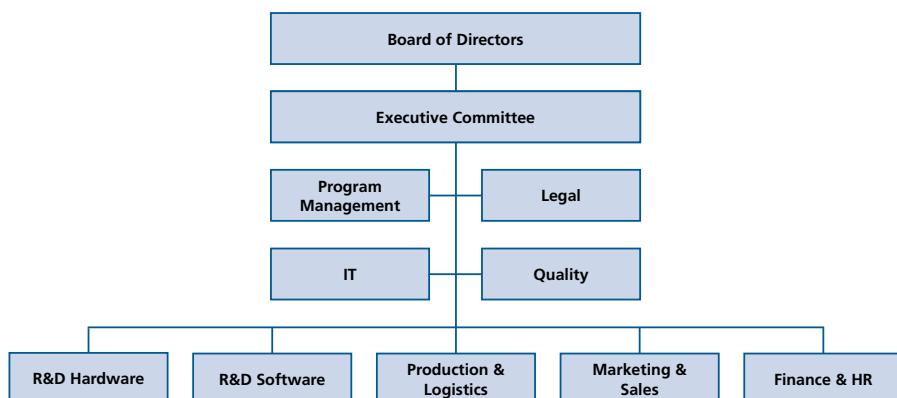
Group structure

u-blox Group

The registered domicile of u-blox Holding AG and u-blox AG is: Zürcherstrasse 68, 8800 Thalwil, Switzerland. u-blox AG was founded in 1997. u-blox Holding AG, the only shareholder of u-blox AG, was incorporated in September 2007 and listed on the SIX Swiss Exchange on October 26, 2007 (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, 2011 was CHF 257 million.

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.



Shareholders of u-blox

Significant shareholders

At December 31, 2011, u-blox had over 4'200 shareholders. According to the disclosures of shareholders, the largest shareholders (> 3%) were:

• LB Swiss Investment AG, Zurich, Switzerland	5.09%
• Swiss Reinsurance Company Ltd., Zurich, Switzerland	3.30%
• Werner Dubach, Hergiswil, Switzerland	3.05%

Publications concerning shareholdings:

- On October 3, 2011 Mr. Werner Dubach, Hergiswil, Switzerland announced that he held 3.05% of the voting rights.
- On September 9, 2011, UBS Fund Management, Basel Switzerland announced that it held less than 3% of the voting rights.*
- On August 8, 2011, LB Swiss Investment AG, Zurich, Switzerland announced that it held 5.09% of the voting rights.*
- On June 6, 2011, Deutsche Bank AG, DWS Investment GmbH, Frankfurt, Germany announced that it held less than 3% of the voting rights.
- On February 16, 2011, Partners Group Holding AG, Baar, Switzerland and its subsidiaries Partners Group Finance CHF IC Limited, Guernsey Channel Islands and Partners Group (Guernsey) Limited, Guernsey Channel Islands announced that they held 2.92% of the voting rights.

* The shareholder reduced or increased his shareholding progressively. For further detail see <http://www.six-swiss-exchange.com/index.html> under "Market Data – Significant Shareholders".

Cross shareholdings

u-blox has no cross shareholdings in any company.

Capital structure

Share capital of u-blox

The share capital of u-blox is CHF 5'619'033 fully paid in and divided into 6'243'370 registered shares of CHF 0.90 nominal value each.

Authorized share capital

The Board of Directors is authorized, at any time until October 16, 2013, to increase the share capital through the issuance of up to 1'248'674 fully paid-in registered shares with a nominal value of CHF 0.90 each in an aggregate amount not to exceed CHF 1'123'806.60. An increase in partial amounts is permitted. The Board determines the issue price, the date of issue of new shares and the type of payment.

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

Conditional share capital

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

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

Changes in share capital

The share capital remained unchanged in 2009, 2010 and 2011.

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, 2011 was 397'951, which is 6.37% of the outstanding share capital.

Grant	Vesting date	Expiry date	Exercise price in CHF	Options outstanding at December 31, 2011
2008	May 30, 2011	May 30, 2014	46.00	69'475
2009	January 1, 2012	January 1, 2015	19.15	79'264
2010	January 1, 2013	January 1, 2016	25.50	107'860
2010	January 1, 2013	January 1, 2016	26.25*	7'272
2011	January 1, 2014	January 1, 2017	48.58	126'114
2011	January 1, 2014	January 1, 2017	50.30*	7'966
Total				397'951

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

One option grants the right to purchase one share.

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 10-14 days before the date of the general meeting, are admitted to the meeting and entitled to vote. The deadline for registration 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.

Board of Directors

Composition of the Board of Directors at December 31, 2011:

Name	Member since	Terms expires	Age	Position	Position Committee
Fritz Fahrni	2008	2014	69	Chairman	Member AC and NCC
Hans-Ulrich Müller	2007	2014	65	Vice-Chairman	Chairman AC
Gerhard Tröster	2007	2012	58	Member	Chairman NCC
Thomas Seiler	2007	2013	55	Member	
Jean-Pierre Wyss	2007	2013	42	Member	
Soo Boon Quek	2007	2012	61	Member	
Paul Van Iseghem	2011	2014	65	Member	

Election and term of office

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



Prof. Fritz Fahrni,
Swiss

Function at u-blox

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

Professional background

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 member of the Board of Ammann BauAusrüstung AG, Switzerland and of Insys Industriesysteme AG, Switzerland. He also 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 a member of the Swiss Science and Technology Council, Bern and an individual member of the Swiss Academy of Technical Sciences.



Hans-Ulrich Müller,
Swiss

Function at u-blox

Hans-Ulrich Müller has been appointed Vice-Chairman of the Board of Directors since incorporation of u-blox in 2007. He acts as member of the Board of Directors of u-blox AG since 1998 and since 2006 as Vice-Chairman. He chairs the audit committee. He is a Non-Executive Director.

Professional background

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

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

Other positions or consultancy agreements

Hans-Ulrich Müller is member of the Board of Spol AG, Switzerland.



Prof. Gerhard Tröster,
German and Swiss

Function at u-blox

Prof. Gerhard Tröster has served as a member of the Board of Directors since the incorporation of u-blox in 2007. He 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.

Professional background

Prof. Gerhard Tröster holds a Diploma degree from the Technical University of Karlsruhe and a PhD degree from the Technical University of Darmstadt, both in electrical engineering. He led the Advanced Integrated Circuit Design' group at Telefunken Electronic, Germany from 1984 to 1993. Since 1993 he is Professor for electronics at the Swiss Federal Institute of Technology Zurich (ETH) and Head of 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 Amphiros AG, Switzerland.



Thomas Seiler,
Swiss

Function at u-blox

Thomas Seiler has served as a member of the Board of Directors and as CEO since the incorporation of u-blox in 2007. 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 Kirchheim Holding AG, Germany and Artum AG, Switzerland.



Jean-Pierre Wyss,
Swiss

Function at u-blox

Jean-Pierre Wyss has served as a member of the Board of Directors and as CFO since the incorporation of u-blox in 2007. He has served as a member of the Board of Directors, CFO and Head of Production and Logistics of u-blox AG since 1997. In 2011, he resigned from his positions as CFO of u-blox and 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.



**Soo Boon Quek,
Singaporean**

Function at u-blox

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

Professional background

Soo Boon Quek holds a B.Sc. degree in mathematics from King's College, University of London. She was Senior Vice President / Deputy General Manager of Vertex Management Inc. from 1987 to 1999. She founded iGlobe Partners, Singapore in 1999 and 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., Wise Giant Ltd., Anacle Systems Pte Ltd. and Sparky Animation Pte Ltd. She is also Executive Committee member of the Singapore Chinese Chamber of Commerce and the Singapore Board member of Swissnex.



**Dr. Paul Van Iseghem,
Belgian**

Function at u-blox

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

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

Dr. Paul Van Iseghem is a member of the Board of Servotronix in Tel Aviv, Israel.

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.

Further detail is provided under the Rules of Procedure available under the Investor Relations / Corporate Governance section of the Company website (www.u-blox.com).

The Board of Directors convened 10 times in 2011. The duration of each meeting was about 2 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 (www.u-blox.com).

Audit Committee

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

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

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

The committee has convened for the preparation of the annual report and of the half year report. The auditors, the CFO and the CEO participated in the meetings. The former CFO participated in the second meeting. The duration of each meeting was about 2 hours.

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 payable to members of the Executive Committee and of the Board of Directors.
- It submits proposals regarding the amount of fixed and variable remuneration as well as compensation to which members of the Executive Committee and of the Board of Directors are entitled.
- It drafts the employee stock ownership program.
- It proposes the allotment of options within the scope of the employee stock ownership program.

The committee convened once. The Executive Committee participated in the meeting. The duration of the meeting was 2.5 hours.

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 (www.u-blox.com).

Information and control systems of the Board vis-à-vis 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 meeting. The Executive Committee participated in the NCC 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 has been defined in December to ensure that the Board is informed on the strategic options of the Company. The group will convene on a case by case basis and informs the Board on the strategic options it has identified at Board meetings.
- 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 three Board meetings a certain number of the 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.

Executive Committee



Thomas Seiler,
Swiss

Function at u-blox

Thomas Seiler has served as a member of the Board of Directors and as CEO since the incorporation of u-blox in 2007. 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. Mr. Seiler is also a member of the Board of Kirchheim Holding AG, Germany and Artum AG, Switzerland.



Jean-Pierre Wyss,
Swiss

Function at u-blox

Jean-Pierre Wyss has served as a member of the Board of Directors and as CFO since the incorporation of u-blox in 2007. He has served as a member of the Board of Directors, CFO and Head of Production and Logistics of u-blox AG since 1997. In 2011, he resigned from his position as CFO of u-blox and 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. Mr. Wyss is also a member of the board of Ardo Medical AG, Switzerland.



Daniel Ammann,
Swiss

Function at u-blox

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

Professional background

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



Function at u-blox

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

Professional background

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

Andreas Thiel,
German



Function at u-blox

Roland Jud has been appointed CFO of both u-blox 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.

Roland Jud,
Swiss

Management of the Group

The members of the Executive Committee are:

Name	Age	Position
Thomas Seiler	55	CEO
Roland Jud	44	CFO
Jean-Pierre Wyss	42	Executive Vice President
Daniel Ammann	42	Executive Vice President
Andreas Thiel	44	Executive Vice President

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

The primary functions of the Executive Committee include:

- 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 and provide management services for u-blox.

Compensation, shareholdings and loans

Non-executive members of the Board of Directors

The Chairman of the Board was paid an annual compensation of CHF 40'000. Other members of the Board serving as Chairman of a committee were paid a compensation of CHF 30'000 per year. Each other non-executive member of the Board was paid an annual compensation of CHF 20'000. The compensation has been decided by the Board in August 2007 and has remained unchanged ever since. The decision was based on a proposal made by the Chairman and made by the Board within its discretion, without external advisors.

A review of the compensation for Board members was performed end of 2011 by the Chairman of the Nomination and Compensation Committee. The compensation, excluding stock options, was benchmarked with compensation 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, the Chairman will be paid an annual compensation of CHF 60'000, non-executive committee members CHF 45'000 and each other non-executive member CHF 30'000. The decision was taken by the Board within its discretion, without external advisors.

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

See Note 7 under the Notes to the financial statements of u-blox Holding AG for detailed information on the compensation, options and benefits for each member of the Board of Directors.

Executive Committee

The compensation package for members of the Executive Committee members consists of a base salary and a variable part (bonus). The bonus calculation factors depend on the percentual change of the revenue of the Group compared to the previous year and the EBIT in percent of revenue. The factors are multiplied with the base salary. The bonus does not depend on personal performance objectives. The bonus is limited to 100%, respectively to 150% for Thomas Seiler, of the base salary.

The compensation package of the Executive Committee is proposed by the Nomination and Compensation Committee and decided by the Board of Directors at the term of the employment contract.

A review of the compensation of all Executive Committee members took place 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, based on a proposal made by the Nomination and Compensation Committee, to extend the employment contracts and to increase the compensations in order to reach the median compensation of the benchmarked industry in 2013 progressively by annually increasing as of 2011 and until 2013 (i) the base salary of the CEO and (ii) the bonus of the other Executive Committee members. The proposal of the NCC 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.

In 2011, the bonus of the executive committee members amounted to 45.3%, respectively 94.0% for Thomas Seiler, of the base salary. The bonus amount of Mr. Seiler has remained almost equivalent as compared to 2010 because the lower increase of revenue and a minor increase of EBIT in percent of revenue compared to 2010 was compensated by the increase of his base salary. The bonus amount of the other executive members has decreased because of the lower increase of revenue and a minor increase of EBIT in percent of revenue compared to 2010.

The Executive Committee members are furthermore granted stock options, according to the rules defined in the stock option plan.

See Note 7 under the Notes to the financial statements of u-blox Holding AG for detailed information on the compensation, options and benefits for each member of the Executive Committee.

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 in order to encourage their commitment.

Each option grants the owner the right to purchase one share at a certain price (exercise price). The exercise price is the lower of a) the volume-weighted average share price on the SIX Swiss Exchange during the 30 trading days preceding the grant date, and b) the closing share price at the SIX Swiss Exchange on the last trading day before the grant date. The option can be exercised between the third year (vesting date) and the sixth year after the grant date and expires six years after the grant date. At the beginning of each year the Board of Directors defines, based on a proposal of the Nomination and Compensation Committee, whether options will be granted for the past year and, if yes, the functional ranks which will participate in the stock option plan and the number of options to be allotted to each functional rank.

For 2011, the eligibility for participation in the plan as well as the number of options to be allotted to a functional rank was decided by the Board within its discretion, without external consultants. The number of options granted did not depend on personal performance objectives. 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 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.

Stock Option Allotment 2011

	Allotment
Non-executive Board Member (number of options)	624*
Executive Committee Member (number of options)	7'804*
Exercise price in CHF/option	39.91
Grant date	January 1, 2012
Vesting date	January 1, 2015
Expiry date	January 1, 2018

* Pro rata temporis of their employment, respectively membership.

Ownership of u-blox shares

The total number of u-blox shares owned by members of the Executive Committee and the Directors at December 31, 2011 (including holdings of "persons closely linked"*) is shown in the table below.

Non-executive members of the Board

	Number of shares
Fritz Fahrni	11'000
Hans-Ulrich Müller	50'000
Gerhard Tröster	35'760
Paul Van Iseghem	850
Soo Boon Quek	0

Executive Committee

(including executive members of the Board)

	Number of shares
Thomas Seiler	96'748
Andreas Thiel	62'860
Jean-Pierre Wyss	60'110
Daniel Ammann	56'000
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.

Share allotment in the year under review

No shares were allotted to the members of the Board or the Executive Committee in 2011.

Additional fees and remunerations and loans

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

No loans were granted by the Group to the members of the Board or the Executive Committee or were outstanding at December 31, 2011.

Auditors

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

In 2011, KPMG AG, Root/Lucerne was re-appointed as Statutory Auditor of u-blox. KPMG/Root Lucerne has been appointed each year since incorporation of u-blox in 2007. Mr. Thomas Studhalter, 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 2011 amount to CHF 198'500 (excl. VAT) and other audit-related work to CHF 50'000 (excl. VAT).

Additional fees

Additional fees (excl. VAT) charged by KPMG during the financial year 2011 amounted to CHF 93'400 for tax advice.

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 2011.

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.

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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Consolidated financial statements

u-blox Holding AG



Consolidated statement of financial position

(in CHF 000s)	Note	At December 31, 2011	At December 31, 2010
Assets			
Current assets			
Cash and cash equivalents	6	35'151	25'184
Marketable securities	7	45'981	49'890
Trade accounts receivable	8	16'877	12'160
Other receivables		2'456	2'327
Inventory	9	20'556	15'545
Prepaid expenses and accrued income		1'636	1'991
Total current assets		122'657	107'097
Non-current assets			
Property, plant and equipment	10	5'331	4'947
Intangible assets	11	33'102	27'687
Financial assets		425	352
Deferred tax assets	23	2'068	2'217
Total non-current assets		40'926	35'203
Total assets		163'583	142'300
Liabilities and equity			
Current liabilities			
Trade accounts payable	12	6'120	5'944
Other payables		2'140	1'977
Current tax liabilities		1'584	179
Accrued expenses	13	9'325	9'492
Total current liabilities		19'169	17'592
Non-current liabilities			
Other payables		609	0
Provisions	14	1'190	281
Employee benefits	15	3'958	2'809
Deferred tax liabilities	23	1'704	1'767
Total non-current liabilities		7'461	4'857
Total liabilities		26'630	22'449
Shareholders' equity			
Share capital	16	5'619	5'619
Share premium		105'367	103'798
Retained earnings		25'967	10'434
Total equity		136'953	119'851
Total liabilities and equity		163'583	142'300

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, 2011	For the year ended December 31, 2010
Revenue	5	124'704	112'781
Cost of revenue		-61'953	-53'921
Gross profit		62'751	58'860
Distribution and marketing expenses		-14'200	-14'584
Research and development expenses	19	-22'081	-21'336
General and administrative expenses		-5'526	-5'239
Other income	20	256	1'370
Profit from operations (EBIT)		21'200	19'071
Financial income	22	1'034	942
Finance costs	22	-1'286	-3'546
Profit before income tax (EBT)		20'948	16'467
Income tax expense	23	-4'440	-3'551
Net profit		16'508	12'916
Basic earnings per share (in CHF)	17	2.64	2.07
Diluted earnings per share (in CHF)	17	2.59	2.05

Consolidated statement of comprehensive income

(in CHF 000s)	Note	For the year ended December 31, 2011	For the year ended December 31, 2010
Net profit		16'508	12'916
Other comprehensive income			
Foreign currency translation differences for foreign operations		-67	-3'085
Defined benefit plan actuarial losses	15	-1'121	-480
Income tax on other comprehensive income	23	213	91
Other comprehensive income, net of taxes		-975	-3'474
Total comprehensive income		15'533	9'442

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
Balance at January 1, 2010		5'619	102'830	-208	1'200	992	109'441
Net profit		0	0	0	12'916	12'916	12'916
Other comprehensive income, net of taxes		0	0	-3'085	-389	-3'474	-3'474
Share based payments	18	0	968	0	0	0	968
Balance at December 31, 2010		5'619	103'798	-3'293	13'727	10'434	119'851
Net profit		0	0	0	16'508	16'508	16'508
Other comprehensive income, net of taxes		0	0	-67	-908	-975	-975
Share based payments	18	0	1'569	0	0	0	1'569
Balance at December 31, 2011		5'619	105'367	-3'360	29'327	25'967	136'953

For further information on the share capital see Note 16.

Approximately CHF 3.6 million of the share premium and retained earnings is not available for distribution due to legal restrictions.

Consolidated statement of cash flows

(in CHF 000s)	Note	For the year ended December 31, 2011	For the year ended December 31, 2010
Net profit		16'508	12'916
Adjustments for:			
Depreciation	10	2'941	2'692
Amortization of intangible assets	11	4'978	5'920
Share based payment transactions	18	1'569	968
Increase of employee benefits		42	80
Foreign exchange gain (net) on intercompany transactions		-27	-278
Decrease of allowance for doubtful receivables		-246	-64
Increase of allowance for obsolete inventory	9	39	193
Financial income	22	-1'034	-942
Finance costs	22	1'286	3'546
Income tax expense	23	4'440	3'551
Increase in trade and other receivables, prepaid expenses and accrued income		-3'935	-6'238
Increase in inventory		-4'812	-8'179
(Decrease)/increase in trade and other payables and accrued expenses		-896	6'504
Increase in provisions		907	227
Income tax paid		-3'163	-225
Net cash provided by operating activities		18'597	20'671
Acquisition of property, plant and equipment	10	-3'344	-3'645
Acquisition of intangible assets	11	-7'122	-4'964
Proceeds from sale of short-term investments		0	5'000
Acquisition of marketable securities		-933	-10'663
Proceeds from sale of marketable securities		4'260	0
Acquisition/(proceeds from sale) of financial assets		-41	11
Acquisition of subsidiary, net of cash acquired	4	-50	0
Interest received		1'013	672
Net cash used in investing activities		-6'217	-13'589
Repayment of loans	4	-2'394	0
Interest paid		-3	-4
Net cash used in financing activities		-2'397	-4
Net increase in cash and cash equivalents		9'983	7'078
Cash and cash equivalents at beginning of year		25'184	20'153
Effect of exchange rate fluctuations on cash and cash equivalents		-16	-2'047
Cash and cash equivalents at end of year	6	35'151	25'184

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

Notes to the consolidated financial statements

1 Corporate information and basis of preparation

u-blox Group ('u-blox' or the 'Group') consists of u-blox Holding AG ('the Company'), incorporated on September 21, 2007 in Thalwil, Switzerland, and its consolidated subsidiaries (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 according to the Main Standard on the SIX Swiss Exchange.

u-blox' core activities comprise the development, manufacture and marketing of the products and services of GPS positioning products. u-blox offers a range of GPS positioning products, including GPS receiver chipsets, GPS receiver modules, GPS receiver boards, GPS smart antennas and GPS antennas which are in use world-wide for navigation, automatic vehicle location, security, traffic control, location based services, timing and agriculture. In 2009 u-blox expanded it's activities by acquisition into wireless products and services. Hardware production is fully outsourced to external contractors.

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

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

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

The consolidated financial statements are presented in Swiss Francs (CHF), rounded to the nearest thousand. Group 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 following accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

All new or amended standards that became effective in 2011 have been applied retrospectively or in accordance with the specific transition rules.

Principles of consolidation

The consolidated financial statements include the financial statements of u-blox Holding AG, which provides holding functions, and the financial statements of the following controlled companies, which were prepared in accordance with uniform corporate accounting policies and comprise the twelve months ended December 31, 2010 and 2011, except for the acquired company Fusion Wireless, Inc. which comprise about three and a half months only in 2011 (September 18, 2011 until December 31, 2011):

Company	Share capital (million)	Ownership interest Dec. 31, 2011	Ownership interest Dec. 31, 2010	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
Fusion Wireless, Inc., US-San Diego	USD 0.00	100%	–	D

E = Engineering, Logistics, Marketing, Sales and Support

S = Sales and Support

M = Marketing

H = Holdings

D = Engineering

I = Inactive

Fusion Wireless, Inc., US-San Diego was acquired mid of September 2011 (see Note 4).

u-blox Europe Ltd. was inactive during the years 2010 and 2011.

The company in Italy was renamed from Neonseven S.p.A. to u-blox Italia S.p.A. in 2011.

Subsidiaries are all entities that u-blox has the ability to control. Control refers to the power of the Group to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Acquisitions of subsidiaries and businesses are accounted for based on the acquisition method, whereby the financial statements of the acquiree are included in the consolidated financial statements from the date when control commences until the date when control ceases.

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

Foreign currency translation

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

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

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

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

The resulting translation differences (other than those relating to the cash flow statement) are recorded in 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, 2011		December 31, 2010	
	Average rate	Closing rate	Average rate	Closing rate
EUR	1.25242	1.21655	1.42083	1.24789
USD	0.90100	0.93755	1.06014	0.93537
GBP	1.44405	1.45750	1.64421	1.44980
HKD	0.11599	0.12069	0.13633	0.12028
SGD	0.71552	0.72287	0.77376	0.72776
CNY	0.11388	0.14697	0.15870	0.14189
JPY	0.01122	0.01219	0.01200	0.01149

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 'GPS and Wireless products' and 'Wireless services'. Segment accounting is prepared up to the level of Profit from Operations (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.

Short-term investments

Short-term investments are primarily fixed-term deposits with maturities of between 3 and 12 months at the time of investment and are stated at amortized cost, which approximates their fair value.

Marketable Securities

Marketable securities include investments in bonds denominated in CHF with a remaining duration of maximum 4 years at the date of investment. Acquisitions and disposals are recognized on trade date. Held-for-trading investments are stated at fair value, unrealized gains and losses being recognized in the income statement and presented in the financial result.

Trade accounts receivable and other receivables

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

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

Inventory

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

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

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

Non-current assets 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 2011 and 2010, the Group held no non-current assets classified as held for sale.

Property, plant and equipment

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

	Estimated useful life (years)
Furniture, equipment and vehicles	2-6
IT infrastructure	2-5
Tools and test infrastructure	2-5

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

Financial assets

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

Business combinations and 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.

Transaction costs are expensed as incurred.

Goodwill is not amortized but tested for impairment annually or whenever an indication of impairment exists.

Any contingent consideration payable is measured at fair value at acquisition date. If the contingent consideration is classified as a financial liability, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

Other intangible assets

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

	Estimated useful life (years)
Intellectual property rights/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 and research expenses

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

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

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

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

Impairment of property, plant and equipment and intangible assets

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

Interest-bearing loans and borrowings

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

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

Provisions

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

Financial lease and operating lease

Lease agreements in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. During the year ended December 31, 2011, the Group did not enter into any finance lease agreement (2010: 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

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

The plan in Switzerland is contracted with an insurance company and qualifies as defined benefit plan. The part of the Italian TFR (Trattamento di fine rapporto) which is not invested in an independent insurance company also qualifies as defined benefit plan. The expense and the defined benefit obligation (DBO) are determined using the Projected Unit Credit Method. The last valuation of the defined benefit obligation was carried out at December 31, 2011.

Current service costs are recorded in the income statement in the period in which they are incurred. Past service costs are recognized immediately in the income statement unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time. In this case, the past service costs are amortized on a straight-line basis over the remaining service period.

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

Income taxes

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

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

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

Share based payment

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

Revenue recognition

Billings 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 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. Revenue for services is recognized based on direct services rendered. Services which have not been completed at the time of financial closing, revenue is considered for the percentage of the completed services at that time compared to the total estimated service of the milestone. 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 on sale of licenses is not reflected separately as it is not significant compared to the total revenue.

Financial instruments

Non-derivative financial instruments

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

These financial instruments are recognized initially at fair value. Subsequent measurement is at amortized cost except for marketable securities which are 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.

Derivative financial instruments

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

Share capital

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

Changes in accounting principles

With effect from January 1, 2011, u-blox initially applied the following new interpretation issued by the IASB:

IFRIC 19 – ‘Extinguishing Financial Liabilities with Equity Instruments’

Furthermore u-blox applied the following revised standards and interpretation from January 1, 2011:

IAS 24 – ‘Related Party Disclosures (revised 2009)’

IAS 32 – ‘Financial Instruments (Classification of Rights Issues)’

IFRIC 14 – ‘Prepayments of a Minimum Funding Requirement’

Improvements to IFRSs (May 2010)

The adoption of these new and revised standards and interpretation have no effect on the consolidated financial statements.

New IFRSs issued but not yet effective in 2011

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

Standard/Interpretation	Impact	Effective date	Planned application by u-blox
<i>New Standards and Interpretations</i>			
IFRS 9 Financial Instruments	***	January 1, 2015	Reporting year 2015
IFRS 10 Consolidated Financial Statements	*	January 1, 2013	Reporting year 2013
IFRS 11 Joint Agreements	*	January 1, 2013	Reporting year 2013
IFRS 12 Disclosure of Interests in Other Entities	**	January 1, 2013	Reporting year 2013
IFRS 13 Fair value Measurement	*	January 1, 2013	Reporting year 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	*	January 1, 2013	Reporting year 2013
<i>Revised Standards and Interpretations</i>			
IFRS 7 Disclosures - Transfers of Financial Assets	*	July 1, 2011	Reporting year 2012
IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	**	January 1, 2013	Reporting year 2013
IAS 1 Presentation of Items of Other Comprehensive Income	*	July 1, 2012	Reporting year 2013
IAS 12 Deferred tax: Recovery of Underlying Assets	*	January 1, 2012	Reporting year 2012
IAS 19 Employee Benefits (amended 2011)	****	January 1, 2013	Reporting year 2013
IAS 27 Separate Financial Statements (2011)	***	January 1, 2013	Reporting year 2013
IAS 28 Investments in Associates and Joint Ventures (2011)	*	January 1, 2013	Reporting year 2013
IAS 32 Offsetting Financial Assets and Financial Liabilities	*	January 1, 2014	Reporting year 2014

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

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

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

**** The revised version of IAS 19 will have an impact on total costs of defined benefit plans as the concept of incorporating expected return on plan assets will be replaced by a net interest concept where net interest cost that are recognized in the income statement will be based on the net defined benefit position calculated based on the discount rate used to discount the obligation.

3 Significant accounting judgments and estimates

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

Inventory

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

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 7'088 (2010: TCHF 4'810) (Note 11).

Recoverability of trade accounts receivable

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

To control the risk of the recoverability of accounts receivable, an insurance policy covering the risk of customers' insolvency has been entered into (further details on accounts receivable see Note 8).

Impairment of non-current assets

In addition to the regular, periodic test applied to goodwill items, 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 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.

Income taxes

At December 31, 2011, the liability for current income taxes is TCHF 1'584 (2010: TCHF 179), the liability for deferred income taxes is TCHF 1'704 (2010: TCHF 1'767) and the asset for deferred income taxes is TCHF 2'068 (2010: TCHF 2'217) 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 favorable or unfavorable effects on income tax assets and liabilities. The adequacy of the Group's interpretation is assessed by the tax authorities in the course of the final assessments or tax audits, which can result in material changes to tax expense.

Furthermore, in order to determine whether tax loss carry forwards 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 has resulted in litigation. Relying on third-party technology that is integrated into some of the products, the risk of disputes may be faced about the use of such technology. Based on estimates a provision has been recorded to reflect such potential liabilities (see Note 14).

Employee benefits

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.

In Italy the obligation has to be met, to accrue for each individual employee a pension amount which will be due on retirement or when the employment has been finished, 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, 2011, the net present value of the Group's defined benefit obligation is TCHF 3'958 (2010: TCHF 2'809) (see Note 15).

4 Changes in scope of consolidation

The following business combinations took place in 2011:

Acquisition of Fusion Wireless, Inc.

On September 18, 2011 u-blox AG acquired Fusion Wireless, Inc., San Diego a provider of CDMA wireless modules for consumer and M2M applications. The purchase price for 100% of shares was CHF 1.2 million (including present value of contingent consideration of CHF 0.6 million), deducting the cash acquired of CHF 0.5 million the net purchase price paid was CHF 0.1 million. The undiscounted contingent consideration is estimated to be in a range of USD 0 to USD 1.3 million in dependency of the gross profit of CDMA products sold in the years 2012 until mid 2014.

u-blox AG acquired net liabilities of CHF 1.0 million resulting in a goodwill of CHF 2.2 million which will not be tax deductible. The goodwill stands for the know-how of the employees and their knowledge of the CDMA business and CDMA market as well as the synergies u-blox will have with other products out of the u-blox family. It is allocated to the cash-generating unit "GPS and Wireless products".

With the business combination, u-blox acquired loans which were repaid after the acquisition, resulting in a cash usage of CHF 2.4 million.

CHF 0.4 million additional revenue was made in 2011 out of this acquisition and the impact on group net profit was CHF -0.1 million. If Fusion Wireless had been consolidated from January 1, 2011 onwards, group revenues would have been CHF 126.5 million and net profit would have been CHF 14.3 million.

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:

GPS and Wireless products

The Group develops and distributes GPS receivers and, since early 2009, also wireless 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 produced by third parties. The Group coordinates the whole supply chain and manages the world-wide production and distribution of the products.

Wireless services

With the acquisitions of u-blox Italia S.p.A. and Fusion Wireless, 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. The tailor-made customization for each delivery is done by the two companies.

Segment information at December 31,

(in CHF 000s)	GPS and Wire- less products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue third	122'973	110'288	1'731	2'493	124'704	112'781	0	0	124'704	112'781
Revenue intragroup	0	0	7'484	4'506	7'484	4'506	-7'484	-4'506	0	0
Total Revenue	122'973	110'288	9'215	6'999	132'188	117'287	-7'484	-4'506	124'704	112'781
EBITDA	27'424	25'944	2'009	1'979	29'433	27'923	-314	-240	29'119	27'683
Depreciation	-2'330	-2'076	-611	-616	-2'941	-2'692	0	0	-2'941	-2'692
Amortization	-4'026	-4'911	-952	-1'009	-4'978	-5'920	0	0	-4'978	-5'920
EBIT	21'068	18'957	446	354	21'514	19'311	-314	-240	21'200	19'071
Financial income									1'034	942
Finance costs									-1'286	-3'546
EBT									20'948	16'467
Assets	74'417	59'459	6'981	5'884	81'398	65'343	82'185	76'957	163'583	142'300
Liabilities	22'264	18'868	3'009	2'799	25'273	21'667	1'357	782	26'630	22'449
Additions to non-current assets	11'480	7'475	2'149	1'134	13'629	8'609	0	0	13'629	8'609

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 even 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, 2011		For the year ended December 31, 2010	
	in CHF 000s	% share	in CHF 000s	% share
EMEA	32'709	26.2	30'915	27.4
<i>thereof: Switzerland</i>	675	0.5	903	0.8
<i>Germany</i>	11'331	9.1	11'477	10.2
Americas	36'347	29.2	27'973	24.8
<i>thereof: United States of America</i>	32'047	25.7	20'190	17.9
Asia Pacific	55'648	44.6	53'893	47.8
<i>thereof: China</i>	18'332	14.7	16'752	14.9
<i>Hong Kong</i>	15'230	12.2	17'389	15.4
Total	124'704	100.0	112'781	100.0

There are no single customers whose revenue amount to 10% or more of the total revenue of the Group.

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

	For the year ended December 31, 2011		For the year ended December 31, 2010	
	in CHF 000s	% share	in CHF 000s	% share
EMEA	37'408	97.3	32'591	99.8
<i>thereof: Switzerland</i>	33'992	88.4	29'079	89.1
Americas	982	2.6	19	0.1
Asia Pacific	43	0.1	24	0.1
Total	38'433	100.0	32'634	100.0

6 Cash and cash equivalents

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Petty cash	10	11
Cash at banks	35'141	16'438
Call and fixed-term deposits	0	8'735
Total	35'151	25'184

Composition of cash and cash equivalents by currency (in CHF 000s)		
CHF	1'894	3'058
USD	12'740	5'922
EUR	19'282	14'431
GBP	658	1'084
SGD	17	19
CNY	110	86
KRW	38	39
TWD	21	10
JPY	389	535
HKD	2	0

In 2011, the call and fixed-term deposits bore interest at an average interest rate of 0.9% (0.6% in 2010). The investment period ranged from one to three months for the periods presented.

7 Marketable securities

In November 2009 u-blox entered into an asset management agreement with Zürcher Kantonalbank to invest the amount of about CHF 40 million into denominated CHF bonds. An amount of CHF 10.1 million was additionally invested in 2010, which was reduced by around CHF 4.3 million in 2011. The interest received on the investments is reinvested also. The rating of the debtors of the bonds which may be invested into have to meet good credit ratings. The agreement can be terminated with immediate effect.

8 Trade accounts receivable

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Gross amount	17'570	13'118
Allowance for doubtful receivables	-693	-958
Total	16'877	12'160
Composition by currency (in CHF 000s)		
USD	13'482	9'457
EUR	3'109	2'668
JPY	286	35
Composition by regions (in CHF 000s)		
EMEA	4'967	3'442
Americas	7'106	4'514
Asia Pacific	4'804	4'204

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

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

(in CHF 000s)	At December 31, 2011		At December 31, 2010	
	Gross receivables	Net receivables	Gross receivables	Net receivables
Not yet due	12'471	12'471	7'563	7'563
1 - 30 days overdue	3'837	3'830	3'620	3'603
31 - 90 days overdue	558	498	623	623
91 - 180 days overdue	97	73	142	136
More than 180 days overdue	607	5	1'170	235
Total	17'570	16'877	13'118	12'160

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

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

(in CHF 000s)	2011	2010
Individually assessed value adjustments		
At January 1,	958	1'194
Decrease	-265	-236
At December 31,	693	958
Collectively assessed value adjustment		
At January 1,	0	0
Decrease	0	0
At December 31,	0	0
Total value adjustments	693	958

The individually assessed impairment allowance amounts to TCHF 693 (previous year: TCHF 958). It is assumed that a small part of the underlying receivables will eventually be paid.

For further information on credit management and trade accounts receivable see Note 24.

9 Inventory

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Raw material (components)	2'975	3'128
Work in process	8'141	6'474
Finished products	9'921	6'385
Allowance for obsolete inventory	-481	-442
Total	20'556	15'545

Components, work in process and changes in finished products recognized as cost of revenue amounted to CHF 55.4 million (2010: CHF 47.8 million). The allowance for inventory relates to inventory 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, 2010	6'163	794	4'371	11'328
Additions	659	171	2'815	3'645
Derecognition	-724	-466	0	-1'190
Translation differences	-364	-42	-3	-409
Balance at December 31, 2010	5'734	457	7'183	13'374
Additions	1'996	279	1'069	3'344
Additions due to acquisitions (see note 4)	9	0	0	9
Derecognition	-81	-90	0	-171
Translation differences	-56	-6	0	-62
Balance at December 31, 2011	7'602	640	8'252	16'494
<hr/>				
Accumulated depreciation (in CHF 000s)	Furniture, equipment and vehicles	IT infrastructure	Tools and test infrastructure	Total
Balance at January 1, 2010	3'375	605	3'119	7'099
Depreciation	1'313	144	1'235	2'692
Derecognition	-724	-466	0	-1'190
Translation differences	-153	-21	0	-174
Balance at December 31, 2010	3'811	262	4'354	8'427
Depreciation	1'346	158	1'437	2'941
Derecognition	-81	-90	0	-171
Translation differences	-33	-1	0	-34
Balance at December 31, 2011	5'043	329	5'791	11'163
Net carrying amount at December 31, 2010	1'923	195	2'829	4'947
Net carrying amount at December 31, 2011	2'559	311	2'461	5'331

The value of property, plant and equipment for the purposes of insurance against fire amounted to CHF 8.0 million at December 31, 2011 (CHF 8.5 million at December 31, 2010).

During the years ended December 31, 2010 and December 31, 2011 no impairment losses were recognized on tangible assets. The Group did not have any capital commitments at December 31, 2011 (December 31, 2010: none).

11 Intangible assets

Cost (in CHF 000s)	Intellectual property rights/ acquired technology		Soft-ware	Capital-ized devel-opment costs	Customer relation-ships/ other in-tangible assets	Total
	Good-will					
Balance at January 1, 2010	17'379	11'421	3'561	11'658	553	44'572
Additions	0	973	543	3'419	29	4'964
Derecognition	0	0	-258	-416	-26	-700
Translation differences	-2'503	-97	-151	-74	-88	-2'913
Balance at December 31, 2010	14'876	12'297	3'695	14'587	468	45'923
Additions	0	1'938	1'191	3'977	16	7'122
Additions due to acquisitions (see Note 4)	2'150	710	0	0	294	3'154
Derecognition	0	0	-1'304	-77	0	-1'381
Translation differences	111	16	-43	-10	0	74
Balance at December 31, 2011	17'137	14'961	3'539	18'477	778	54'892
Accumulated amortization (in CHF 000s)	Intellectual property rights/ acquired technology		Soft-ware	Capital-ized devel-opment costs	Customer relation-ships/ other in-tangible assets	Total
	Good-will					
Balance at January 1, 2010	0	3'588	1'939	7'537	84	13'148
Amortization	0	1'972	1'186	2'656	106	5'920
Derecognition	0	0	-258	-416	-26	-700
Translation differences	0	-26	-83	0	-23	-132
Balance at December 31, 2010	0	5'534	2'784	9'777	141	18'236
Amortization	0	1'943	1'220	1'695	120	4'978
Derecognition	0	0	-1'304	-77	0	-1'381
Translation differences	0	-5	-27	-6	-5	-43
Balance at December 31, 2011	0	7'472	2'673	11'389	256	21'790
Net carrying amount at December 31, 2010	14'876	6'763	911	4'810	327	27'687
Net carrying amount at December 31, 2011	17'137	7'489	866	7'088	522	33'102

During the years ended December 31, 2010 and December 31, 2011 no impairment losses were recognized on intangible assets. The Group did not have any capital commitments at December 31, 2011 (December 31, 2010: none).

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, 2011	At December 31, 2010
GPS and Wireless products	16'198	13'913
Wireless services	939	963
Total goodwill	17'137	14'876

Impairment

The group of intangible assets of each CGU, including allocated goodwill, is tested for impairment on at least an annual basis. 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, 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:

	Discount rate	2011 Growth rate (residual value)	Discount rate	2010 Growth rate (residual value)
GPS and Wireless products	10.15%	3%	10.05%	3%
Wireless services	10.05%	3%	9.98%	3%
<hr/>				
Pre-tax discount rate for:				
GPS and Wireless products	12.56%		12.43%	
Wireless services	13.87%		13.77%	

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

Sensitivity analysis for goodwill related to:

GPS and Wireless products

For the year ended December 31, 2011

Amount of excess of the carrying amount of goodwill in CHF 000s depending on

Discount rate	Growth rate (residual value)		
	0.0%	1.5%	3.0%
8.15%	265'522	317'279	399'179
10.15%	200'738	229'720	270'861
12.15%	158'110	175'961	199'663

For the year ended December 31, 2010

Amount of excess of the carrying amount of goodwill in CHF 000s depending on

Discount rate	Growth rate (residual value)		
	0.0%	1.5%	3.0%
8.05%	211'332	248'796	308'515
10.05%	161'664	182'231	211'551
12.05%	128'840	141'276	157'833

Wireless services

For the year ended December 31, 2011

Amount of excess of the carrying amount of goodwill in CHF 000s depending on

Discount rate	Growth rate (residual value)		
	0.0%	1.5%	3.0%
8.05%	3'370	4'016	5'045
10.05%	2'596	2'959	3'478
12.05%	2'086	2'312	2'612

For the year ended December 31, 2010

Amount of excess of the carrying amount of goodwill in CHF 000s depending on

Discount rate	Growth rate (residual value)		
	0.0%	1.5%	3.0%
7.98%	842	1'147	1'634
9.98%	433	598	833
11.98%	165	263	394

12 Trade accounts payable

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Trade accounts payable	6'120	5'944
Total	6'120	5'944
Composition by currency (in CHF 000s)		
CHF	28	70
USD	5'642	4'865
EUR	450	1'009

13 Accrued expenses

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Personnel	6'222	6'316
Other accruals	3'103	3'176
Total	9'325	9'492

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 Provisions

(in CHF 000s)	2011	2010
At January 1,	281	55
Increase	909	226
At December 31,	1'190	281

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 a percentage of consolidated 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.

15 Employee benefits

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, Singapore and China. These plans comply with prevailing legal requirements to cover the majority of employees in the event of death, disability and retirement. The plans are financed by employer and employee contributions in compliance with local legal and fiscal regulations.

Defined benefit plans

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

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

For the Italian plan (Trattamento di fine rapporto), retirement benefits are dependent on the accumulated retirement capital at the time of finishing of the employment, whereby the employee may choose to have the yearly amount transferred into externally held defined benefit plans.

The following amounts have been recorded in the income statement:

(in CHF 000s)	2011	2010
Current service cost	803	756
Interest cost	338	332
Expected return on plan assets	-305	-305
Total cost of defined benefit plans	836	783
Actual return on plan assets	69	209

The following amounts are recognized in other comprehensive income:

(in CHF 000s)	2011	2010
Recognized actuarial losses	1'967	1'488
Actuarial loss on the defined benefit obligation	885	384
Actuarial loss on plan assets	236	96
Net actuarial loss for the year	1'121	480
Cumulative amount of recognized actuarial losses at end of the year	3'088	1'968

Changes in the present value of the defined benefit obligation

(in CHF 000s)	2011	2010
Opening defined benefit obligation	11'510	10'299
Current service cost	803	756
Interest cost	338	332
Plan participants' contributions	524	453
Actuarial loss	885	384
Benefit payments	86	-623
Benefit paid by employer	-14	-16
Exchange rate differences	-13	-75
Closing defined benefit obligation	14'119	11'510

Changes in the fair value of plan assets

(in CHF 000s)	2011	2010
Opening fair value of plan assets	8'701	7'975
Expected return on plan assets	305	305
Actuarial loss on plan assets	-236	-96
Contributions by employer	781	687
Plan participants' contributions	524	453
Benefit payments	86	-623
Closing fair value of plan assets	10'161	8'701

The expected costs of the Group for defined benefit plans for the financial year 2012 amount to TCHF 1'081.

Amount recognized in the statement of financial position

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Present value of defined benefit obligation	14'119	11'510
Fair value of plan assets	-10'161	-8'701
Underfunding (net liability)	3'958	2'809

Changes in the net liability recognized in the statement of financial position

(in CHF 000s)	2011	2010
Net liability at January 1,	2'809	2'324
Cost of defined benefit plan	836	783
Contributions by employer	-781	687
Benefits paid by employer	-14	-16
Change in actuarial losses	1'121	480
Exchange rate differences	-13	-75
Net liability at December 31,	3'958	2'809
thereof: funded	3'546	2'417
unfunded	412	392

Principal actuarial assumptions

Calculation of defined benefit obligations	At December 31, 2011	At December 31, 2010
Discount rate	2.57%	2.93%
Future salary increases	2.43%	1.93%
Future pension indexations	0.24%	0.48%
Calculation of expense	2011	2010
Discount rate	2.93%	3.33%
Expected return on plan assets	3.25%	3.71%

Asset classes and expected return

(Swiss Plan only)

	At December 31, 2011	At December 31, 2010		
	Share of total assets (%)	Expected return	Share of total assets (%)	Expected return
Equities	11.02	6.25%	13.10	6.50%
Bonds	65.35	2.25%	66.89	2.50%
Real estate	14.29	4.50%	14.12	4.50%
Qualified insurance policies	2.90	2.50%	0.15	2.50%
Others	6.44	4.33%	5.74	2.00%

Development of defined benefit obligations and plan assets

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

(in CHF 000s) At December 31,	2011	2010	2009	2008	2007
Present value of defined benefit obligation	14'119	11'510	10'299	7'798	6'704
Fair value of plan assets	-10'161	-8'701	-7'975	-6'072	-5'806
Underfunding	3'958	2'809	2'324	1'726	898
Experience losses/(gain) on plan liabilities	446	-26	657	191	303
Experience losses/(gain) losses on plan assets	236	96	-696	765	242

Defined contribution plans

In 2011, Group contributions to defined contribution plans were TCHF 481 (2010: TCHF 531).

16 Share capital

Ordinary share capital

The Company's ordinary share capital consists of 6'243'370 registered shares with a nominal value of CHF 0.90 each (unchanged to 2010).

Authorized share capital

At the shareholders meeting of u-blox Holding AG held on April 27, 2011, the shareholders resolved that the Board of Directors shall be authorized, at any time until October 16, 2013, to increase the share capital through the issuance of up to 1'248'674 fully paid-in registered shares with a nominal value of CHF 0.90 each. On December 31, 2011 and 2010 respectively, the authorized share capital amounted to CHF 1'123'806.60 (1'248'674 shares of CHF 0.90 each).

Conditional share capital

At the extraordinary shareholders' meeting held on October 16, 2007 of u-blox Holding AG, the shareholders' resolved that the Board of Directors shall be authorized to increase the share capital by a maximum aggregate amount of CHF 561'903.30 by issuing no more than 624'337 fully paid-in registered shares with a nominal value of CHF 0.90 each. The conditional share capital will be used for the exercise of option rights that are and will be granted to the members of the Board of Directors and to the employees of the Company and its subsidiaries according to any employee share option plans (ESOP) as approved by the Board of Directors.

In 2010 and 2011 no stock options were exercised out of the conditional share capital.

17 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, 2011	For the year ended December 31, 2010
Net profit (in CHF 000s)	16'508	12'916
Weighted average number of outstanding shares (basic)	6'243'370	6'243'370
Effect of share options on issue	126'185	50'937
Weighted average number of outstanding shares (diluted)	6'369'555	6'294'307
Basic earnings per share (in CHF)	2.64	2.07
Diluted earnings per share (in CHF)	2.59	2.05

At December 31, 2011 the Group had 397'951 outstanding options (December 31, 2010: 277'299 outstanding options) granted to employees (see Note 18). The potential ordinary shares arising from outstanding stock options granted in 2008 and 2011 were, at December 31, 2011, "out of the money". As such, they would have had an anti-dilutive effect and were therefore excluded from the calculation of diluted earnings per share. Therefore only the options granted in 2009 and 2010 were considered for the calculation of the diluted earnings per share in 2011.

18 Employee compensation and benefits

Personnel expenses

Personnel expenses included in operating expenses consisted of the following:

(in CHF 000s)	For the year ended December 31, 2011	For the year ended December 31, 2010
Salaries	19'569	19'196
Share based payments	1'569	968
Social taxes	2'289	2'844
Employee benefits related cost	1'317	1'314
Other personnel related expenses	955	842
Total personnel expenses	25'699	25'164
Average number of employees (FTE*)	215.2	194.5

* (FTE = Full Time Equivalent)

Stock option plan

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

In 2011 131'059 options were granted to certain members of the Board of Directors, Executive Committee members and employees at an exercise price of CHF 48.58 and 7'966 employee stock options at an exercise price of CHF 50.30.

The following table details the movements of outstanding employee stock options from January 1, 2010 until December 31, 2011:

	For the year ended December 31, 2011		For the year ended December 31, 2010	
	Weighted average exercise price in CHF	Number of options	Weighted average exercise price in CHF	Number of options
Opening balance	28.94	277'299	31.63	167'478
Granted	48.68	139'025	25.54	126'208
Exercised	0.00	0	0.00	0
Forfeited	33.16	-18'373	30.37	-16'387
Ending balance	35.64	397'951	28.94	277'299
Thereof vested	46.00	69'475		0

The following table summarizes the employee stock options outstanding at December 31, 2011 and December 31, 2010 respectively:

Expiry date	Exercise Price CHF	Options outstanding at December 31, 2011	Options outstanding at December 31, 2010
2014	46.00	69'475	72'185
2015	19.15	79'264	83'831
2016	25.50	107'860	114'011
2016	26.25	7'272	7'272
2017	48.58	126'114	0
2017	50.30	7'966	0
Total		397'951	277'299

The weighted average fair value of options granted during 2011 was CHF 18.79 (in 2010: CHF 10.25). The fair value of stock options granted is estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended December 31, 2011 and 2010 respectively:

	2011	2010
Dividend yield	0.00%	0.00%
Expected volatility	48.00%	51.40%
Risk-free interest rate	1.25%	1.57%
Expected life of option	4.50 years	4.50 years
Expected exit rate during vesting	3.00%	3.00%
Weighted average share price	CHF 48.68	CHF 25.54
Weighted average remaining expected life at December 31,	3.50 years	3.50 years
Weighted average remaining contractual life at December 31,	5.00 years	5.00 years

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

The expense for employee services received is recognized over the vesting period. The stock option expense recognized in 2011 was TCHF 1'569 (2010: TCHF 968).

Additional options were granted at the beginning of 2012 (see Note 30).

19 Research and development

(in CHF 000s)	2011	2010
Research and development expenditures	15'773	14'275
Depreciation and amortization	6'308	7'061
Total research and development expenses	22'081	21'336

20 Other income

Other income in 2010 mainly consists of government contributions received. The Group has been granted some non-repayable regional government contributions in the amount of CHF 1.3 million related to research and development expenditures in Italy. No such grants have been received in 2011.

21 Operating expenses by nature

(in CHF 000s)	Note	2011	2010
Material costs		58'404	50'096
Personnel expenses	18	25'699	25'164
Depreciation	10	2'941	2'692
Amortization	11	4'978	5'920
Travel - and representation expenses		2'064	1'848
Administration expenses		3'296	3'135
Marketing expenses		1'036	986
Rent expenses		1'360	1'413
Other expenses		3'982	3'826
Other income		-256	-1'370
Total		103'504	93'710

22 Financial income/finance costs

(in CHF 000s)	2011	2010
Interest income on bank deposits	994	886
Gains on financial instruments at fair value held for trading	40	56
Financial income	1'034	942
Losses on financial instruments at fair value held for trading	-612	-553
Interest expenses	-6	-4
Foreign exchange result (net)	-668	-2'989
Finance cost	-1'286	-3'546
Total, net	-252	-2'604

All financial 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, 2011	At December 31, 2010
Current income taxes	-4'545	-260
Deferred income taxes	105	-3'291
Total income tax expense	-4'440	-3'551

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

	2011			2010
	in %	in CHF 000s	in %	in CHF 000s
Profit before income tax		20'948		16'467
Income tax rate of u-blox AG, Thalwil	19.2		19.2	
Expected income tax expense		-4'022		-3'162
Effect of different tax rates		-303		-239
Effect of non-tax-deductible expenses		-391		-288
Tax effect of tax-exempt income		216		226
Prior year adjustments	103		0	
R&D tax credits		162		0
Change of tax rate		0		-12
Previously recognized tax loss carry forwards not used		0		-30
Withholding taxes (non recoverable)		-214		-45
Other		9		-1
Effective income tax expense		-4'440		-3'551

Deferred tax assets and liabilities

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

(in CHF 000s)	At December 31, 2011		At December 31, 2010		Change 2011
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	
Intercompany accounts	0	0	0	8	8
Investments in subsidiaries	0	318	0	106	-212
Other assets	813	583	785	509	-46
Other liabilities	887	803	511	1'144	717
Tax loss carryforwards	368	0	921	0	-553
Deferred tax assets/ liabilities ¹⁾	2'068	1'704	2'217	1'767	-86

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.

(in CHF 000s)	2011	2010
Deferred income taxes recognized in the income statement	105	-3'291
Addition due to acquisition (see Note 4)	-395	0
Deferred income taxes recognized in other comprehensive income	213	91
Translation differences	-9	-107
Total changes compared to previous year	-86	-3'307

Tax loss carryforwards

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

(in CHF 000s)	Gross value of tax loss carry forwards		Potential tax benefits	
	2011	2010	2011	2010
2013	0	1'343	0	369
2014	0	2'338	0	449
To be carried forward unlimited	1'571	625	368	103
Total tax loss carryforwards capitalized	1'571	4'306	368	921
To be carried forward unlimited	1'923	1'678	401	351
Total tax loss carryforwards not capitalized	1'923	1'678	401	351
Total tax loss carryforwards ¹⁾	3'494	5'984	769	1'272

¹⁾ The tax loss carryforwards and the deferred tax assets respectively are calculated at the respective closing date rate. Therefore, the movements in unrecognized tax loss carryforwards 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.

(in CHF 000s)	For the year ended December 31, 2011	For the year ended December 31, 2010
Cash and cash equivalents (without call and fixed-term deposits)	35'131	16'449
Call and fixed-term deposits	0	8'735
Trade accounts receivable	16'877	12'160
Accrued income	825	1'478
Financial assets	425	352
Loans and receivables	18'127	22'725
Marketable securities	45'981	49'890
Foreign currency forward rate contracts	0	202
Financial assets at market value through profit or loss	45'981	50'092
Trade accounts payable	6'120	5'944
Other payables	2'671	1'352
Accrued expenses	9'325	9'492
Liabilities stated at amortized costs	18'116	16'788

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. The market value of the foreign currency forward rate contracts on the statement of financial position is determined by the replacement value at the balance sheet date.

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- 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 the asset or liability that are not based on observable market data (unobservable inputs).

For the year ended December 31, 2011

(in CHF 000s)	Total	Level 1	Level 2	Level 3
Marketable securities	45'981	45'981		
Total	45'981	45'981	0	0

For the year ended December 31, 2010

(in CHF 000s)	Total	Level 1	Level 2	Level 3
Marketable securities	49'890	49'890		
Foreign currency forward rate contracts	202		202	
Total	50'092	49'890	202	0

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 effected.

a) Credit risk

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

Trade accounts receivable and other receivables

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

In general, the Group minimizes part of the credit risk 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 and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by only investing in fixed time deposits 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, 2011 no guarantees were outstanding (December 31, 2010: 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, 2011	For the year ended December 31, 2010
Cash and cash equivalents	35'131	25'184
Marketable securities	45'981	49'890
Trade accounts receivable	16'877	12'160
Accrued income	825	1'478
Other financial assets	425	352
Total	99'239	89'064

b) Liquidity risk

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

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

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

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

The following are the contractual maturities of financial liabilities:

For the year ended December 31, 2011 (in CHF 000s)	Carrying amount	Contractual cash flows	up to 6 months	6-12 months	1 - 5 years
Trade accounts payable	6'120	6'120	6'120	0	0
Other payables	2'671	2'671	2'062	0	609
Accrued expenses	9'325	9'325	9'325	0	0
Total	18'116	18'116	17'507	0	609

For the year ended December 31, 2010 (in CHF 000s)	Carrying amount	Contractual cash flows	up to 6 months	6-12 months	1 - 5 years
Trade accounts payable	5'944	5'944	5'944	0	0
Other payables	1'352	1'352	1'352	0	0
Accrued expenses	9'492	9'492	9'492	0	0
Total	16'788	16'788	16'788	0	0

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 and short-term interest-bearing accounts. The Group has no significant interest-bearing liability at December 31, 2011. 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 0.39% resulting in a negative impact of TCHF 141 on the profit before income tax.

c2) Currency risk

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

(in CHF 000s)	For the year ended December 31, 2011		For the year ended December 31, 2010	
	USD	EUR	USD	EUR
Cash and cash equivalents	10'936	18'902	5'525	13'273
Trade accounts receivable	6'215	2'950	3'911	2'352
Receivables from subsidiaries	7'509	458	6'224	483
Other receivables	78	1'186	54	1'708
Accrued income	86	369	68	347
Trade accounts payable	-5'643	-90	-4'865	-729
Other payables	-726	-239	-215	-217
Payables to subsidiaries	-1'958	-2'070	-1'049	-1'242
Accrued expenses	-806	-610	-686	-323
	15'691	20'856	8'967	15'652
Foreign currency forward rate contracts	0	0	-2'793	0
Total currency exposure	15'691	20'856	6'174	15'652

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

A 10% change in exchange rates at December 31, 2011 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	2011	2010	2011	2010
	USD/CHF	USD/CHF	EUR/CHF	EUR/CHF
Change +/-	10%	10%	10%	10%
(in CHF 000s)				
Positive impact on income statement	+1'268	+499	+ 1'685	+ 1'265
Negative impact on income statement	-1'268	-499	-1'685	-1'265

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

The derivative financial instruments used as economic hedges of foreign currency risks are summarized in the table below. They are classified as either part of prepaid expenses or accrued income.

(in CHF 000s)	Fair value		Contract value		3	3-12
	Positive	Negative	Total	Due within months		
Total December 31, 2011	0	0	0	0	0	0
Total December 31, 2010	202	0	2'793	1'397	1'396	

In 2011 and 2010, the Group entered into USD forward contracts to buy CHF.

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 spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Board plans to invest future profits, if any, into the long-term growth of the business 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, 2011 are as follows:

Operating leases due (in CHF 000s)	At December 31, 2011	At December 31, 2010
Within 1 year	1'459	1'425
Within 2 years	1'437	1'170
Within 3 years	1'148	207
Within 4 years	1'149	96
Thereafter	2'498	164
Total	7'691	3'062

This position mainly consists of facility leases.

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

At December 31, 2011 and 2010 there were no guarantees in favor 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, 2011	For the year ended December 31, 2010
Salaries	1'718	1'793
Share based payments	494	359
Social taxes	144	146
Employee benefit costs	123	101
Total compensation	2'479	2'399

There were no other significant transactions with related parties during the years ended December 31, 2011 and 2010.

The detailed disclosure of compensation and participation of the Board of Directors and Executive Committee as per Swiss law can be found in the notes to the 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 15, 2012.

In January 2012 u-blox granted 146'477 employee stock options at an exercise price of CHF 39.91 and 8'341 employee stock options at an exercise price of CHF 41.20 under the existing 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, 2011 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, 2011.



Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of
Shareholders of

u-blox Holding AG, Thalwil

As statutory auditor, we have audited the consolidated financial statements of u-blox Holding AG, which are presented on page 69 to 111 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, 2011.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2011 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

Thomas Studhalter
Licensed Audit Expert
Auditor in Charge

Sandro Mascarucci
Licensed Audit Expert

Root/Lucerne, March 15, 2012

Financial statements u-blox Holding AG



Statement of financial position

(in CHF)	Note	At December 31, 2011	At December 31, 2010
Assets			
Current assets			
Cash at bank		13'998'618	4'717'480
Marketable Securities		36'721'250	49'890'033
Other receivables	- third parties	169'637	86'262
	- group companies	0	5'700
Prepaid expenses and accrued income - third parties		475'786	466'884
	- group companies	393'678	383'745
Total current assets		51'758'969	55'550'104
Non-current assets			
Loans to group companies		43'900'000	33'000'000
Investment in group company	2	14'697'917	14'697'917
Capitalized IPO costs		556'000	1'223'200
Total non-current assets		59'153'917	48'921'117
Total assets		110'912'886	104'471'221
Liabilities and shareholders' equity			
Current liabilities			
Other payables	- third parties	45'136	0
	- group companies	253'460	235'567
Accrued expenses		217'000	200'754
Total liabilities		515'596	436'321
Shareholders' equity			
Share capital	3	5'619'033	5'619'033
Legal reserve	- general reserves	10'147	88'003'934
	- reserves from capital contributions ¹⁾	87'993'787	0
Available earnings		16'774'323	10'411'933
Total shareholders' equity		110'397'290	104'034'900
Total liabilities and shareholders' equity		110'912'886	104'471'221

¹⁾ The approval of the Swiss Federal Tax Authorities regarding the amount of capital contributions at December 31, 2011 is still outstanding, therefore the amount might be subject to change.

Income statement

(in CHF)	For the year ended December 31, 2011	For the year ended December 31, 2010
Income		
Dividend income	6'000'000	5'000'000
Interest and securities income	2'341'816	2'041'890
Service fee income	5'397	5'297
Total income	8'347'213	7'047'187
Expenses		
General and administrative expenses	-554'541	-458'143
Amortization of capitalized IPO costs	-667'200	-667'200
Securities expenses	-612'194	-553'341
Foreign exchange result	-94'585	-218'864
Total expenses	-1'928'520	-1'897'548
Profit before income tax	6'418'693	5'149'639
Income tax expense	-56'303	-31'500
Net profit for the year	6'362'390	5'118'139
Available earnings at beginning of the year	10'411'933	5'293'794
Available earnings at end of the year	16'774'323	10'411'933

Notes to the financial statements

1 Introduction

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

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

2 Investment

	Percentage held	Share capital	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 6'243'370 registered shares with a nominal value of CHF 0.90 each.

4 Authorized share capital

	At December 31, 2011	At December 31, 2010
1'248'674 registered shares with a nominal value of CHF 0.90 each	CHF 1'123'806.60	CHF 1'123'806.60

At the ordinary shareholders meeting held on April 27, 2011, the shareholders resolved that the Board of Directors shall be authorized, at any time until October 16, 2013, to increase the share capital through the issuance of up to 1'248'674 fully paid-in registered shares with a nominal value of CHF 0.90 each.

5 Conditional share capital

	At December 31, 2011	At December 31, 2010
624'337 registered shares with a nominal value of CHF 0.90 each	CHF 561'903.30	CHF 561'903.30

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

At December 31, 2011 there were 397'951 options (at December 31, 2010 277'299 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 December 31, 2011:

LB Swiss Investment AG, Zurich, Switzerland	5.09%
Swiss Reinsurance Company Ltd., Zurich, Switzerland	3.30%
Werner Dubach, Hergiswil, Switzerland	3.05%

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, 2011		Share based compensation ²⁾		Pension and social insurance funds ¹⁾	Total compensation ^{2011 ³⁾}
	Compensation ¹⁾ 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	40	624	12	1	53
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	30	624	12	0	42
Gerhard Tröster Chairman of the nomination and compensation committee	30	624	12	2	44
Soo Boon Quek Member of the Board of Directors	20	624	12	0	32
Paul Van Iseghem (joined April 27, 2011) Member of the Board of Directors	13	0	0	1	14
Thomas Seiler Member of the Board of Directors, executive member	4)		4)	4)	4)
Jean-Pierre Wyss Member of the Board of Directors, executive member	4)		4)	4)	4)
Total	133	2'496	48	4	185

For the year ended December 31, 2010		Share based compensation ²⁾		Pension and social insurance funds ¹⁾	Total compensation ^{2010 ³⁾}
	Compensation ¹⁾ 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	40	624	6	1	47
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	30	624	6	0	36
Gerhard Tröster Chairman of the nomination and compensation committee	30	624	6	2	38
Soo Boon Quek Member of the Board of Directors	20	624	6	0	26
Thomas Seiler Member of the Board of Directors, executive member	4)		4)	4)	4)
Jean-Pierre Wyss Member of the Board of Directors, executive member	4)		4)	4)	4)
Total	120	2'496	24	3	147

¹⁾ Accruals based.

²⁾ The share based compensation consists of grant of options under the employee stock option plan in 2011 (2010: stock option plan 2008). 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 48.58 (2010: CHF 25.50) to purchase one share.

The compensation is calculated at a fair value price of CHF 18.84 (2010: CHF 10.27) 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, 2011						Total compensation 2011
	Salary CHF 000s	Bonus ¹⁾ CHF 000s	Share based compensation ²⁾ Number of options CHF 000s	Pension and social insurance funds ¹⁾ CHF 000s	Other benefits ³⁾ CHF 000s	CHF 000s
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	298	280	7'804 147	83	8	816
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	240	109	7'804 147	54	0	550
Andreas Thiel Executive Vice President (R&D Hardware)	240	109	7'804 147	54	0	550
Daniel Ammann Executive Vice President (R&D Software)	240	109	7'804 147	53	0	549
Roland Jud (joined August 1, 2011) CFO	98	44	0 0	18	0	160
Total	1'116	651	31'216 588	262	8	2'625

For the year ended December 31, 2010

						Total compensation 2010
	Salary CHF 000s	Bonus ¹⁾ CHF 000s	Share based compensation ²⁾ Number of options CHF 000s	Pension and social insurance funds ¹⁾ CHF 000s	Other benefits ³⁾ CHF 000s	CHF 000s
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	271	279	7'804 80	82	8	720
Jean-Pierre Wyss Member of the Board of Directors CFO Head of Production/Logistics	236	136	7'804 80	54	0	506
Andreas Thiel Executive Vice President (R&D Hardware)	236	136	7'804 80	54	0	506
Daniel Ammann Executive Vice President (R&D Software)	236	136	7'804 80	54	0	506
Total	979	687	31'216 320	244	8	2'238

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 2011 (2010: stock option plan 2008). 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 48.58 (2010: CHF 25.50) to purchase one share. The compensation is calculated at a fair value price of CHF 18.84 (2010: CHF 10.27) 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 2011, 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, 2011	Number of u-blox Holding AG shares at December 31, 2010
Fritz Fahrni Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	11'000	9'000
Hans-Ulrich Müller Vice Chairman of the Board of Directors Chairman of the audit committee	50'000	39'998
Gerhard Tröster Chairman of the nomination and compensation committee	35'760	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	850	200
Total Non-Executive members of the Board of Directors	97'610	84'958

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

	Number of u-blox Holding AG shares at December 31, 2011	Number of u-blox Holding AG shares at December 31, 2010
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	96'748	96'748
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	60'110	60'110
Andreas Thiel Executive Vice President (R&D Hardware)	62'860	62'860
Daniel Ammann Executive Vice President (R&D Software)	56'000	56'000
Roland Jud (joined August 1, 2011) CFO	0	0
Total Executive Committee (incl. Executive members of the Board of Directors)	275'718	275'718

The Executive Committee and Board of Directors hold 134'022 option rights on u-blox Holding AG shares at December 31, 2011 (December 31, 2010: 100'310 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 2012 the subsidiaries of u-blox Holding AG granted 154'818 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, 2011 and March 15, 2012 that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2011 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, 2011

(in CHF)	2011	2010
Net profit for the year	6'362'390	5'118'139
Brought forward from previous year	10'411'933	5'293'794
Available earnings before appropriation	16'774'323	10'411'933
Release of reserves from capital contributions	5'619'033	0
Total available earnings before appropriation	22'393'356	10'411'933
Dividend payment out of reserves from capital contributions, CHF 0.90 per share on 6'243'370 shares ¹⁾	-5'619'033	0
To be carried forward	16'774'323	10'411'933

¹⁾Depending on the number of shares issued at April 26, 2012.

The Board of Directors is proposing to the General Meeting, to be held at April 25, 2012, to carry forward the available earnings 2011 of CHF 16'774'323 and to pay out a dividend of CHF 0.90 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 26, 2012. The shares will be traded ex-dividend as of April 27, 2012. The dividend will be payable as of May 3, 2012.

The approval of the Swiss Federal Tax Authorities (FTA) regarding the amount of capital contributions at December 31, 2011 is still outstanding. u-blox expects to receive the confirmation from FTA within the next few weeks. u-blox expects the confirmed capital contributions to be higher than the by the Board of Directors proposed dividend payment out of the reserves from capital contributions.

Thalwil, March 15, 2012

For the Board of Directors
The Chairman
Fritz Fahrni



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

As statutory auditor, we have audited the accompanying financial statements of u-blox Holding AG, which are presented on page 115 to 124 and comprise the statement of financial position, income statement and notes for the year ended December 31, 2011.

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, 2011 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

Thomas Studhalter
Licensed Audit Expert
Auditor in Charge

Sandro Mascarucci
Licensed Audit Expert

Root/Lucerne, March 15, 2012

Three year overview



Condensed consolidated income statement

	For the year ended December 31,		
(in CHF 000s)	2011	2010	2009
Revenue	124'704	112'781	73'527
% growth	10.6%	53.4%	-1.3%
Cost of revenue	-61'953	-53'921	-34'644
Gross profit	62'751	58'860	38'883
% gross profit margin	50.3%	52.2%	52.9%
Operating expenses	-41'807	-41'159	-33'781
Other income	256	1'370	84
Profit from operations (EBIT)	21'200	19'071	5'186
% EBIT margin	17.0%	16.9%	7.1%
Financial income	1'034	942	251
Finance costs	-1'286	-3'546	-1'490
Profit before income taxes (EBT)	20'948	16'467	3'947
% EBT margin	16.8%	14.6%	5.4%
Income tax expense	-4'440	-3'551	-621
Net profit	16'508	12'916	3'326
% net profit margin	13.2%	11.5%	4.5%
Depreciation and amortization	7'919	8'612	7'495
EBITDA	29'119	27'683	12'681
% EBITDA margin	23.4%	24.5%	17.2%

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2011	At December 31, 2010	At December 31, 2009
Assets			
Current assets			
Cash and cash equivalents	35'151	25'184	20'153
Short-term investments	0	0	5'000
Marketable securities	45'981	49'890	39'740
Trade accounts receivable	16'877	12'160	8'344
Inventory	20'556	15'545	7'561
Other current assets	4'092	4'318	3'501
Total current assets	122'657	107'097	84'299
Non-current assets			
Property, plant and equipment	5'331	4'947	4'229
Intangible assets	33'102	27'687	31'424
Financial assets	425	352	381
Deferred tax assets	2'068	2'217	4'686
Total non-current assets	40'926	35'203	40'720
Total assets	163'583	142'300	125'019
Liabilities and equity			
Current liabilities	19'169	17'592	12'270
Non-current liabilities	7'461	4'857	3'308
Total liabilities	26'630	22'449	15'578
Shareholders' equity			
Share capital	5'619	5'619	5'619
Share premium	105'367	103'798	102'830
Retained earnings	25'967	10'434	992
Total equity	136'953	119'851	109'441
Total liabilities and equity	163'583	142'300	125'019

Condensed consolidated statement of cash flows

	For the year ended December 31,		
(in CHF 000s)	2011	2010	2009
Net cash provided by operating activities	18'597	20'671	14'736
Net cash used in investing activities	-6'217	-13'589	-31'774
Net cash used in financing activities	-2'397	-4	-6
Net increase/(decrease) in cash and cash equivalents	9'983	7'078	-17'044
Cash and cash equivalents at beginning of year	25'184	20'153	37'147
Effect of exchange rate fluctuations on cash and cash equivalents	-16	-2'047	50
Cash and cash equivalents at end of year	35'151	25'184	20'153

Glossary

2G

Short for second-generation wireless telephone technology. 2G cellular telecom networks were commercially launched in 1991 in Finland based on GSM technology. In 2G services, voice, data and text SMS is supported. 2G technology is categorized into two main modulation technologies, one is TDMA (GSM) and another is CDMA. 2G is currently the world's most deployed mobile communications technology.

3G

These are the third generation family of technologies for mobile wireless networking consisting of EDGE, HSPA, UMTS, and CDMA2000. They are designed to eventually supersede 2G services. 3G networks enable network operators to offer users a wider range of more advanced services while achieving greater network capacity through improved spectral efficiency. Services include wide-area wireless voice telephony, video calls, and broadband wireless data transfer. 3.75G generally refers to an enhanced data service called HSPA (High-Speed Packet Access) that provides even higher data transfer speeds and capacity. This feature is supported by u-blox' LISA module.

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 receiver in detecting (or 'acquiring') GPS satellite signals. Once acquired, the GPS 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-GPS (Assisted GPS) Services

A service which provides a GPS 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 transferred over mobile networks, enabling GPS receivers to improve their performance anywhere there is mobile phone coverage. u-blox provides such a service in the form of AssistNow™ Online, Offline, or Autonomous.

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.

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' LEON 2G module. The feature allows LEON to capture all visible GSM basestation parameters including identification code and corresponding signal strength. This allows a host processor to detect if an object has moved (in which case the basestation parameters will have changed), or associate parameters corresponding to a unique location, and map them to GPS coordinates which can be stored. This allows future devices to derive a GPS location based solely on GSM basestation parameter readings.

Dead Reckoning

Technology that enables a GPS receiver to calculate current position in the absence of GPS 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.

EDGE

Enhanced Data rates for GSM Evolution is a digital mobile phone technology that allows improved data transmission rates as compared to GPRS. EDGE delivers higher bit-rates per radio channel, resulting in a threefold increase in capacity and performance compared with an ordinary GSM/GPRS connection.

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. It complements and provides an alternative to the GPS.

GPRS (General Packet Radio Service)

A packet oriented mobile data service available to users of the 2G cellular communication systems such as GSM as well as in 3G systems. 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)

A digital mobile telephony system that is widely used in Europe and many other parts of the world. GSM uses a variation of time division multiple access (TDMA) and is the most widely used of the three digital wireless telephony technologies (TDMA, GSM, and CDMA).

HSPA, HSDPA, HSUPA

High Speed Packet Access (HSPA) is a collection of two mobile telephony protocols, High Speed Downlink Packet Access (HSDPA) and High Speed Uplink Packet Access (HSUPA) that extend and improve the performance of existing wireless communication services such as UMTS. This service belongs to 3G technology.

Location based services

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

M2M communications

“Machine-to-Machine” communications is a technology that allows machines to exchange information directly with each other with minimal or no human intervention. Communication is typically 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).

PND (Personal Navigation Device)

A portable electronic product which implements navigation technology such as GPS to provide location and navigation information to consumers. PNDs may be handheld, or mounted in vehicles. PNDs are being increasingly enhanced with addition functionality such as wireless Internet access and media player features.

POS terminal (Point-of-Sale)

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 Japan.

TDMA

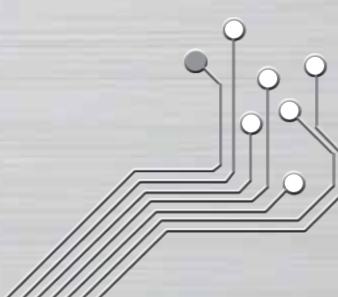
Time Division Multiple Access is a technique utilized in electronic communications (e.g. GSM) whereby a single frequency channel is shared among several users by dividing the channel into multiple time slots. Each user sends or receives only during his allocated time slot. This allows multiple end-users 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 a 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 fell by approximately 18% during a crisis year on global stock markets, going from CHF 50.30 to CHF 41.20. This is in contrast to an overall drop of 49% in the Swiss technology firms share index (SWX ID TECH) during the same period.

At December 31, 2011, u-blox had over 4'200 shareholders. Information on our major shareholders can be found in the Corporate Governance section of this report, page 56.

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 2011 of CHF 0.90 per share, equivalent to a total dividend payment of approximately CHF 5.6 million. The proposed dividend will be put to shareholders for approval at the Annual General Meeting of the Company which will be held at 16h00, April 25, 2012.

Share information (At December 31, 2011)

Stock Exchange	SIX Swiss Exchange
Swiss Security Number / ISIN	3336167 / CH0033361673
Ticker	UBXN
Nominal value	CHF 0.90
Shares issued	6'243'370
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 the form of a media release in September.

April 18, 2012:
Latest registration for Annual General Meeting

April 25, 2012:
Annual General Meeting

April 27, 2012:
Proposed ex-dividend trading day

May 3, 2012:
Proposed dividend payout date

September 6, 2012:
Publication of half-year results 2012

Share price (in CHF)	2009	2010	2011
Highest	31.45	55.80	52.65
Lowest	13.60	25.05	24.15
Closing at December 31,	26.25	50.30	41.20
Market capitalization at December 31, (Mio CHF)	164	314	257

Key Figures	2009	2010	2011
Registered shares with a nominal value of CHF 0.90	6'243'370	6'243'370	6'243'370
Nominal share capital (in TCHF)	5'619	5'619	5'619
Basic earnings per share (in CHF)	0.53	2.07	2.64

Market
capitalization
end 2011
Mio CHF

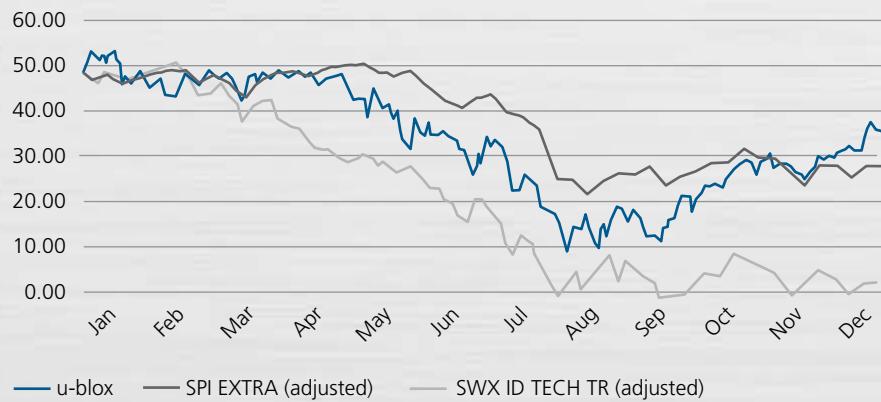


Total
shares
issued

6'243'370



Share price u-blox (CHF per share)
January 1 – December 31, 2011



Daniel Ammann, Executive Vice President (R&D Software)

Andreas Thiel, Executive Vice President (R&D Hardware)

Thomas Seiler, CEO

Jean-Pierre Wyss, Executive Vice President (Head of Production and Logistics)

Roland Jud, CFO

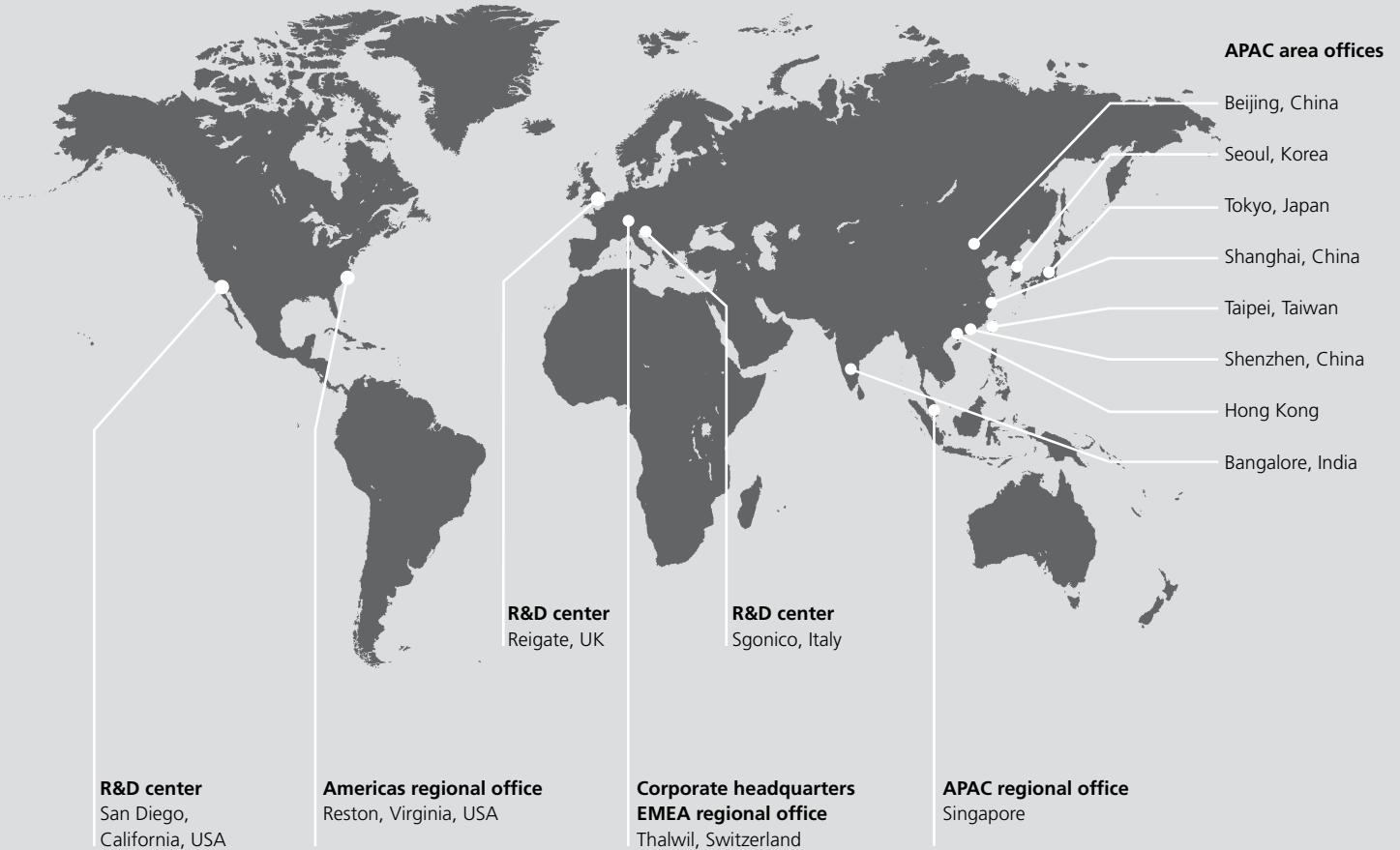
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Worldwide presence



Disclaimer

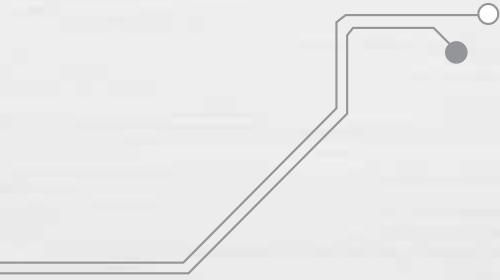
This document contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the u-blox Group to differ materially 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

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Printed on recycled paper.





At u-blox, our passion is to give customers what they need, to make products that people want to be safe, informed... and have fun!

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