IMAGINATION TECHNOLOGIES GROUP PLC

ANNUAL REPORT AND ACCOUNTS FOR THE FINANCIAL PERIOD ENDING 30 APRIL 2008

COMPANY REGISTRATION NUMBER 2920061

Directors' Report

The Directors submit their annual report and audited financial statements for the period ended 30th April 2008

Principal Activities

The principal activities of the Group are the design, development and marketing of multimedia technology, and products incorporating this technology

Review of Business

A review of business and financial developments and future prospects has been included in the Chief Executive's Review This incorporates any significant events since the end of the financial period Further details are included in pages 3 to 11 of the report and financial statements

The results of the Group for the 13 month period to 30th April 2008 are set out in detail in the Consolidated Income Statement on page 35

The Directors do not propose the payment of a dividend (2007 £nil)

The key performance indicators used in the business are summarised below The performance of the business in the terms of these indicators is considered in the Chief Executive's Review in pages 3 to 11 of the annual report

	13 months to 30 April 2008	Year to 2007	%
Technology business			
New license Agreements	13	10	+30%
Licensing Revenue	£19 0m	£13 0m	+46%
Partner Chip Design Wins	67	50	+34%
Partner Chips Shipping	26	18	+44%
Partner Chips Shipped (units)	47m	26m	+81%
Royalty Revenue	£10 9m	£8 8m	+24%
PURE Digital business			
Revenue	£30 1m	£26 3m	+15%
Operating Profit	£1 6m	£1 8m	-14%
Group			
Revenue	£60 0m	£48 1m	+25%
Gross Profit	£38 6m	£27 1m	+42%
Profit before taxation	£1 9m	(£2 3m)	
Net cash and cash equivalents	£7 2m	£9 6m	-24%

As previously stated, the Group has moved the end of the financial period to 30th April Royalties are becoming an increasingly important revenue stream for the business and, taking into account the timing of royalty reporting by our partners, this will enable the business to provide a more accurate assessment of its royalty revenues at the close of financial periods The current financial year has been extended to 13 months, running from 1st April 2007 to 30th April 2008 Interim results were announced for the 6 months to 30th September 2007 and full year results for the 13 months to 30th April 2008 In future, financial years will run from 1st May to 30th April

Principal Risks and Uncertainties

There are a number of risks and uncertainties which could impact the Group's performance The Group has a risk management structure in place which is designed to identify, manage and mitigate business risk The relevant structures are more fully described in the Group's internal control and risk management procedures in the Corporate Governance report on page 40

The Group has experienced, and may in the future experience, fluctuations in the results of its operations There are a number of factors that can affect the results For the Technology business, these include the timing of new license agreements with partners, the achievement of development project milestones and the timing and volume of products incorporating the Group's technology shipped by our partners The Group seeks to reduce this risk by both broadening the number of partners who utilise the Group's technology as well as widening the number of market segments that are targeted by the Group's partners For the Group's PURE Digital business, these factors also include the rate of adoption of digital radio technologies world-wide and the continuation of the supply of products from Chinese manufacturers The Group has mitigated the latter by spreading the manufacture of the Group's products across a number of manufacturers in order to reduce the reliance on any one manufacturer

The Group operates in fast moving competitive marketplaces characterised by rapid changes in technology The Group's result will be impacted by the introduction of new technologies and products by the Group and by the Group's competitors as they respond to these changes in technology In order to mitigate risk, the Group has detailed dialogue with existing partners, as well as systems companies and industry bodies, in order to align its future products with advances in technology and market requirements

As a technology business, the development and ownership of intellectual property is fundamental to the Group's performance Whilst the Group relies on patent, copyright, trademark and other intellectual property laws to establish and protect its proprietary rights, it cannot be certain that its proprietary rights will not be challenged, invalidated, circumvented or used without the Group's authorisation The Group mitigates the risk by filing patents and trademarks as appropriate to protect its intellectual property and through monitoring technologies promoted by third parties

The Group transacts license and development agreements with customers and purchases of products for PURE Digital primarily in US dollars and, therefore, the Group's earnings are exposed to fluctuations in foreign exchange rates The Group reviews its foreign exchange exposure on a regular basis and, if there is a material exposure to exchange rate fluctuations and the Board considers it appropriate, the Group will reduce the risk by currency hedging on net receivable/payable balances

The Group's performance is also subject to external macro economic conditions Changes in factors such as interest rates, inflation, unemployment and commodity prices can create uncertainty in the Group's markets and affect consumer spending This may result in the Group's customers and potential customers delaying the placing of orders with the Group and/or the reduced shipment of products incorporating the Group's technology In turn, both of these would adversely affect the Group's result

Future Developments

The Group intends to continue to develop its range of graphics, video, display, processing and communication technologies for use in SoC (System on Chip) devices The Group will market these technologies to existing and new customers with a view to entering into commercial agreements for customers to incorporate the Group's technology in their SoC devices

The PURE Digital business will continue to develop additional products using the Group's digital radio technology as well as a new range of products which also incorporate the Group's internet connectivity/streaming audio technology These products will be marketed to existing customers in UK, and increasingly to overseas customers as digital radio markets emerge world-wide

Research and Development

The Group spent £29,110,000 (2007 £23,419,000) on research and development and advanced technology projects

Donations

During the period the Group made donations for charitable purposes of £1,024 (2007 £378) There were no political donations during the period (2007 £nil) The Parent Company made no donations in the current year (2007 £nil)

Directors during the Financial Period

G S Shingles, H Yassaie, T Selby, I R Pearson and D A Hurst-Brown served as Directors throughout the financial period

In accordance with the Company's Articles of Association, T Selby will retire by rotation and I R Pearson will retire in accordance with the 2006 FRC Combined Code at the Annual General Meeting of the Company to be held on 15th August 2008 and will seek re-election at the meeting

Executive Directors' service agreements are contracts of employment with a rolling notice period of less than one year

Non-Executive Directors do not have any unexpired notice periods in their contracts

The disclosable interests of Directors at 30th April 2008 including holdings, if any, of wives and children aged under 18 were as detailed in the Remuneration Report on page 43 and remain unchanged at 25th June 2008

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Share Capital

The Company's ordinary shares with a par value of 10p per share are quoted on the London Stock Exchange The rights and obligations attaching to these ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary at the registered office There are no restrictions on the voting rights attaching to the Company's ordinary shares There are no persons holding securities in the Company carrying special rights with regard to control of the Company The Company is not aware of any agreement between holders of securities that may result in restrictions on the transfer of securities or on voting rights Unless expressly stated to the contrary in the Articles of Association of the Company, the Company's Articles of Association may be amended by special resolution of the Company's shareholders

Substantial Interests

As at 25th June 2008 the Company had been notified or was aware that the following had direct or indirect interests in 3% or more of the share capital of the Company

	Ordinary Shares of 10p in the Company	Percentage Holding
SAAD Investment Company	44,645,906	20 3%
M & G Investment Management	28,528,630	13 0%
AXA Financial SA	21,557,851	9 8%
Schroder Investment Management	15,862,689	7 2%
Black Rock Investment Management	15,152,494	6 9%
Herald Investment Management	12,992,345	5 9%
Legal & General Investment Management	10,404,944	4 7%

Going Concern Basis

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

Employees

As the Group is an intellectual property business, considerable value is placed on the involvement of employees in the development of the business and their involvement in the decision making process This is encouraged by the open environment in the Group and through the delegation of responsibility throughout the organisation Presentations are made to all staff on a regular basis to encourage a full understanding of the Group's strategy and operational developments The majority of employees receive share awards and are invited to participate in the SAYE scheme every year which in turn leads to increased employee share ownership

The Group is committed to the principle of equal opportunity in employment and to ensuring that no applicant or employee receives less favourable treatment on the grounds of age, gender, disability, ethnic origin, political or other opinion, religion or sexual orientation

Disability is not seen as an inhibitor to employment or career development Employees who become disabled are, wherever possible, given assistance to continue in their existing employment or to be trained for other positions

Creditor payment policy

It is Group policy to agree payment terms with suppliers when negotiating contracts or transactions

The Group ensures that, subject to any necessary variations which may result from supplier-related problems, the agreed payment terms are adhered to

The number of days billings from suppliers outstanding to the Group at 30th April 2008 was 38 days (2007 42 days) The Parent Company is purely a holding Company with investments and does not have trade creditors

Directors' Responsibilities in respect of the Annual Report and Financial Statement

The Directors are responsible for preparing the Annual Report and the group and parent company financial statements, in accordance with applicable law and regulations

Company law requires the Directors to prepare group and parent company financial statements for each financial year Under that law the Directors are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the group, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the parent company

In preparing each of the group and parent company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and
- the directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

Auditors

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company

Special business at the Annual General Meeting

The Annual General Meeting will be held at 11 00 a m on 15th August 2008 at Imagination House, Home Park Estate, Kings Langley, Hertfordshire WD4 8LZ Special Business to be transacted at the Meeting is set out in full in the Notice of the AGM At the AGM, the Company will be asking shareholders to approve resolutions to amend the rules of the Employee Share Plan in order to increase the annual flow rate and to alter the articles of association in respect of 'conflict of interest' of directors due to changes under the Companies Act 2006 After the AGM, the Company will publish on its website the proxy votes cast in respect of each resolution voted on at the AGM

Anthony Llewellyn

By order of the Board
A Llewellyn
Secretary
25th June 2008

Corporate Governance

Compliance with the Combined Code

The Board is accountable to shareholders for the effective direction and control of the Group and this report provides details of the framework of corporate governance and internal controls that the Directors have put in place to enable them to carry out this responsibility It also shows how the Group has applied the provisions of Section 1 of the 2006 FRC Combined Code on Corporate Governance ('the Code'), and the areas of non-compliance which are noted at the end of this section

The Board has applied the principles of the Code as follows

The Board

The Company operates through the Board of Directors During the financial period the Board consisted of 5 directors, 3 executives and 2 non-executives, including the Chairman who carries out his duties on a part-time basis (40 days per annum) Biographical details for each of the directors are set out on pages 35-36

The Company has insurance cover for its Directors and Officers with a cover limit of £5,000,000

The Chairman

The Chairman, Geoff Shingles, is responsible for the leadership and management of the Board He ensures its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information The Chairman facilitates the effective contribution of Non-Executive Directors and ensures constructive relations between Executive and Non-Executive Directors The Chairman maintains the proper and appropriate level of communication with shareholders During the financial period the Chairman has held meetings with the non-executive directors without the executives being present

The Board is satisfied that the Chairman's other professional commitments listed on page 35 do not interfere with the performance of his duties for the Company

The Chief Executive

The Chief Executive Officer, Hossein Yassaie, is responsible for the day-to-day management of the business He is the key driver for proposing, developing and implementing the Group's strategy as agreed by the Board The Chief Executive Officer carries out his duties in close consultation with the Chairman, the Board and Executive Management Board who in turn are responsible for the commercial and operational activities of the Group The Chief Executive Officer is also responsible, with the executive team, for implementing the decisions of the Board and its Committees

Senior Independent Director

The senior Independent Non-Executive Director of the Company is Ian Pearson He has a dialogue with institutional shareholders to ensure their views are communicated to the Group and ensures that the performance evaluation of the Chairman is conducted effectively

Mr Pearson became a director of the Company in 1998 and has therefore been connected with the Group for more than 9 years In addition, both Non-Executive Directors have shareholdings in the Company as disclosed in the table on page 46 The Board continues to monitor the composition of the Board in line with the recommendations of the Code The Board has considered the independence of these Directors with particular care and scrutiny All Directors contribute significantly through their individual skills and their considerable knowledge of both the Group and the industry, and they currently provide continuity and an overall balance to the Board In particular, they all continue to demonstrate a strong independence of management in the manner in which they discharge their responsibilities as Directors Accordingly, the Board considers that I R Pearson and D A Hurst-Brown are independent Non-Executive Directors

Operation of the Board

The Board is responsible for the overall direction, strategy and performance of the Group The Board usually meets formally on a monthly basis There is a formal agenda of items to be addressed at Board Meetings which includes matters specifically reserved for the Board, principally comprising group wide business and financial reviews, major capital or revenue expenditure, acquisitions or disposals, onerous business terms, treasury, risk items and board appointments At each meeting both the Chief Executive Officer and Chief Financial Officer prepare their respective reports, the Chief Executive Officer giving a full business update with focus on the Group's relationships with current and potential partners and highlighting business-critical issues, and the Chief Financial Officer presents the financial results for the year to date together with latest financial forecasts All Directors have access to the advice and services of the Company Secretary, who attends the monthly Board meetings and is responsible to the Board for ensuring that board procedures are complied with and that good information flows within the Board and Committees Both the appointment and removal of the Company Secretary are a matter for the Board as a whole

By also attending and monitoring the content of meetings and agendas, the Directors consider that there is sufficient structure to ensure the Company's strategy and control remain in its hands

The Board also meets periodically with senior management from the Group's divisions in order to review the strategic direction of the business The main objectives are to assess and decide upon the key technologies/products/markets for the business to exploit by assessing the potential returns against the risks The result is a common vision of the future aspirations of the business and an understanding of the function and goals that each division has within the strategy A divisional business plan is built around executing the strategic plan

The Company's Executive Management Board meets on a monthly basis, with attendance by the Chief Executive Officer and Chief Financial Officer Each member provides a monthly operational report in which progress against plan is reviewed to ensure that this is in line with the Group's strategic and business targets

Performance Evaluation

Through the financial period the Board reviews its performance along with that of the Audit and Remuneration Committees This assessment of performance is carried out by considering the objectives of each body and assessing the degree to which these objectives have been met In the case of each Director, the performance review takes into account an individual's level of commitment to the role, effective contribution and achievement in carrying out the role The Non-Executive Directors are responsible for performance evaluation of the Chairman, taking into account the views of the Executive Directors

During the financial period, the Chairman periodically held meetings with the Non-Executive Directors without the Executive Directors being present and, in addition, the Non-Executives periodically held meetings without the Chairman or the Executive Directors being present

Board Appointments

All nominations to the Board will be considered by the Board and during the financial period no specific changes were considered The Board considers the appropriate composition of the Board from time to time and in future will continue to review its make up As the Board is small, a Nominations Committee has not been appointed

All Directors, in accordance with the Code, will submit themselves for re-election at least every three years Any newly appointed Directors are required to submit themselves for re-election at the first AGM following their appointment

Audit Committee

Members of the Committee

During the financial period, the Audit Committee comprised D A Hurst-Brown as Chairman and I R Pearson as a member

The Code requires that the Board be satisfied that at least one member of the Committee has recent and relevant financial experience The Board has considered this requirement and, taking into account the financial background of the Chairman of the Committee, is satisfied that this requirement is met, and that the Committee has sufficient experience to fulfil its obligations in an effective manner

Responsibilities

The Committee is required to satisfy itself as to the adequacy and effectiveness of internal controls and compliance procedures within the Group and that the principles, policies and practices adopted in the preparation of the accounts of the Group and the annual financial statements comply with statutory requirements The Audit Committee has written terms of reference which are available to be viewed at the AGM

In discharging its responsibilities, the Committee reviews the interim and annual financial statements and the terms and scope under which the external auditors are appointed or reappointed The Committee also reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements The Committee holds meetings with the external auditors whenever it feels it needs advice or clarification of issues, but in any case the Audit Committee meets formally with the external auditors at least once per year, with a portion of the meeting without the Executive Directors present The Committee is also responsible for determining and reviewing the policy for engaging the external auditor in respect of non-audit work

The Audit Committee reviews arrangements by which staff of the Group may in confidence raise concerns over possible improprieties in financial reporting or other matters

Remuneration Committee

A description of the composition, responsibility and operation of the Remuneration Committee is set out in the Remuneration Report on pages 43-46 which is prepared in accordance with the Companies Acts 1985 and 2006

Board and Committee Meeting Attendance

The attendance of Directors at Board meetings and Committee meetings is set out below

No of meetings	Main Board Meetings 10	Audit Committee 3	Remuneration Committee 5
G S Shingles	10	1*	3*
H Yassaie	10	1*	2*
T Selby	10	3*	2*
I R Pearson	9	3	5
D A Hurst-Brown	10	3	5

* Denotes attendance by a Director (who is not a member of the Committee) at a Committee meeting, either for the whole or part of the meeting, as requested by the Chairman of the Committee

Independent Professional Advisers

The Directors are able to bring necessary matters to the attention of the Board so that the appropriate professional advisers can be briefed and authorised to provide the required independent advice However, all Directors can, if they feel it necessary, take independent professional advice in furtherance of their duties, at the Company's expense

Financial Reporting

The financial position of the Group is discussed in the Chairman's Statement, Chief Executive's Review and the Directors' Report giving a balanced and understandable assessment of the Company's position and prospects

After reviewing current performance and plans, and making enquiries considered appropriate, the Directors are satisfied that at the time of approving the Financial Statements adequate resources are available to the Group to enable it to continue in business for the foreseeable future For this reason the Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements

Relations with Shareholders

The Company actively encourages two-way communications with shareholders Principally through the Board, the Company endeavours to establish and maintain good relationships with its institutional shareholders by holding regular meetings after results with further dialogue as requested Shareholders can register to receive the Company's press releases via the internet and any queries from individual shareholders are answered promptly by a nominated person

The Company provide shareholders with 21 days notice of the Annual General Meeting In addition to the formal AGM proceedings, the Directors make a full presentation to shareholders to explain recent developments in the business, followed by an open question and answer session which provides shareholders with the opportunity to ask Directors and senior employees questions about the business The AGM is held at the Company's main office in Kings Langley where shareholders can visit demonstration rooms displaying the Group's technology in Company products or partners' products and senior divisional employees are on hand to give in-depth detail of the Company's intellectual property The Board are available to meet shareholders on an informal basis

The Non-Executive Directors have access to independent feedback from shareholders after results presentations which, supported by periodic attendance at analyst and shareholder presentations, provides them with an understanding of the views of major shareholders The Senior Non-Executive Director is available for dialogue with major shareholders if required

Consulting with Employees

The Company understands and appreciates the importance of effective communication with its employees Where there are matters arising in the Company which could impact staff there is an appropriate consultation process This is mainly achieved through the monthly divisional meetings where employee-related items are initially discussed, the general managers will in turn consult their employees in the given division and feedback any constructive responses before the Company proceeds in making decisions

Corporate Social Responsibility

The Company is primarily accountable to its shareholders, however it also recognises that it has responsibilities to other stakeholders which include employees, partners, customers, suppliers, the local community and the surrounding environment where it operates Employees are highly regarded and valued, and their employment and other rights are respected The Group is committed to the important principle of equal opportunity which is reflected in the Company's recruitment, disciplinary and grievance policies The Company is dedicated to supplying products of top quality to meet its customers' requirements in a manner that is consistent with high environmental and ethical standards The Company aims to make a contribution to the communities in which it operates

Environmental Statement

The Board understands and recognises the increasing importance of environmental issues though it has limited direct impact on the environment since it is not involved in heavy industry or any direct manufacturing activity Company premises are composed of offices with the main activity in the Group being the development of hardware and software designs by employees working on computers, involving neither the use of hazardous substances or complex waste emissions

The Group continues its promotion and support of practices for the use of resources in an environmentally friendly manner The Group has energy saving measures in place for recycling components, such as printed circuit boards, toner cartridges and surplus packaging and discourages company vehicles with only a small number of vehicles throughout the Group The Group is now recycling all paper and cardboard

With respect to the Group's sub-contract manufacturing activities, the Company has taken the necessary action to comply with the provisions of the Use of Certain Hazardous Substances in Electrical Equipment Regulations 2005 (RoHS) and Waste Electrical and Electronic Equipment (WEEE) The Company are members of the compliance scheme REPIC to meet our obligations as a producer of WEEE and are members of the Distributor Takeback Scheme run by Valpak to meet our obligations as direct sellers

The PURE Digital division has made a significant commitment to the environment with its EcoPlus range of products EcoPlus is a statement of PURE s commitment to reduce its effect on the environment by reducing the power consumption of its radios, using materials from recycled and sustainable sources, using the smallest possible packaging to minimize transport, and using components selected to minimize environmental impact PURE has also worked closely with the Energy Saving Trust ('EST') to define a best-practice standard for power consumption of portable and clock radios PURE's Move was the first radio to be granted EST Recommended status, and more radios are due to follow shortly PURE will also be marketing the environmental credentials of its products in store

At the 2007 AGM, the Company amended its articles of association in line with the Companies Act 2006 to enable the Company to send information to shareholders electronically and make documents available through the website rather than via paper copies The Company can report that with the support from shareholders less than 10% of shareholders now receive paper copies, thereby providing significant environmental and cost benefits

Internal Controls/Risk Management

The Board of directors has overall responsibility for ensuring that the system of internal control is effective This covers all material controls including financial, operational, compliance and risk management systems This system is intended to manage rather than eliminate the risk of failure to achieve business objectives, and provides only reasonable and not absolute assurances against material misstatement or loss

The Directors reviewed the existing risk management processes within the operating businesses to document and report on significant areas of business risks and their controls There is an ongoing process for the effective identification, evaluation and management of significant risks faced by the Group

This process was in place throughout the financial period and continues to be in place at the date of approval of the Annual Report and Financial Statements Under this process the Board receives a detailed report outlining all the main risks associated with both the technology and PURE Digital businesses and the report is reviewed thoroughly to consider if any necessary action is required to address these risks If the Board conclude that action is required, they are given regular updates on progress and are also made aware of any new risks that are identified as an on-going process continues throughout each financial period

Executive members of the Board have day to day involvement in all aspects of the business and attend monthly management meetings at which both financial and operational performance against targets are reviewed Any items found during the monthly review which do not meet previously agreed targets are discussed in order to ensure that any corrective actions are implemented

A comprehensive budget is presented for the forthcoming year and approved by the Board Expenditure is controlled against formal authorisation limits Major items of capital and revenue expenditure and all treasury matters are reserved for members of the Board alone

The Board and the Audit Committee has considered the need for an Internal Auditor, and, after taking into account the size of the organisation, has concluded that at this stage there is no requirement

Compliance Statement

The Listing Rules require the Board to report on compliance with the provisions of the Code throughout the accounting period Save the exceptions listed below, the Company has complied throughout the current accounting period ended 30th April 2008 with the provisions set out in Section 1 of the Code

As the Board is small, a Nominations Committee has not been appointed consisting solely of Non Executive Directors All nominations to the Board will be considered by the full Board The Board is aware that I R Pearson has been a Non-Executive Director for more than nine years and, in accordance with the Code, that he will be retiring for re-election at the Annual General Meeting The Board have carefully considered his role in the Company and believe that he is an independent director

Remuneration Report

Remuneration Committee

The Remuneration Committee ('the Committee') advises and makes recommendations to the Board on an appropriate remuneration policy, within the agreed terms of reference which are available on the Company's website at www imgtec com

During the financial period the members of the Committee have been I R Pearson and D A Hurst-Brown The Committee Chairman is I R Pearson

The Committee is responsible for determining and agreeing with the Board the remuneration packages of each of the Executive Directors This includes basic salary, annual bonus, level of awards under the Employee Share Plan ('Awards') and the terms of any performance conditions to apply to the exercise of such rights, pension rights, determining their terms and conditions of service, and any compensation payments and to ensure that such remuneration levels are appropriate and acceptable The remuneration of I R Pearson and D A Hurst-Brown is established by the Executive Directors of the Board The Committee also has discussions with the Board in relation to the Board's annual report to shareholders on the Group's policy on the remuneration of Executive Directors and in particular the Directors' Remuneration Report, as required by the Companies Acts 1985 and 2006, the Code and the Listing Rules of the Financial Services Authority No Board member is involved in deciding his own remuneration package

Remuneration Policy

The Committee has given full consideration to the Principles of Good Governance as set out in the Code with reference to Directors' remuneration The main objectives of the policy are to ensure that pay and benefits packages are sufficiently competitive to attract, develop and retain high calibre executives During the course of the financial period the Committee carried out a review of the benefits package The review compared the remuneration of directors of similar sized companies in similar industry types and as a result of this review appropriate changes have been made to the basic salary of the CEO and CFO and a new cash bonus scheme has been put in place, further details of these are given below The Committee will continue, in the future to ensure that a competitive and well-balanced package is maintained It also seeks to align individual reward and incentives with the performance of the Group and, hence, with the interests of the shareholders

Directors' Remuneration

The main elements of the Executive Directors remuneration are

Basic salary

To review and determine the specific levels of basic salary, the Committee draws on a wide range of relevant data, market conditions, as well as Company and individual performance The Committee decided during the year to carry out a comprehensive review of the basic salary of both the Chief Executive Officer and Chief Financial Officer, the Company Secretary provided the Committee with the remuneration packages of directors in the FTSE Small Cap for 2007 from a survey produced by New Bridge Street Consultants It was agreed to bring their salaries closer to the level of senior executives operating in similar size businesses

Share Incentives

The Committee aims to ensure that executives and senior employees are fairly rewarded for their contribution to the success of the Company The Group is currently operating a Employee Share Plan (formerly known as the Restricted Share Plan) and a Save As You Earn ('SAYE') scheme The Committee continues to believe that shares remain the appropriate form of providing share-based long term incentives in order to motivate and retain employees, encourage employee share ownership, lower dilution over time and avoid underwater incentives The main incentives are now the Awards under the Employee Share Plan and annual invitations to join the SAYE scheme There are a number of share options outstanding under the old schemes, including approved and unapproved key employee schemes, an Enterprise Management Incentive (EMI) scheme and a Long-Term Incentive Plan (LTIP) scheme

The discretionary Awards under the Employee Share Plan have performance criteria based on the increase in the share price relative to the increase in the FTSE All Share Index and an increase in the royalty income over a three year period The performance conditions are detailed on page 46

The discretionary options that were all granted before the adoption of the Employee Share Plan have performance criteria based on the achievement of targets in the market price of Imagination Technologies shares, and those options issued to Directors have the performance conditions attached to them as set out on page 46 The SAYE scheme does not have performance conditions

The discretionary options granted were at market value, whilst SAYE options have been issued at a 20% discount to market value

Share Bonus

The cash bonus awards which were originally granted to the executive directors in September 2006 were replaced with equivalent Share Appreciation Rights ("SARs") in November 2007 The amount payable under the SARs will be determined by multiplying the number of shares in respect of which the SARs vest by the value of a share at the date of payment The SARs are subject to the applicable terms set out in the Employee Share Plan Details of the SARs are shown in the following table

	Original bonus grant date	Balance at 1st April 2007	Balance at 30th April 2008	Expected vesting date	Expiry date
H Yassaie	Sep-2006	244,000	244,000	Sep-2009	Sep-2009
T Selby	Sep-2006	64,500	64,500	Sep-2009	Sep-2009

50% of each SAR is subject to the same performance targets as apply to the other awards granted under the Employee Share Plan in September 2006 as referred to on page 44 This element of the SARs when aggregated with equivalent bonuses across other employees shall not exceed 10% of the Group's earnings before interest in the financial year 2008/2009

The remaining 50% of each SAR is payable based on the Group's earnings before interest and tax in the financial year 2008/2009 50% of this element of the SAR will be payable if the Group's earnings before interest and tax is £5 million 100% of this element of the SARs will be payable if the Group's earnings before interest and tax is £10 million If the Group's earnings before interest and tax are between £5 million and £10 million, the percentage of this element of the SARs that becomes payable will be calculated on a straight line basis between £5 million and £10 million The maximum payment for both elements is capped at the equivalent of £3 per share

Cash Bonus

During the year the Committee decided to introduce a new annual cash bonus plan for key executives The Committee reviewed a survey produced by New Bridge Street Consultants on directors in the FTSE Small Cap for 2007 in considering the appropriate size, performance conditions and terms of the bonus The Committee also considered the importance of having an annual cash bonus plan to bring the remuneration packages of senior employees and directors of the Company closer to the level of senior executives operating in similar sized businesses Awards under the annual bonus plan are split into two portions, a portion that is discretionary based on performance and a portion that relates to the achievement of budgeted profit

Pension policy

Executive Directors are eligible to become members of the Group Personal Pension Plan which is a defined contribution scheme There are no special arrangements for Executive Directors The Company has been advised on all aspects of the pension scheme by its Independent Financial Advisor, HACL

Service contracts

The Executive Directors have ongoing service contracts dated 31st March 1998 which are subject to 6 months notice The Committee regards the notice period in these contracts as being appropriate In the event of termination of an Executive Director's service contract there are no specific compensation entitlement provisions in the contracts with respect to termination, other than the notice period

Remuneration policy for Non-Executive Directors

The Non-Executive Directors' remuneration consists of fees for their services in connection with Board and Committee meetings and where appropriate for devoting additional time and expertise for the benefit of the Company Non-Executive Directors have letters of appointment I Pearson's and D Hurst-Brown s letters are dated respectively 14th April 1998 and 4th August 2000 Non-Executive Directors are re-elected as directors, and thereby reappointed, at least every three years I R Pearson will seek re-election at this year's AGM since he has been a Non-Executive Director for more than nine years and under the Combined Code a Non-Executive Director is required to be re-elected annually if he has served the board for more than nine years On 1 April 2007 the annual fees for both I R Pearson and D Hurst-Brown increased from £26,000 to £28,000 The revised fees were arrived at by reference to fees that are paid by other companies of a similar size

Non-Executive Directors are not eligible for pension scheme membership and do not participate in any of the Group's bonus, share option or other incentive schemes The remuneration of Non-Executive Directors is determined by the Executive Directors of the Board and no element of their fees is performance-related

Other directorships

Any other directorships of the Non-Executive Directors are set out on pages 35-36 with the directorships of G Shingles, who carries out his executive duties with the Group on a part time basis The Board is satisfied that these directorships do not interfere with the performance of directors' duties for the Company

The following information has been audited

Directors' Emoluments

The following table is intended to bring together the value of the various emoluments of remuneration received by each Director during the period

	Salary and fees £ 000	Bonus £'000	Benefits in kind £'000	Total 2008 £'000	Total 2007 £'000	Pension 2008 £'000	Pension 2007 £'000
Executive Directors							
G S Shingles	**93**	—	**2**	**95**	88	—	—
H Yassaie	**217**	—	**1**	**218**	188	**15**	13
T Selby	**158**	—	**1**	**159**	139	**11**	9
Non-Executive Directors							
I R Pearson	**30**	—	—	**30**	30	—	—
D A Hurst-Brown	**30**	—	—	**30**	26	—	—
Total	**528**	—	**4**	**532**	471	**26**	22

Directors' Share Incentives

The following table sets out the share-related incentives the Directors have in the shares of Imagination Technologies Group plc

	Grant Date	Balance at 1st April 2007	Lapsed during the period	Exercised during the period	Granted during the period	Balance at 31st April 2007	Exercise Price	Date from which first exercisable	Expiry date
G S Shingles	Aug-1998	*350,000	—	—	—	***350,000**	64p	Aug-2000	Aug-2008
	Sep-2006	**6,435	—	—	—	****6,435**	60 5p	Nov-2009	May-2010
	Sep-2007	—	—	—	****5,447**	****5,447**	102p	Nov-2010	May-2011
H Yassaie	Aug-1998	1,000,000	—	—	—	**1,000,000**	64p	Aug-2001	Aug-2008
	Aug-1998	*500,000	—	—	—	***500,000**	64p	Aug-2000	Aug-2008
	Aug-2001	*1,000,000	—	—	—	***1,000,000**	64p	Aug-2003	Aug-2011
	Sep-2006	**6,435	—	—	—	****6,435**	60 5p	Nov-2009	May-2010
	Sep-2006	***130,000	—	—	—	*****130,000**	—	Sep-2009	Oct-2009
	July-2007	—	—	—	*****24,180**	*****24,180**	—	July-2010	Aug-2010
	Sep-2007	—	—	—	****5,447**	****5,447**	102p	Nov-2010	May-2011
T Selby	Aug-1998	*400,000	—	—	—	***400,000**	64p	Aug-2000	Aug-2008
	Aug-2001	*300,000	—	—	—	***300,000**	64p	Aug-2003	Aug-2011
	Sep-2006	**6,435	—	—	—	****6,435**	60 5p	Nov-2009	May-2010
	Sep-2006	***70,000	—	—	—	*****70,000**	—	Sep-2009	Oct-2009
	July-2007	—	—	—	*****24,180**	*****24,180**	—	July-2010	Aug-2010
	Sep-2007	—	—	—	****5,447**	****5,447**	102p	Nov-2010	May-2011
Total		**3,769,305**	—	—	**64,701**	**3,834,006**			

As at 25th June 2008 there had been no changes in the balance of options outstanding

* Options which have been issued under the Long Term Incentive Plan

** Options which have been issued under the Savings Related Share Option Scheme

*** Awards which have been made under the Employee Share Plan

The market price of the shares at 30th April 2008 was 73 75p and the range during the financial period was 63p to 157p

Executive Directors – Share option performance conditions

The option granted to H Yassaie in August 1998 of over 1,000,000 shares is exercisable if the share price growth at the date of exercise is at least 20% greater than the grant price

Options issued under the Long Term Incentive Plan are exercisable if the share price growth is at least greater than an annual compound increase of 15% per annum in the share price over the four year period following the date of grant and there has been an improvement in the underlying financial performance of the Company in the opinion of the Remuneration Committee

The Employee Share Plan Awards have two performance conditions

1 FTSE All Share Index The first 50% of the Award is subject to the performance of Company's shares It is dependent on the percentage growth in the value of a share in the Company compared to the percentage growth of the FTSE All Share Index over the three year period commencing on the date of grant of the Award If the performance of a share in the Company against the Index is 150% then all 50% of the Award will vest, if the performance of a share in the Company against the Index is between 125% and 150% of the Index then pro-rata on a straight line basis between 25% and 50% will vest, and if the performance of a share in the Company against the Index is below 125% of the Index then there is no Award, and

2 Royalty Income The second and remaining 50% of the Award will be calculated by reference to the royalty income generated by the Group 25% of the Award will vest if the average annual increase in royalty income over the three year period commencing on 1st April 2006 (the "Performance Period") exceeds 30% 50% of the Award will vest if the average annual increase in royalty income over the Performance Period equals or exceeds 50% The Award will vest pro-rata on a straight-line basis between 25% and 50% for average annual growth in royalty income between 30% and 50% There will be no vesting in respect of this part of the Award if the average annual increase in royalty income is less than 30%

Options issued under the Savings Related Share Option Scheme do not have any performance targets

Directors' Interests

Interests of the Directors in the shares of Imagination Technologies Group plc were as follows

Ordinary shares of 10p beneficially owned at 30th April	2008	2007
G S Shingles	**230,698**	230,698
H Yassaie	**450,767**	450,767
T Selby	**86,767**	86,767
I R Pearson	**39,722**	39,722
D A Hurst-Brown	**100,000**	100,000

As at 25th June 2008 there had been no changes in the above interests

This report was approved by the Board on 25th June 2008 and was signed on its behalf by

I R Pearson
Chairman of the Remuneration Committee

Independent auditors' report to the members of Imagination Technologies Group plc

We have audited the group and parent company financial statements (the "financial statements") of Imagination Technologies Group plc for the 13 month period ended 30th April 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes These financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Directors' Remuneration Report that is described as having been audited

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the parent company financial statements and the Directors' Remuneration Report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 39

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements The information given in the Directors' Report includes that information presented in the Chief Executive's Review that is cross referenced from the Review of Business section of the Directors' Report

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 30th April 2008 and of its profit for the year then ended,
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS regulation,
- the parent company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30th April 2008,
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB
25th June 2008

Consolidated Income Statement

	Notes	13 months to 30 April 2008 £'000	Year to 31 March 2007 £'000
Revenue	1, 2	**60,022**	48,062
Cost of sales		**(21,413)**	(20,913)
Gross profit		**38,609**	27,149
Research and development expenses		**(29,110)**	(23,419)
Sales and administrative expenses		**(7,997)**	(6,250)
Total operating expenses		**(37,107)**	(29,669)
Operating profit/(loss)		**1,502**	(2,520)
Financial income	5	**428**	259
Financial expenses	6	**(49)**	(40)
Net financing income		**379**	219
Profit/(loss) before taxation		**1,881**	(2,301)
Taxation	7	**383**	(244)
Profit/(loss) after taxation attributable to equity holders of the parent		**2,264**	(2,545)
Earnings per share Basic	8	**1 0p**	(1 2p)
Diluted	8	**1 0p**	(1 2p)

During this period and the previous year all results arise from continuing operations

Consolidated Statement of Recognised Income and Expense

	13 months to 30 April 2008 £'000	Year to 31 March 2007 £ 000
Exchange differences on translation of foreign operations	**30**	(16)
Change in fair value of available for sale investment	**(3,422)**	872
Deferred tax arising on available for sale investments	**(757)**	—
Total income and expense recognised directly in equity	**(4,149)**	856
Profit/(loss) for the period	**2,264**	(2,545)
Total recognised income and expense for the period attributable to equity holders of the parent	**(1,885)**	(1,689)

Consolidated Balance Sheet

	Notes	As at 30 April 2008 £'000	As at 31 March 2007 £'000
Non-current assets			
Intangible assets	9	**4,700**	4,872
Property, plant and equipment	10	**4,626**	3,791
Investments	11	**4,611**	7,027
Trade and other receivables	13	**795**	—
		14,732	15,690
Current assets			
Inventories	12	**5,129**	3,636
Trade and other receivables	13	**12,988**	11,260
Cash and cash equivalents	14	**7,241**	10,818
		25,358	25,714
Total Assets		**40,090**	41,404
Current liabilities			
Bank overdraft	14	—	(1,259)
Current portion of long term borrowings	16	**(30)**	(29)
Trade and other payables	15	**(7,074)**	(7,495)
		(7,104)	(8,783)
Non-current liabilities			
Deferred tax liability	7	**(243)**	—
Other interest bearing loans and long term borrowings	16	**(500)**	(529)
		(743)	(529)
Total liabilities		**(7,847)**	(9,312)
Net assets		**32,243**	32,092
Equity			
Called up share capital	17	**21,926**	21,748
Share premium account	18	**50,937**	50,321
Other capital reserve	18	**597**	593
Warrant reserve	18	**826**	830
Merger reserve	18	**2,402**	2,402
Revaluation reserve	18	**2,235**	6,414
Translation reserve	18	**18**	(12)
Retained earnings	18	**(46,698)**	(50,204)
Total equity	18	**32,243**	32,092

These financial statements were approved by the Board of Directors on 25th June, 2008 and were signed on its behalf by

Geoff Shingles

G S Shingles
Director

Consolidated Cash Flow Statement

	Note	13 months to 30 April 2008 £'000	Year to 31 March 2007 £'000
Cash flows from operating activities			
Profit/(loss) after tax		**2,264**	(2,545)
Tax (credit)/charge		**(383)**	244
Profit/(loss) before tax		**1,881**	(2,301)
Adjustments for			
Depreciation and amortisation		**1,751**	1,622
Net financing income		**(379)**	(219)
Loss on sale of property, plant & equipment		**—**	15
Share-based remuneration		**1,318**	718
Operating cash flows before movements in working capital		**4,571**	(165)
Increase in inventories		**(1,493)**	(191)
Increase in receivables		**(3,451)**	(1,794)
(Decrease)/Increase in payables		**(572)**	619
Cash absorbed by operations		**(945)**	(1,531)
Interest paid		**(49)**	(40)
Taxes paid		**(33)**	(447)
Net cash flows from operating activities		**(1,027)**	(2,018)
Cash flows from investing activities			
Interest received		**437**	250
Acquisition of intangible assets		**(456)**	(683)
Acquisition of property, plant and equipment		**(2,099)**	(990)
Net cash used in investing activities		**(2,118)**	(1,423)
Cash flows from financing activities			
Proceeds from the issue of share capital		**794**	6,891
Repayment of borrowings		**(28)**	(28)
Net cash from financing activities		**766**	6,863
Net (decrease)/increase in cash and cash equivalents		**(2,379)**	3,422
Effect of exchange rate fluctuation		**61**	(247)
Cash and cash equivalents at the start of the period		**9,559**	6,384
Cash and cash equivalents at the end of the period	14	**7,241**	9,559

Notes to the Financial Statements

1 Accounting Policies

General

Imagination Technologies Group plc is a company incorporated in the UK

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group)

Significant accounting policies

Statement of compliance

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs) The Company has elected to prepare its parent company financial statements in accordance with UK GAAP, these are presented on pages 69 to 71

Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements

In these financial statements Adopted IFRS 7 is effective for the first time IFRS 7 adds new disclosures about financial instruments to those currently required in IAS 32 and IAS 39

The application of this Adopted IFRS for the first time has not had a material effect on the financial statements

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below under 'Significant accounting judgements and estimates'

Measurement convention

The financial statements are prepared on the historical cost basis except that the trade investment and derivatives have been stated at fair value in accordance with IAS 39

Basis of consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that presently are exercisable or convertible are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

Revenue

Revenue comprises

1 the value of license fees, development income, maintenance and royalties from license and development agreements,

2 revenues from the sale of products to support technology licensees, and

3 revenues from the sale of systems products utilising the Group's technology to third parties

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group

Revenue from licenses is recognised on delivery to the customer Revenue on license agreements for products which are either not finished or which need to be modified to meet specific customer requirements is recognised on a percentage-to-completion basis over the period from starting development of the product to delivery The percentage-to-completion is measured by monitoring progress compared with the total estimated project requirement Progress is measured by an assessment of performance against key development milestones

Revenue on development work is recognised on a percentage-to-completion basis over the period from the start of the development to delivery Development work is normally invoiced as milestones are achieved

Where invoicing milestones on license or development arrangements are such that the proportion of work performed is greater than the proportion of the total contract value which has been invoiced, the Group evaluates whether it has obtained, through its performance to date, the right to the uninvoiced consideration and therefore whether revenue should be recognised In particular it considers whether there is sufficient certainty that the invoice will be raised in the expected timeframe, that the customer considers that the Group's contractual obligations have been, or will be, fulfilled and that only those costs budgeted to be incurred will be incurred Where the Group considers that there is insufficient evidence that it is probable that the economic benefits associated with the transaction will flow into the Group, taking into account these criteria, revenue is not recognised until there is sufficient evidence that it is probable that the economic benefits associated with the transaction will flow into the Group

Revenue for maintenance is recognised on a straight-line basis over the period for which maintenance is contractually agreed with the licensee

The excess of license fees, development income and maintenance invoiced over revenue recognised is recorded as deferred income

Royalty revenues are earned on the sale by licensees of products containing the Group's technology Revenues are recognised as they are earned to the extent that the Group has sufficient evidence of sales of products containing the Group's technology by licensees

Revenues from the sale of products to support technology licensees and systems products utilising the Group s technology to third parties are recognised upon delivery and are accounted for net of VAT, discounts and returns Returns are recognised at the point at which the Group has adequate knowledge that products are likely to be returned by a customer

Research and development costs

Costs of basic and applied research are written off in the period in which they are incurred

Development expenditure is capitalised where it relates to a specific project where technical and commercial feasibility has been established, adequate technical, financial and other resources exist to complete the project, the expenditure attributable to the project can be measured reliably and future economic benefits are probable In this case, it is recognised as an intangible asset and amortised over its useful economic life All other development expenditure is recognised as an expense in the period in which it is incurred

Development costs incurred after the establishment of technical feasibility and overall project and commercial profitability have not been significant and, therefore, no costs have been capitalised to date

Operating leases

Rental charges in respect of operating leases are charged to the income statement on a straight line basis over the life of the lease

Employee benefits

The Group contributes to a defined contribution pension plan Payments are charged to the income statement in the period to which they relate

Share-based payment transactions

The share option programmes and the Employee Share Plan (together 'Share Incentives') allow Group employees to acquire shares of the company The fair value of Share Incentives is recognised as an expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the Share Incentives The fair value of the Share Incentives granted is measured using the Black-Scholes or Monte Carlo Simulation models The amount recognised as an expense is adjusted to reflect the actual number of Share Incentives that vest except where forfeiture is due only to share prices not achieving the threshold for vesting

For the Share Appreciaton Rights, cash bonuses are calculated by reference to the value of shares The fair value of these bonuses is recognised as an expense, with a corresponding increase in liabilities over the period in which the employees become unconditionally entitled to payment The liability is remeasured at each reporting date and at settlement date Any changes in the fair value of the liability are recognised as personnel expense in profit or loss

Taxation

Tax on the profit or loss for the period comprises current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date The following temporary difference is not provided for goodwill not deductible for tax purposes

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Foreign exchange

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the rates of exchange ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at rates of exchange ruling at the balance sheet date Exchange gains and losses are taken to the income statement

On consolidation, results of foreign subsidiary undertakings are translated at the average rates of exchange for the year The assets and liabilities are translated at rates ruling at the balance sheet date Exchange differences arising from the retranslation of the opening net investments in overseas subsidiary undertakings and between the results for the year translated at average and closing rates are disclosed as movements in the translation reserve within equity This reserve was set to zero at 1st April 2004

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments

Intangible assets

Software, trademarks and patents are capitalised as intangible assets at cost of acquisition and amortised on a straight line basis over their estimated useful economic lives, between 3 and 5 years Intangible assets acquired as part of a business combination are stated in the balance sheet at their fair value at the date of acquisition and amortised over their estimated useful economic lives

Trade investments

Consistent with the requirements of IAS 39, trade investments are classed as available for sale and are stated on the balance sheet at fair value, with any resultant gain or loss being recognised directly in equity (in the revaluation reserve), except for impairment losses When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss

The fair value of unquoted investments is made by reference to recent funding rounds or, in the absence of the former, to a discounted cash-flow forecast

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired) arising on consolidation in respect of acquisitions is capitalised Goodwill is recognised as an intangible asset and reviewed for impairment at least annually Any impairment is recognised immediately in the income statement and may not be subsequently reversed

On disposal of a subsidiary or business, the attributable goodwill is included in the determination of the profit or loss on disposal

Goodwill is stated on the balance sheet at cost less impairment

Business combinations that took place prior to 1st April 2004 have not been re-stated and goodwill represents the amount recognised under the Group's previous accounting framework

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Property, plant and equipment are depreciated to write down their cost using the straight line method to their estimated residual values over the period of their estimated useful economic lives Periodic reviews are made of estimated remaining useful economic lives and residual values, and the depreciation rates applied are

Freehold land	No depreciation
Freehold buildings	2 per cent on cost
Leasehold improvements	Equally over the period of the lease
Plant and equipment	10 per cent to 33 per cent on cost
Motor vehicles	25 per cent on cost

Impairment

Non-financial assets

Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment Assets that are subject to amortisation or depreciation are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss Where the asset does not generate cash flows that are independent from other assets, estimates are made of the cashflows of the cash generating unit to which the asset belongs

Recoverable amount is the higher of fair value, less costs to sell, and value in use In assessing value in use, estimated future cashflows are discounted to their present value using a discount rate appropriate to the specific asset or cash generating unit

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying value of the asset or cash generating unit is reduced to its recoverable amount Impairment losses are recognised immediately in the income statement

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised Impairment losses in respect of goodwill are not reversed

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value

Individually significant financial assets are tested for impairment on an individual basis The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics

All impairment losses are recognised in profit or loss Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred profit or loss

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity

Inventories

Inventory is valued at the lower of cost and net realisable value The cost of inventory is calculated using the FIFO method Finished goods include direct costs and attributable overheads based on the normal level of activity

Cash and equivalents

Cash and cash equivalents comprises cash balances and call deposits with an original maturity of less than or equal to three months Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows

Loans and receivables

Loans and receivables are initially measured at fair value plus any directly attributable transaction costs Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses

Convertible loan stock

Convertible loan stock was initially measured at fair value plus any directly attributable transaction costs The conversion options are derivatives under IAS 39 and therefore subsequent to initial recognition, these elements are carried at fair value

Subsequent to initial recognition, the underlying loan stock element of the instrument is measured at amortised cost using the effective interest rate method

Long Term Borrowing

Long term borrowings are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, long term borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Significant accounting judgements and estimates

In applying the Group's accounting policies described above, management has made the following judgements and estimates that have a significant impact on the amounts recognised in the financial statements

Revenue Recognition

The Group has made judgements on the percentage-to-completion for licensing and development work which affect the amount of revenue recognised in the period

Share based payments

A charge of £1,318,000 has been expensed for Share Incentives The fair value of the Share Incentives is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the incentives The fair value of the Share Incentives is measured using the Black-Scholes or Monte Carlo Simulation models In determining the appropriate expense, the Group has made judgements on the likelihood that internal performance targets will be achieved and on the number of employees that will be employed on vesting

Taxation

The Group has an unrecognised deferred tax asset of £15,618,000 A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference The Group has made judgements on the likelihood that future taxable profit will utilise these tax losses

Impairment of Goodwill

The Group determines whether goodwill is impaired at a minimum on an annual basis This requires an estimation of the value in use of the cash generating units to which the goodwill relates Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit that holds the goodwill at a determined discount rate to calculate the present value of those cash flows Note 9 sets out further details

Investments

The Group has stated trade investments at fair value The fair value of the investment in Frontier Silicon, which is not a listed company, was calculated by means of a discounted cashflow forecast This resulted in the investment in Frontier Silicon being revalued during the year to £3,605,000 The fair value of the investment in FutureWaves was valued by reference to the recent funding round carried out in April 2008 which resulted in the investment in FutureWaves being valued at £1,006,000

Adopted IFRS not yet applied

The following Adopted IFRSs were available for early application but have not been applied by the Group in these financial statements Their adoption is not expected to have a material affect on the financial statements unless otherwise indicated

IFRS 8 Operating Segments' (mandatory for the year commencing on or after 1 January 2009)

Revised IAS 1 'Presentation of Financial Statements' (mandatory for the year commencing on or after 1 January 2009) The amendments to IAS 1 in the current year would not have had a material effect on the balance sheet or income statement The Group plans to adopt these amendments for the year ended 30th April 2009

Revised IAS 27 'Consolidated and Separate Financial Statements' (mandatory for the year commencing on or after 1 July 2009) The amendments to IAS 27 in the current year would not have had a material effect on the balance sheet or income statement The Group plans to adopt these amendments for the year ended 30th April 2010

Amendments to IFRS 2 ' Share based payment – Vesting Conditions and Cancellations' (mandatory for the year commencing on or after 1 January 2009) The amendments to IFRS 2 in the current year would not have had a material effect on the balance sheet or income statement The Group plans to adopt these amendments for the year ending 30th April 2009

2 Segment Reporting

The Group operates as two business segments the Technology business, comprising licensing and royalty revenues, and the PURE Digital business The segment information in respect of these businesses is presented below

Primary reporting format – business segments

		2008 £'000	2007 £'000
Revenue			
Technology business		**29,863**	21,749
PURE Digital business		**30,159**	26,313
		60,022	48,062
Operating profit/(loss)			
Technology business		**(97)**	(4,369)
PURE Digital business		**1,599**	1,849
		1,502	(2,520)
Total assets			
Technology business		**23,846**	22,694
PURE Digital business		**9,003**	7,892
Unallocated assets		**7,241**	10,818
		40,090	41,404
Total liabilities			
Technology business		**3,707**	4,259
PURE Digital business		**3,367**	3,265
Unallocated liabilities		**773**	1,788
		7,847	9,312
Net asset analysis			
Technology business		**20,139**	18,435
PURE Digital business		**5,636**	4,627
Unallocated assets and liabilities		**6,468**	9,030
		32,243	32,092
Other segment items			
Capital expenditure	Technology business	**2,176**	1,744
	PURE Digital business	**238**	182
		2,414	1,926
Depreciation and amortisation	Technology business	**1,579**	1,491
	PURE Digital business	**172**	131
		1,751	1,622

Secondary format – geographical segments

Revenue is segmented by geographical area of sales as follows

	2008 £'000	2007 £'000
United Kingdom and Europe	**32,175**	30,267
Asia	**14,649**	7,551
North America	**12,334**	8,719
Rest of the world	**864**	1,525
	60,022	48,062

All revenue originated from United Kingdom and Europe

The operating profit, net assets and capital expenditure of the Group materially relate to the United Kingdom and Europe

3 Expenses and Auditors' Remuneration

	2008 £'000	2007 £ 000
Operating loss is stated after charging		
Depreciation and amortisation of owned property, plant and equipment and intangible assets	**1,751**	1,622
Loss on disposal of property, plant and equipment	**—**	15
Foreign exchange loss	**129**	394
Operating lease rentals		
Hire of plant and machinery	**2**	1
Other operating lease rentals payable		
Property	**738**	643
Other	**644**	718
Auditors' remuneration		
Audit of these financial statements	**21**	20
Amount received by auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	**39**	37
	60	57

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

4 Employees

The average number of persons employed by the Group (including Directors) was	2008	2007
Research and Development	**319**	274
Production	**26**	19
Administration	**50**	38
Sales and Marketing	**41**	35
	436	366

The aggregate payroll costs of these persons were	£'000	£ 000
Wages and salaries	**17,893**	14,282
Social security costs	**2,003**	1,644
Other pension costs	**885**	722
Share based payment	**1,318**	718
	22,099	17,366

Complete information on the share incentives and shares held by Directors is set out in the Remuneration Report on pages 43-46

5 Financial Income

	2008 £'000	2007 £ 000
Interest receivable and similar income	**428**	259

6 Financial Expenses

	2008 £'000	2007 £ 000
Loan repayable after more than five years	**44**	39
Bank overdraft repayable within five years	**5**	1
	49	40

7 Taxation

	2008 £'000	2007 £'000
Current tax expense		
Foreign tax	**131**	244
Deferred tax credit		
Benefit from previously unrecognised tax loss	**(514)**	—
Tax (credit)/charge for period	**(383)**	244

Reconciliation of the notional tax charge at UK standard rate to the actual tax charge		
Profit/(loss) before taxation	**1,881**	(2,301)
Notional tax charge at UK standard rate of 30% (2007 30%)	**564**	(690)
Non-deductible expenses	**30**	(25)
Origination and reversal of temporary differences	—	(122)
Transfer (from)/ to unrecognised tax asset	**(594)**	837
Benefit from previously unrecognised tax loss	**(514)**	—
Withholding tax	**131**	244
Tax (credit)/charge for period	**(383)**	244

	2008 £'000	2007 £'000
Unrecognised deferred tax assets		
Deductible temporary differences	**2,070**	1,585
Tax losses	**13,548**	13,019
	15,618	14,604

	2008 000	2007 000
Recognised deferred tax (liabilities)/assets		
Investment held for sale	**(757)**	—
Tax losses	**514**	—
	(243)	—

8 Earnings Per Share

	2008 £'000	2007 £'000
Profit/(loss) attributable to shareholders	**2,264**	(2,545)

	2008 Shares 000's	2007 Shares 000's
Weighted average number of shares in issue	**218,454**	211,123
Effect of dilutive shares Employee Incentive Schemes	**11,733**	*—
Weighted average number of shares potentially in issue	**230,187**	*211,123

* There were potentially dilutive ordinary shares in issue at 31st March 2007, however these are not disclosed as they are anti-dilutive for the period

		2008	2007
Earnings per share	Basic and diluted	**1 0p**	(1 2p)

9 Intangible Assets

	Goodwill £'000	Software, Patents and Trademarks £'000	Total £'000
Cost			
At 1st April 2006	7,129	7,269	14,398
Additions	—	746	746
At 31st March 2007	7,129	8,015	15,144
At 1st April 2007	**7,129**	**8,015**	**15,144**
Additions	**—**	**402**	**402**
At 30th April 2008	**7,129**	**8,417**	**15,546**
Amortisation			
At 1st April 2006	3,517	6,206	9,723
Charge for the year	—	549	549
At 31st March 2007	3,517	6,755	10,272
At 1st April 2007	**3,517**	**6,755**	**10,272**
Charge for the period	**—**	**574**	**574**
At 30th April 2008	**3,517**	**7,329**	**10,846**
Net book value at 1st April 2006	3,612	1,063	4,675
Net book value at 31st March 2007	3,612	1,260	4,872
Net book value at 30th April 2008	**3,612**	**1,088**	**4,700**

Goodwill was acquired through acquisitions and relates to the Technology business, which is considered to be a single cash-generating unit During the period the Group tested its balance of goodwill for impairment in accordance with IAS 36, Impairment of assets" The test was based on a calculation of the recoverable amount based on value in use, using projected cash flows for the Technology business

The key assumptions in the value in use calculations were

Period over which the directors have projected cashflows – a five year forecast period is used with an assumed terminal growth rate after 2013 of 3% per annum

Forecast revenue growth – the revenue projections are consistent with those used by the Group for financial planning purposes

Forecast operating margins – the operating margin projections are consistent with those used by the Group for financial planning purposes

Discount rate – future cash flows are discounted in line with the estimated average cost of capital for the Technology business of 15% pre-tax

Whilst it is conceivable that a key assumption in the calculation could change, the Directors believe that no reasonably foreseeable changes to key assumptions would result in an impairment of goodwill, such is the margin by which the estimated fair value exceeds the carrying value

10 Property, Plant and Equipment

	Freehold Land and Buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost				
At 1st April, 2006	1,111	1,412	7,506	10,029
Additions	—	160	1,020	1,180
Disposals	—	—	(190)	(190)
At 31st March, 2007	1,111	1,572	8,336	11,019
At 1st April, 2007	**1,111**	**1,572**	**8,336**	**11,019**
Additions	—	**586**	**1,426**	**2,012**
Disposals	—	—	**(1)**	**(1)**
At 30th April, 2008	**1,111**	**2,158**	**9,761**	**13,030**
Depreciation				
At 1st April, 2006	35	660	5,622	6,317
Charge for the year	19	211	843	1,073
Disposals	—	—	(162)	(162)
At 31st March, 2007	54	871	6,303	7,228
At 1st April, 2007	**54**	**871**	**6,303**	**7,228**
Charge for the period	**20**	**139**	**1,018**	**1,177**
Disposals	—	—	**(1)**	**(1)**
At 30th March 2008	**74**	**1,010**	**7,320**	**8,404**
Net book value at 1st April, 2006	1,076	752	1,884	3,712
Net book value at 31st March, 2007	1,057	701	2,033	3,791
Net book value at 30th April, 2008	**1,037**	**1,148**	**2,441**	**4,626**

	2008 £'000	2007 £'000
The net book value of freehold land and buildings comprises		
Land	**165**	165
Buildings	**872**	892
	1,037	1,057

11 Investment

	2008 £ 000	2007 £'000
Trade investment classified as available for sale	**4,611**	7,027

The investment relates to the Group's holding in Frontier Silicon and FutureWaves, companies which are not listed The holding in Frontier Silicon was revalued during the period to £3,605,000, representing a decrease of £3,422,000 The holding was valued by means of a discounted cashflow forecast using an interest rate of 15% The holding in FutureWaves was converted from convertible loan stock to equity in April 2008 This was valued by applying the valuation used in the recent funding round carried out in April 2008 to the investment This resulted in the FutureWaves holding being valued at £1,006,000

Details of the Group's subsidiary undertakings, which are involved in the licensing of the design of multimedia technology and the sale of multimedia products, are as follows

Name of subsidiary undertaking	Country of incorporation and of operation	Type of shares	Percentage of issued share capital held
Imagination Technologies Limited	UK	Ordinary	100%
PowerVR Technologies Limited*	UK	Ordinary	100%
Metagence Technologies Limited*	UK	Ordinary	**100%
Ensigma Technologies Limited*	UK	Ordinary	100%
VideoLogic Systems Limited*	UK	Ordinary	100%
Cross Products Limited*	UK	Ordinary	100%
PURE Digital Limited*	UK	Ordinary	**100%
VideoLogic GmbH	Germany	Ordinary	**100%
Imagination Technologies Inc	USA	Ordinary	**100%
Imagination Technologies KK	Japan	Ordinary	100%
Imagination Technologies India Private Limited	India	Ordinary	**100%
PURE Australasia Pty Ltd*	Australia	Ordinary	**100%

All of the above companies are included in the Group financial statements *non-trading **indirect holding

12 Inventories

	2008 £'000	2007 £'000
Raw materials and components	**554**	850
Finished goods	**4,575**	2,786
	5,129	3,636

Provisions of £422,000 (2007 £478,000) recognised in operating expenses were made against inventories During the period, £304,000 (2007 £398,000) of the provision against inventories was utilised, £32,000 (2007 £361,000) for the write-down of inventories to net realisable value and £272,000 (2007 £37,000) for the write off of inventories

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £20,351,000 (2007 £19,193,000)

13 Trade and Other Receivables

Trade and other receivables – current assets

	2008 £'000	2007 £'000
Trade receivables	**6,586**	6,203
Prepayments and accrued income	**5,964**	3,107
Loans and receivables	—	795
Convertible loan stock	—	918
Other receivables	**438**	237
	12,988	11,260

Provisions for impairment of £40,000 (2007 £40,000) recognised in operating expenses were made against receivables £0 (2007 £15,000) of provisions were utilised by writing down the gross value of receivables

The convertible loan stock relates to FutureWaves It was converted in April 2008 to an equity investment in FutureWaves which is shown in Investments

Trade and other receivables – non-current assets

	2008 £'000	2007 £'000
Loans and receivables	**795**	—
	795	—

14 Cash and Cash Equivalents

	2008 £'000	2007 £'000
Cash at bank – short term deposits	**5,737**	6,882
Cash at bank – current account	**1,504**	3,936
Cash and cash equivalents as per Consolidated Balance Sheet	**7,241**	10,818
Bank overdraft	**—**	(1,259)
Cash and cash equivalents as per Consolidated Cash Flow Statement	**7,241**	9,559

The overdraft at March 2007 resulted from a short term timing difference on the clearance of transactions through one of the Group's bank accounts

15 Trade and Other Payables

	2008 £'000	2007 £'000
Trade payables	**2,823**	3,399
Other payables including tax and social security	**619**	817
Accruals and deferred income	**3,632**	3,279
	7,074	7,495

16 Long Term Borrowings

	2008 £'000	2007 £'000
Current Liabilities		
Current portion of long term borrowings	**30**	29
Non-current liabilities		
Long term borrowings	**500**	529
	530	558
Borrowings to be repaid within 1 year	**30**	29
Borrowings to be repaid between 1 and 5 years	**146**	135
Borrowings to be repaid over 5 years	**354**	394
	530	558

The loan is secured on a freehold building The loan repayments are fixed The unexpired term of the loan is 11 years and the interest rate on the loan floats at 2 0% above base rate The Group considers the requirements for long term borrowings by assessing the future cash flows of the business

17 Called Up Share Capital

	Authorised		Allotted, called up and fully paid	
Ordinary shares of 10p each	No	£'000	No	£'000
At 1st April 2007	300,000,000	30,000	217,477,034	21,748
Issued during period	—	—	1,784,286	178
At 30th April 2008	**300,000,000**	**30,000**	**219,261,320**	**21,926**

1,784,286 (2007 4,421,620) ordinary shares were issued fully paid during the course of the year pursuant to the terms of various Employee Share Option Schemes and the exercise of warrants

18 Capital and Reserves

	Share Capital £'000	Share Premium £'000	Other Capital Reserve £'000	Warrant Reserve £'000	Merger Reserve £'000	Revaluation Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
As at 1st April 2006	20,706	44,472	319	1,104	2,402	5,542	4	(48,377)	26,172
Total recognised income and expense	—	—	—	—	—	872	(16)	(2,545)	(1,689)
Equity settled share-based remuneration	—	—	—	—	—	—	—	718	718
Acquisition consideration	—	—	274	(274)	—	—	—	—	—
Issue of new shares	1,042	5,849	—	—	—	—	—	—	6,891
At 31st March 2007	21,748	50,321	593	830	2,402	6,414	(12)	(50,204)	32,092
As at 1st April 2007	**21,748**	**50,321**	**593**	**830**	**2,402**	**6,414**	**(12)**	**(50,204)**	**32,092**
Total recognised income and expense	—	—	—	—	—	**(4,179)**	**(30)**	**2,264**	**(1,885)**
Share-based remuneration	—	—	—	—	—	—	—	**1,242**	**1,242**
Acquisition consideration	—	—	**4**	**(4)**	—	—	—	—	—
Issue of new shares	**178**	**616**	—	—	—	—	—	—	**794**
At 30th April 2008	**21,926**	**50,937**	**597**	**826**	**2,402**	**2,235**	**18**	**(46,698)**	**32,243**

The movement on the Share Premium reserve in the period arises from the issue of 1,784,286 ordinary shares fully paid pursuant to the terms of various Employee Share Option Schemes and the exercise of warrants The consideration for the shares was £794,000

The reserves movement in the year on the Other Capital Reserve and Warrant Reserve arise from the exercise of 1,000 warrants which were issued in respect of the acquisition of Ensigma Limited The warrants had a grant price of 10p

The balance on the Other Capital Reserve reflects the value of warrants issued in respect of the acquisition of Ensigma Limited The balance on the Warrant Reserve reflects the value of warrants outstanding in respect of the acquisition of Ensigma Limited The valuation of the warrants for both reserves reflects part consideration for the acquisition of Ensigma Limited in March 2000 and is by reference to the share price at the date of acquisition At 30th April 2008, there were 184,954 warrants (2007 185,954) outstanding at a grant price of 10p

The Merger Reserve arose in the group reconstruction in 1994 prior to its flotation

The Revaluation Reserve comprises the cumulative net change in the fair value of the trade investments until the investments are derecognised

The Translation Reserve reflects the exchange differences from retranslation of the opening net investments in overseas subsidiaries to closing rate and translation of the results for the year from average rates to the closing rate

19 Operating Leases

Non-cancellable operating lease rentals are payable as follows

	Land and buildings		Other	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Within one year	**838**	695	**693**	677
In two to five years	**2,602**	1,037	**503**	1,106
After five years	**2,940**	1,215	—	—
	6,380	2,947	**1,196**	1,783

Other operating leases include the rental of software and vehicles

20 Capital Commitments

At 30th April 2008, the Group had contracted for capital commitments of £521,000 (2007 £66,000)

21 Financial Instruments

Overview

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

- Market risk
- Credit risk
- Liquidity 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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are disclosed in Note 1 to the Financial Statements

	Notes	2008 £'000	2007 £'000
Financial assets			
Loans and receivables			
Trade and other receivables	13	**7,024**	6,440
Loans	13	**795**	1,713
Cash and cash equivalents	14	**7,241**	10,818
Available for sale investments	11	**4,611**	7,027
Total financial assets		**19,671**	25,998
Financial liabilities			
Bank loan	16	**530**	558
Bank overdraft	14	**—**	1,259
Trade and other payables	15	**3,442**	4,216
Total financial liabilities		**3,972**	6,033

Market Risk

Market risk is the risk that changes in the market prices, such as foreign currency exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments The objective of market risk is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates The valuation of available for sale investments is subject to fluctuation and is dependent on the valuation of the unquoted companies

a) Foreign currency risk

The Group transacts license and development agreements with customers and purchases of products for PURE Digital primarily in US dollars and, therefore, the Group's earnings are exposed to fluctuations in foreign exchange rates The Group reviews its foreign exchange exposure on a regular basis and, if there is a material exposure to exchange rate fluctuations and the Board considers it appropriate, the Group will reduce the risk by currency hedging on net receivable/payable balances Forward contracts are entered into with the objective of matching their maturity with currency receipt During the period and as at 30th April 2008 and 31st March 2007 there were no outstanding currency contracts

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Assets 2008 £'000	Assets 2007 £'000	Liabilities 2008 £'000	Liabilities 2007 £'000
Sterling	**9,978**	19,791	**2,638**	3,815
U S Dollars	**9,329**	5,510	**1,219**	1,858
Euro	**146**	596	**26**	323
Other	**218**	101	**89**	37
	19,671	25,998	**3,972**	6,033

The Group has a number of overseas business operations and operates in a number of foreign currencies which give rise to transactional and translational foreign exchange risk The most important foreign currency to the Group is the US Dollar

Foreign currency sensitivity analysis

The Group transacts a large proportion of its revenues and costs in US Dollars For the financial period for the 13 months to 30 April 2008, each additional one cent increase in the US Dollar exchange rate against Sterling would have decreased revenues by circa £142,000 and profit by circa £2,000

b) Interest rate risk

The Group's earnings may be affected by changes in interest rates available on bank deposits The Group aims to maximize returns from funds held on deposit and uses market deposits with major clearing banks accordingly With the current level of bank deposits, the impact of a change in interest rates is not considered material

In respect of income-earning financial assets and interest bearing financial liabilities, the following table indicates their average effective interest rate at the reporting date and the periods in which they mature or, if earlier, reprice

	2008				2007			
	Effective interest rate %	0 < 1 year £'000	1-2 years £'000	Total £'000	Effective interest rate %	< 1 year £'000	1-2 years £'000	Total £'000
Cash and cash equivalents								
Sterling		1,490	—	1,490		7,850	—	7,850
US Dollars		5,596	—	5,596		2,495	—	2,495
EU currencies		75	—	75		440	—	440
Yen		32	—	32		21	—	21
Rupees		30	—	30		12	—	12
Yuan		18	—	18		—	—	—
		7,241	—	7,241		10,818	—	10,818
Floating rate	1 7%	1,504	—	1,504	2 0%	3,936	—	3,936
Fixed rate	2 6%	5,737	—	5,737	4 9%	6,882	—	6,882
		7,241	—	7,241		10,818	—	10,818
Other								
Secured bank loan – Sterling*	7 00%	(530)	—	(530)	7 25%	(558)	—	(558)
Bank overdraft – Sterling**		—	—	—	0%	(1,259)	—	(1,259)
Convertible loan stock – US Dollars**		—	—	—	10%	—	918	918
		(530)	—	(530)		9,001	918	9,919

* At floating rate ** At fixed rate

The fixed rate cash deposits were placed with banks throughout the year and earned interest of between 2 4% and 5 8% Floating rate cash earns interest based on LIBID equivalents

Short term receivables and payables are not interest bearing with the exception of the short term element of the long term loan

The long term loan, which is repayable over 11 years, incurred interest of between 7 0% and 7 75%

Interest rate sensitivity analysis

In the financial period for the 13 months to 30 April 2008, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit would have been increased by circa £63,000

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 receivables from customers and investment of liquid funds

The Group limits its exposure to credit risk by only investing in liquid securities and only with counter parties that have a high credit rating

Capital Risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders as well as sustaining the future development of the business In order to maintain or adjust the capital structure, the Group may consider the total amount of dividends paid to shareholders, return capital to shareholders, issued new shares or sell assets to reduce debt The Group's overall strategy remains unchanged from the previous financial year

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 16, cash and cash equivalents and equity attributable to the parent, comprising share capital, reserves and retained earnings as disclosed in Notes 17 and 18

Trade Receivables

The exposure to credit risk is mitigated by selling to a diverse range of customers The Group has implemented policies that require appropriate credit checks on potential customers prior to sales taking place At the balance sheet date there were no significant concentrations of credit risk either by customer or by geography The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet

Ageing of trade receivables	Gross 2008 £'000	Impairment 2008 £'000	Gross 2007 £'000	Impairment 2007 £'000
Not past due and less than 30 days past due	**6,203**	—	5,592	—
Past due 30 – 90 days	**303**	—	446	—
Past due greater than 90 days	**93**	**(40)**	205	
	6,626	**(40)**	6,243	(40)

Trade receivables that are less than three months overdue are generally not considered impaired Receivables more than three months overdue are considered on a line by line basis and a provision is made where recovery is considered doubtful

No other financial assets are past due

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due To minimize this risk the Group only invests funds in liquid securities As a contingency, the Group maintains the following lines of credit

- a £5million overdraft facility
- an invoice discounting arrangement on PURE Digital invoices

The following table is drawn up based on contractual maturities including both interest and principal cashflows

April 2008	Carrying amount £'000	Contractual Cashflows £'000	Less than 1 year £'000
Bank loan	**530**	**530**	**530**
Trade and other payables	**3,442**	**3,442**	**3,442**
	3,972	**3,972**	**3,972**

March 2007	Carrying amount £'000	Contractual Cashflows £'000	Less than 1 year £'000
Bank loan	558	558	558
Bank overdraft	1,259	1,259	1,259
Trade and other payables	4,216	4,216	4,216
	6,033	6,033	6,033

Fair values of financial instruments

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between two informed and willing parties and is calculated by reference to market rates discounted to current value

	Notes	2008 Carrying amount and fair value £'000	2007 Carrying amount and fair value £'000
Financial assets			
Trade and other receivables	13	**7,024**	6,440
Cash and cash equivalents	14	**7,241**	0,818
Available for sale investments	11	**4,611**	7,027
Other Receivables			
Loan note	13	**795**	795
Convertible loan note	16	—	918
Financial liabilities			
Bank overdraft	14	—	(1,259)
Long term borrowings	16	**(530)**	(558)
Trade and other payables	15	**(3,442)**	(4,216)

Assumptions used in estimating the fair values of financial instruments reflected in the table above

Cash, cash equivalents and bank overdraft

The fair value approximates to book value due to the short term maturity of these instruments

Available for sale investments
The fair value of unquoted investments is made by reference to recent funding rounds or, in the absence of the former, to a discounted cash-flow forecast

Loan Note
The fair value approximates to book value

Convertible Loan Note
The fair value approximates to book value

Long term borrowings
The fair value approximates to book value as this instrument is at a variable interest rate

22 Contingent Liabilities
The Group had no contingent liabilities at 30th April 2008 or 31st March 2007

23 Employee Benefits

Pension
The Group participates in a number of defined contribution pension plans in the UK The assets of the schemes are held separately in independently administered funds There were no outstanding contributions at the balance sheet date

Share-based payments

Share options
The following options have been granted under the Imagination Technologies Key Employee Share Option Schemes, Savings Related Share Option Scheme and Long Term Incentive Plan and remain outstanding at 30th April 2008

	Outstanding at 31st April 2008	Exercise price	Date from which first exercisable	Expiry date
Year of Issue				
1998	1,000,000	64p	2001	2008
1998	*1,588,750	64p	2000	2008
1998	2,950,850	53p	2001	2008
1999	318,000	195p	2002	2009
2000	906,500	212p	2003	2010
2000	*50,000	212p	2002	2010
2001	*1,300,000	64p	2003	2011
2001	1,380,125	46p	2004	2011
2002	1,168,700	19p	2005	2012
2003	1,181,250	34 5p	2006	2013
2003	95,500	60p	2006	2013
2004	20,000	83p	2007	2014
2004	217,500	82p	2007	2014
2005	2,486,575	64 25p	2008	2015
2005	1,273,550	67 5p	2008	2015
2006	75,000	55p	2009	2016
2006	*155,000	55p	2009	2016
2006	1,013,519	60 5p	2009	2010
2007	961,174	102p	2010	2011
Total	**18,141,993**			

Options marked* have been granted under the Long Term Incentive Plan

The number and weighted average exercise prices of share options are as follows

	Weighted average exercise price 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
Outstanding at the beginning of the period	65p	19,425,854	61p	23,824,761
Exercised during the period	44p	(1,783,286)	67p	(4,360,380)
Granted during the period	102p	987,740	59p	1,336,124
Lapsed during the period	92p	(488,315)	83p	(1,374,651)
Outstanding at the end of the period	68p	18,141,993	65p	19,425,854
Exercisable at the end of the period	46p	8,107,175	67p	12,859,461

The weighted average share price during the period was 107p (2007 85p)

The options outstanding at the year end have an exercise price in the range of 19p to 212p and a weighted average contractual life of 4 1 years

Employee Share Plan

The following awards have been granted under the Imagination Technologies Employee Share Plan and remain outstanding at 30th April 2008

	Outstanding at 30th April 2008	Date from which first exercisable	Expiry date
Year of Issue			
2006	1,818,110	2009	2009
2007	2,098,690	2010	2010
2007	47,360	2010	2010
2008	248,515	2011	2011
Total	**4,212,675**		

The company has share option schemes and an employee share plan scheme, details of which are contained in the Remuneration Report

In accordance with IFRS 2, the fair value of services received in return for share options and employee share plan awards granted to employees is measured by reference to the fair value of share options and employee share plan awards granted In accordance with the transitional provisions in IFRS 1 and IFRS 2, the recognition and measurement principles in IFRS 2 have not been applied to share option grants made prior to 7th November 2002 which had not vested by 1st April 2005 The estimate of the fair value of the services is measured based on the Black-Scholes or Monte Carlo Simulation models, financial models used to calculate the fair value of options and awards under the employee share plan

The assumptions used in the calculation of the fair value of options are set out below

Date of share option grant	Dec 2002	May 2003	Nov 2003	May 2004	Jun 2004	Jan 2005	Dec 2005
Share price at grant date (pence)	19	34 5	60	83	82	64 25	67 5
Exercise price (pence)	24-28	43-52	75-90	104-124	102-123	80-96	84-101
Expected volatility	60%	60%	60%	60%	60%	60%	60%
Risk free interest rate	4 4%	3 9%	4 9%	5 1%	5 2%	4 4%	4 4%
Time to maturity (years)	5	5	5	5	5	5	5
Fair value per option (pence)	9 4	17 0	30 2	42 0	41 5	31 8	34 4

Date of share option grant	Jun 2006	Sept 2006	Sept 2007
Share price at grant date (pence)	55	88	113
Exercise price (pence)	69-82	—	—
Expected volatility	60%	60%	41%
Risk free interest rate	4 5%	4 5%	5 8%
Time to maturity (years)	5	3	3
Fair value per option (pence)	28 0	34 7	44 5

The assumptions used in the calculation of the fair value of the employee share plan awards are set out below

Date of employee share plan grant	Sep 2006	Jul 2007	Aug 2007	Jan 2008
Share price at grant date (pence)	70 75	128 5	127 5	119
Expected volatility	60%	41%	41%	41%
Risk free interest rate	4 5%	5 8%	5 8%	5 8%
Time to maturity (years)	3	3	3	3
Fair value per option (pence)	53	78 4	77 6	72 6

The expected volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information

24 Related Parties

Identity of related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note

Transactions with key management personnel

Key management personnel comprise the Directors In addition to their salaries, the Group also provides non-cash benefits to Directors and contributes to post-employment benefit schemes on their behalf Directors also participate in the Group's share incentive programmes The share based payments are valued at their fair value at the date of grant Full details of Directors' compensation, including post-employment benefits is given in the Remuneration Report

The key management personnel compensations are as follows

	2008 £000	2007 £000
Emoluments	**532**	471
Pension contributions	**26**	22
Total	**558**	493

Details of key management's interests in the Company's shares and share options are set out in the Remuneration Report

During 2008 and 2007, no member of the Board of Directors had a personal interest in any business transactions of the Group

Imagination Technologies Group plc Parent Company Balance Sheet

	Notes	As at 30 April 2008 £000	As at 31 March 2007 Restated £000
Fixed assets			
Investment in subsidiary undertakings	27	**23,978**	22,660
		23,978	22,660
Current assets			
Debtors	28	**51,479**	50,505
Cash		**42**	540
		51,521	51,045
Current liabilities			
Creditors amounts falling due within one year	29	**(313)**	(182)
Net current assets		**51,208**	50,863
Net assets		**75,186**	**73,523**
Capital and reserves			
Called up share capital	32	**21,926**	21,748
Share premium account	33	**50,937**	50,321
Other capital reserve	33	**597**	593
Warrant reserve	33	**826**	830
Share based payment reserve	33	**2,487**	1,245
Retained earnings	33	**(1,587)**	(1,214)
Equity shareholders' funds	34	**75,186**	**73,523**

These financial statements were approved by the Board of Directors on 25th June, 2008 and were signed on its behalf by

G S Shingles
Director

25 Accounting Policies

The parent company financial statements present information about the Company as a separate entity and not about its group

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable UK Accounting Standards and under the historical accounting rules The following principal accounting policies have been applied consistently throughout the period and preceding year in dealing with items which are considered material in relation to the Company's financial statements

The Company has adopted UITF 44 "Group and treasury share transactions" for the first time in these financial statements Where a parent entity grants rights to its equity instruments to employees of a subsidiary, and such share-based compensation is accounted for as equity-settled in the consolidated financial statements of the parent, UITF 44 requires the subsidiary to record an expense for such compensation in accordance with FRS 20 (share-based payments), with a corresponding increase recognised in equity as a contribution from the parent The comparatives have been restated accordingly

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account The Company made a loss for the year of £373,000 (2007 £305,000)

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is included in the consolidated accounts which it has prepared

The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with its subsidiaries

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provisions for impairment

Details of the Company's subsidiary undertakings are included in Note 11 of the Group financial statements

Share options

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

For cash-settled share-based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to payment The fair value is measured based on an option pricing model taking in to account the terms and conditions upon which the instruments were granted The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account

As the Company grants options over its own shares to the employees of its subsidiaries, in accordance with UITF 44, it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiary's financial statements with the corresponding credit being recognised directly in equity

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Related Parties

The Company has a related party relationship with its subsidiaries (see Note 11) and with its Board of Directors (see the Remuneration Report)

26 Employees

The Company does not employ any staff

Details of Directors' remuneration are set out in the Remuneration Report The Non-Executive Directors are remunerated by the Group

27 Investments in Subsidiary Undertakings

	2008 £000	Restated 2007 £000
Cost and net book value		
At beginning of period	**22,660**	21,942
Addition – Share based payment to employees of subsidiary	**1,318**	718
At end of period	**23,978**	22,660

28 Debtors

	2008 £000	2007 £000
Prepayments and accrued income	**27**	35
Amounts owed by subsidiary undertakings	**51,452**	50,470
	51,479	50,505

29 Creditors: Amounts falling due within one year

	2008 £000	2007 £000
Accruals and deferred income	**313**	182

30 Operating leases

The Company has no operating lease commitments (2007 nil)

31 Capital Commitments

At 30th April 2008, the Company had no capital commitments (2007 £nil)

32 Called Up Share Capital

Details of the Company's called up share capital are shown in Note 17 of the Group financial statements

33 Reserves

	Share Premium £000	Other Capital Reserve £000	Warrant Reserve £000	Share based payment reserve £000	Retained Earnings £000
As at 1st April 2007	50,321	593	830	—	(1,214)
Restated after adoption of UITF 44	—	—	—	1,245	—
As at 1st April 2007 Restated	50,321	593	830	1,245	(1,214)
Result for financial period	—	—	—	—	(373)
Acquisition consideration	—	4	(4)	—	—
Premium on issue of new shares	616	—	—	—	—
Credit in respect of Equity-settled share-based payment	—	—	—	1,242	—
As at 30th April 2008	**50,937**	**597**	**826**	**2,487**	**(1,587)**

34 Reconciliation of Movements in Equity Shareholders' Funds

	2008 £000	Restated 2007 £000
Equity shareholders' funds at the start of the period	**73,523**	66,219
Loss for the period	**(373)**	(305)
Credit in respect of FRS 20 employee share scheme charges	**1,242**	718
Issue of share capital	**794**	6,891
Equity shareholders' funds at the end of the period	**75,186**	73,523

Five Year Record

		IFRS 2008 £'000	IFRS 2007 £ 000	IFRS 2006 £'000	IFRS 2005 £'000	UK GAAP 2004 £ 000
Income Statement						
Revenue		**60,022**	48,062	35,273	30,583	31,215
Cost of sales		**(21,413)**	(20,913)	(16,231)	(12,947)	(14,066)
Gross profit		**38,609**	27,149	19,042	17,636	17,149
Research and development expenses		**(29,110)**	(23,419)	(20,649)	(19,381)	(16 096)
Sales and administration expenses		**(7,997)**	(6,250)	(5,549)	(4,953)	(5,083)
Total operating expenses		**(37,107)**	(29,669)	(26,198)	(24,334)	(21,179)
Operating profit/(loss)		**1,502**	(2,250)	(7,156)	(6,698)	(4,030)
Share of loss of associated undertaking		—	—	—	—	(4)
Total operating profit/(loss)		**1,502**	(2,250)	(7,156)	(6,698)	(4,034)
Net financing income		**379**	219	286	260	155
Profit/(loss) before taxation		**1,881**	(2,031)	(6,870)	(6,438)	(3,879)
Taxation		**383**	(244)	(490)	805	613
Profit/(loss) after taxation		**2,264**	(2,545)	(7,360)	(5,633)	(3,266)
Earnings per share	Basic and diluted	**1 0p**	(1 2p)	(3 7p)	(3 0p)	(1 8p)
Balance Sheet						
Non-current assets		**14,732**	15,690	14,542	9,309	8,842
Current assets		**25,358**	25,714	19,083	17,194	13,001
Total Assets		**40,090**	41,404	33,625	26,503	21,843
Current liabilities		**(7,104)**	(8,783)	(6,896)	(8,111)	(5,752)
Non-current liabilities		**(743)**	(529)	(557)	(588)	—
Total Liabilities		**(7,847)**	(9,312)	(7,453)	(8,699)	(5,572)
Net assets		**32,243**	32,092	26,172	17,804	16,091
Called up share capital		**21,926**	21,748	20,706	18,905	18,014
Capital reserves		**57,015**	60,548	53,843	40,243	33,960
Retained earnings		**(46,698)**	(50,204)	(48,377)	(41,344)	(35,883)
Total equity		**32,243**	32,092	26,172	17,804	16,091

These tables are for representative purposes only Full details can be found in the Company's Annual Reports

Data and projections shown on pages 1-34 are the product of consolidated partner data, analyst information and Imagination Technologies research