

Imagination Technologies Limited

Directors' Report and Financial Statements

31 March 2004

Registered Number 1306335



Directors' report and financial statements

Contents	Page
Directors' report	1-2
Statement of directors' responsibilities	3
Independent Auditors' report	4-5
Profit and loss account	6
Statement of total recognised gains and losses	6
Balance sheet	7
Notes	8-18

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

Principal Activities and Business Review

The Company's principal activity, which has remained unchanged during the year, is the design, development and marketing of multimedia technology.

We are now receiving a growing benefit from adherence to our strategy, which has been to create a complementary and coherent portfolio of silicon based intellectual property (IP). We are offering the most complete System on Chip IP solutions to the major semiconductor and fabless companies who are our target clients. Five of the top 10 semiconductor companies (Intel, Renesas, Samsung, Texas Instruments and Philips), including the top four, have now licensed and are deploying our IP. Our other licensing partners include Sharp, Frontier Silicon, SEGA and Sunplus.

We have an active and growing pipeline of licensing prospects across all of our IP offerings which will enable us to secure new partnerships and repeat business. We expect our royalty revenues to build significantly over the coming 18 months but in the near term our financial performance is still dependent on licence revenues and PURE Digital system revenues which we expect to continue to grow.

The results for the year are shown on page 6; amounts transferred to reserves are given in note 17 to the financial statements. The directors do not recommend payment of a dividend for the year ended 31 March 2004 (2003: £nil).

Research and Development

The Company spent £16,096,000 (2003: £12,891,000) on research and development in order to retain its technological advantage and competitive position in the market.

Donations

During the year, the Company made donations for charitable purposes of £186 (2003: £70). There were no political donations during the year.

Creditor Payment Policy

It is Company policy to agree payment terms with suppliers when negotiating contracts or transactions. The Company 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 company at 31st March 2004 was 45 days (2003: 28 days).

Directors and directors' interests

Directors

The directors who held office during the year were as follows: -

H Yassaie
K J Dale
T Selby

Directors' interests in ultimate parent company

The interests of directors who held office during the financial year to subscribe for shares in the ultimate parent company, Imagination Technologies Group plc were:

	Balance as at 31 March 2003	Granted during year	Cancelled during year	Balance as at 31 March 2004
K J Dale	475,000	25,000	(50,000)	450,000

The interests of directors who are also directors of the ultimate parent company, Imagination Technologies Group plc, were disclosed in the report and accounts of that company.

The market price of the shares in Imagination Technologies Group plc at 31 March 2004 was 107.5p and the range during the financial year was 24.25p to 114p.

Auditor

Pursuant to a shareholder's elective resolution the Company is not obliged to reappoint its auditor annually and KPMG Audit Plc will, therefore, continue in office.

By order of the Board



A Llewellyn
Secretary

19 July 2004

Imagination House
Home Park Estate
Kings Langley
Hertfordshire WD4 8LZ

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Report of the independent auditor's to the members of Imagination Technologies Limited

We have audited the financial statements on pages 6 to 18.

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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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. 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 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants and Registered Auditor
8 Salisbury Square, London EC4Y 8BB

19 July 2004

Profit and loss account
for the year ended 31 March 2004

	Note	2004 <u>£'000</u>	2003 <u>£'000</u>
Turnover	2	31,324	19,647
Cost of sales		<u>(14,267)</u>	<u>(7,738)</u>
Gross profit		17,057	11,909
Research and development expenses		(16,096)	(12,891)
Sales and administrative expenses		(3,610)	(3,089)
Other operating income	3	<u>-</u>	<u>42</u>
Operating loss	4	(2,649)	(4,029)
Net interest receivable	7	<u>29</u>	<u>2</u>
Loss on ordinary activities before taxation		(2,620)	(4,027)
Taxation on loss on ordinary activities	8	<u>580</u>	<u>249</u>
Loss on ordinary activities after taxation for the financial year		<u>(2,040)</u>	<u>(3,778)</u>

During the year all operations arose from continuing operations. There is no difference between the total reported result for the year and that on a historical cost basis.

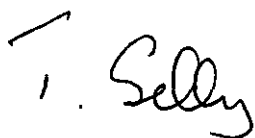
Statement of total recognised gains and losses
for the year ended 31 March 2004

	2004 <u>£'000</u>	2003 <u>£'000</u>
Loss for the financial year	(2,040)	(3,778)
(Loss)/gain on currency translation	<u>(11)</u>	<u>40</u>
Total loss recognised since last Annual Report	<u>(2,051)</u>	<u>(3,738)</u>

Balance sheet
as at 31 March 2004

	Note	2004 <u>£'000</u>	2003 <u>£'000</u>
Fixed Assets			
Intangible assets	9	502	404
Tangible assets	10	4,098	3,862
Investments	11	<u>852</u>	<u>787</u>
		5,452	5,053
Current assets			
Stock and work in progress	12	2,003	1,607
Debtors	13	4,473	3,269
Cash at bank and in hand		<u>6,249</u>	<u>5,853</u>
		12,725	10,729
Creditors: amounts falling due within one year			
	14	<u>(35,913)</u>	<u>(31,467)</u>
Net current liabilities		<u>(23,188)</u>	<u>(20,738)</u>
Net liabilities		<u>(17,736)</u>	<u>(15,685)</u>
Capital and reserves			
Called up share capital	15	14,161	14,161
Profit and loss account	16	<u>(31,897)</u>	<u>(29,846)</u>
Shareholders' deficit - equity	17	<u>(17,736)</u>	<u>(15,685)</u>

These financial statements were approved by the board of directors on 19 July 2004 and were signed on its behalf by:



T Selby
Director

Notes

(forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been consistently applied throughout the year

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £17,736,000, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Imagination Technologies Group plc, the Company's ultimate parent undertaking. Imagination Technologies Group plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Company is exempt by virtue of S.228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard No 1, the Company is exempt from the requirement to prepare a cash flow statement on the basis that the ultimate parent company, Imagination Technologies Group plc, includes the company in its own published consolidated financial statements.

Turnover

Turnover comprises:-

1. the value of licence fees, development income, maintenance and royalties from licence 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 company's technology to third parties.

In principle, revenue is recognised to the extent that the company has obtained the right to consideration through its performance.

Notes (continued)

Revenue from licences is recognised on delivery to the customer. Revenue on licence 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 licence 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 Company 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 Company's contractual obligations have been, or will be, fulfilled and that only those costs budgeted to be incurred will be incurred. Where the company considers that there is insufficient evidence that it has the right to consideration, taking into account these criteria, revenue is not recognised until there is sufficient evidence that the Company has obtained the right to consideration for its performance under such arrangements.

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 licence 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 Company's technology. Revenues are recognised as they are earned to the extent that the Company has sufficient evidence of sales of products containing the Company's technology by licensees.

Revenues from the sale of products to support technology licensees and systems products utilising the Company's technology to third parties are recognised upon delivery and are accounted for net of VAT and returns.

Depreciation

Tangible fixed assets are depreciated to write down their cost 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 buildings	2 per cent on cost
Leasehold improvements	Equally over the period of the lease
Plant and equipment	20 per cent to 33 per cent on cost
Motor vehicles	25 per cent on cost

Notes (continued)

Research and development costs

Costs of basic and applied research and product development expenditure are written off in the period in which they are incurred.

Intellectual property rights and patents

Trademarks and patents are capitalised at cost of acquisition and registration and amortised over the anticipated period of profitable exploitation.

Stock and work in progress

Stock is valued at the lower of cost and net realisable value. Finished goods include direct costs and attributable overheads based on the normal level of activity.

Work in progress is valued at the cost of work completed on contracts in hand, net of provisions.

Taxation

The credit for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Tax charges or credits arising on the retranslation of foreign currency borrowings used to finance or provide a hedge against equity investments in foreign enterprises are taken to the Statement of Total Recognised Gains and Losses together with the exchange differences on the borrowings themselves.

Foreign exchange

Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange gains and losses on settled transactions and monetary items are taken to the profit and loss account.

Government grants

Revenue grants are taken to the profit and loss account in the period when the relevant expenditure is incurred.

Operating Leases

Rental charges in respect of operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

Pension Scheme

The Company contributes to a defined contribution pension plan. Payments are charged to the profit and loss account in the period to which they relate.

2. Turnover and segmental analysis

Turnover is derived from a single business segment and comprises development income and royalties from licensing agreements for the design of multimedia technology and from the sale of related products.

Turnover is analysed by geographical area of sales as follows:

	2004	2003
	<u>£'000</u>	<u>£'000</u>
United Kingdom and Europe	21,571	10,320
Asia	6,544	6,632
North America	1,899	1,541
Rest of world	<u>1,310</u>	<u>1,154</u>
	<u>31,324</u>	<u>19,647</u>

All turnover originated from the United Kingdom and Europe.

3. Other operating income

Other operating income of £42,000 in 2003 represents Government grants receivable in respect of certain research and development projects.

4. Operating loss

	2004	2003
	<u>£'000</u>	<u>£'000</u>
Operating loss is stated after charging:		
Depreciation and amortisation of owned tangible and intangible assets	1,815	1,664
Auditors' remuneration:		
Audit	38	35
Other services (including other fees paid to the auditors and their associates)	2	7
Operating lease rentals:		
Other operating leases	1,043	532
(Gain) on Foreign Exchange	(348)	(10)

Notes (continued)

5. Remuneration of directors

	2004	2003
	<u>£'000</u>	<u>£'000</u>
Directors' emoluments:		
Remuneration as executives	<u>402</u>	<u>376</u>

Remuneration includes pension contributions of £25,281 (2003: £22,420) and the monetary value of benefits in kind such as health insurance. The directors have retirement benefits accruing to them under a defined contribution pension plan.

The directors' interest to subscribe for share options in the ultimate parent company are disclosed in the directors' report.

The emoluments of the highest paid director, was £167,615 (2003: £154,625), which included pension contributions of £10,875 (2003: £9,975).

6. Staff number and costs

The average number of persons employed by the company (including directors) was:

	Number of employees	
	<u>2004</u>	<u>2003</u>
Research and development	202	171
Production	13	13
Administration	31	25
Marketing	<u>23</u>	<u>22</u>
	<u>269</u>	<u>231</u>

The aggregate payroll costs of these persons were:

	2004	2003
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	9,956	8,211
Social security costs	1,122	947
Other pension costs	<u>515</u>	<u>441</u>
	<u>11,593</u>	<u>9,599</u>

Notes (continued)

7. Net interest receivable

	2004	2003
	<u>£'000</u>	<u>£'000</u>
Interest receivable	32	3
Less interest payable:		
Amounts payable on bank loans and overdrafts	<u>(3)</u>	<u>(1)</u>
	<u>29</u>	<u>2</u>

8. Taxation

	2004	2003
	<u>£'000</u>	<u>£'000</u>
Analysis of the tax charge in the period		
Foreign tax	257	475
Tax under accrual on previous year	-	-
Research and development tax credit	<u>(837)</u>	<u>(724)</u>
	<u>(580)</u>	<u>(249)</u>

The tax charged for the period differs from the standard rate of Corporation Tax in the UK (30 per cent). The differences are explained below:

Loss on ordinary activities before taxation	(2,620)	(4,027)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(786)	(1,208)
Effects of:		
Permanent differences between expenditures charged in arriving at income and expenditures allowed for tax purposes	(736)	(677)
Tax effect of timing differences	466	453
Unrelieved losses	265	830
Withholding tax	<u>211</u>	<u>353</u>
Current tax (credit)/charge for period	<u>(580)</u>	<u>(249)</u>

9. Intangible fixed assets

	Patents & Trademarks	
	2004	2003
	<u>£'000</u>	<u>£'000</u>
<i>Cost</i>		
At 1 April	1,105	922
Additions	<u>243</u>	<u>183</u>
At 31 March	<u>1,348</u>	<u>1,105</u>
<i>Amortisation</i>		
At 1 April	701	588
Charged in year	<u>145</u>	<u>113</u>
At 31 March	<u>846</u>	<u>701</u>
<i>Net Book Value</i>		
At 31 March	<u>502</u>	<u>404</u>

10. Tangible fixed assets

	Freehold Land and Buildings	Leasehold improvements	Plant and equipment	Motor Vehicles	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<i>Cost</i>					
At 1 April 2003	248	800	9,872	12	10,932
Additions	93	122	1,694	-	1,909
Disposals	<u>-</u>	<u>-</u>	<u>(84)</u>	<u>(12)</u>	<u>(96)</u>
At 31 March 2004	<u>341</u>	<u>922</u>	<u>11,482</u>	<u>-</u>	<u>12,745</u>
<i>Depreciation</i>					
At 1 April 2003	14	319	6,731	6	7,070
Charge for year	5	96	1,566	4	1,671
On disposals	<u>-</u>	<u>-</u>	<u>(84)</u>	<u>(10)</u>	<u>(94)</u>
At 31 March 2004	<u>19</u>	<u>415</u>	<u>8,213</u>	<u>-</u>	<u>8,647</u>
<i>Net book value</i>					
At 31 March 2004	<u>322</u>	<u>507</u>	<u>3,269</u>	<u>-</u>	<u>4,098</u>
At 31 March 2003	<u>234</u>	<u>481</u>	<u>3,141</u>	<u>6</u>	<u>3,862</u>

	2004	2003
	<u>£'000</u>	<u>£'000</u>
The net book value of freehold land and buildings comprises:		
Land	56	56
Buildings	<u>266</u>	<u>178</u>
	<u>322</u>	<u>234</u>

Notes (continued)

11. Investments

	2004	2003
	<u>£'000</u>	<u>£'000</u>
Shares in subsidiary undertakings		
Cost at 1 April 2003 and 31 March 2004	1,778	1,778
Provision for diminution in value at 1 April 2003 and 31 March 2004	<u>(1,658)</u>	<u>(1,658)</u>
Net book value of subsidiary undertakings	<u>120</u>	<u>120</u>
	2004	2003
	<u>£'000</u>	<u>£'000</u>
Shares in participating undertakings		
Cost and net book value at 1 April	667	667
Transfer to trade investment	<u>(667)</u>	<u>-</u>
Net book value of participating interest at a 31 March	<u>-</u>	<u>667</u>
	2004	2003
	<u>£'000</u>	<u>£'000</u>
Trade investment		
Cost and net book value at 1 April	-	-
Transfer from Shares in participated undertakings	667	-
Additions	<u>65</u>	<u>-</u>
Net book value of trade investments at 31 March	<u>732</u>	<u>-</u>
Total net book value of investments	<u>852</u>	<u>787</u>

Details of the Company'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
VideoLogic Inc	USA	Ordinary	100%
VideoLogic GmbH	Germany	Ordinary	100%
Metagence Technologies Limited - Dormant	UK	Ordinary	100%
PURE Digital Limited - Dormant	UK	Ordinary	100%

With effect from 11th October 2003, the Company's percentage of issued share capital in Frontier Silicon reduced below 20% and the Company ceased to exert a significant influence over Frontier Silicon. Therefore, as from this date, the Company's shareholding in Frontier Silicon has been treated as a Trade Investment.

Notes (continued)

12. Stock and work in progress

	2004 <u>£'000</u>	2003 <u>£'000</u>
Raw materials and components	839	913
Finished goods	<u>1,164</u>	<u>694</u>
	<u>2,003</u>	<u>1,607</u>

13. Debtors

	2004 <u>£'000</u>	2003 <u>£'000</u>
Trade debtors	2,731	2,481
Prepayments and accrued income	620	649
Loan stock	1,000	-
Amounts owed by subsidiary undertakings	-	2
Other debtors	<u>122</u>	<u>137</u>
	<u>4,473</u>	<u>3,269</u>

The loan stock is non-interest bearing and includes £795,000 which is expected to be repaid after more than one year. All other amounts fall due within one year.

14. Creditors: amounts falling due within one year

	2004 <u>£'000</u>	2003 <u>£'000</u>
Trade creditors	3,112	1,986
Amounts owed to parent undertaking	27,744	23,215
Amounts owed to subsidiary undertakings	125	118
Amounts owed to fellow subsidiary undertaking	2,533	2,503
Taxation and social security	511	304
Accruals and deferred income	<u>1,888</u>	<u>3,341</u>
	<u>35,913</u>	<u>31,467</u>

15. Called up share capital

	2004 <u>£'000</u>	2003 <u>£'000</u>
<i>Authorised</i>		
15,000,000 ordinary shares of £1 each	<u>£15,000</u>	<u>£15,000</u>
<i>Allotted, called up and fully paid</i>		
14,161,291 ordinary shares of £1 each – equity	<u>£14,161</u>	<u>£14,161</u>

Notes (continued)

16. Profit and loss account

	2004 <u>£'000</u>	2003 <u>£'000</u>
At 1 April 2003	(29,846)	(26,108)
Loss for the financial year	(2,040)	(3,778)
(Loss)/gain on currency translation	<u>(11)</u>	<u>40</u>
At 31 March 2004	<u>(31,897)</u>	<u>(29,846)</u>

17. Reconciliation of movements in shareholders' funds

	2004 <u>£'000</u>	2003 <u>£'000</u>
Loss for the financial year	(2,040)	(3,778)
Other recognised (losses)/profits relating to the year	<u>(11)</u>	<u>40</u>
Net reduction to shareholders' funds	<u>(2,051)</u>	<u>(3,738)</u>
Opening shareholders' funds	<u>(15,685)</u>	<u>(11,947)</u>
Closing shareholders' funds	<u>(17,736)</u>	<u>(15,685)</u>

18. Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made are as follows:-

	2004 <u>£'000</u>	2003 <u>£'000</u>
Authorised and contracted	<u>824</u>	<u>437</u>

£747,000 of the total capital commitments as at 31 March 2004 relates to the purchase of a freehold building.

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land & Buildings <u>£'000</u>	Other <u>£'000</u>	Land & Buildings <u>£'000</u>	Other <u>£'000</u>
Operating leases which expire:				
• Within one year	-	-	-	-
• In two to five years	284	1,005	79	374
• Over five years	<u>177</u>	<u>-</u>	<u>382</u>	<u>-</u>
	<u>461</u>	<u>1,005</u>	<u>461</u>	<u>374</u>

Notes (continued)

19. Pension scheme

Imagination Technologies Limited is a member of the Imagination Technologies Group plc defined contribution pension plan. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost of £515,000 (2003: £441,000) represents contributions paid by the Company to the fund. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20. Related party transactions

As the company is a wholly owned subsidiary of Imagination Technologies Group plc, the Company has taken advantage of the exemption in Financial Reporting Standard No 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Imagination Technologies Group plc can be obtained from the address given in Note 22.

21. Deferred taxation

The amounts recognised and unrecognised for deferred taxation are:

	31 March 2004		31 March 2003	
	Amount Recognised	Amount Unrecognised	Amount Recognised	Amount Unrecognised
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	-	1,415	-	944
Short term timing differences	-	78	-	91
Losses	<u>-</u>	<u>3,976</u>	<u>-</u>	<u>4,440</u>
	<u>-</u>	<u>5,469</u>	<u>-</u>	<u>5,475</u>

As at 31 March 2004 and 31 March 2003, there was an unrecognised deferred tax asset due to the trading losses available.

22. Ultimate parent company and parent undertaking of larger group

The Company is a subsidiary undertaking of Imagination Technologies Group plc, which is the ultimate parent company, in whose financial statements the results of Imagination Technologies Limited are consolidated. Imagination Technologies Group plc is incorporated and registered in England and Wales. Copies of its financial statements may be obtained from Imagination House, Home Park Estate, Kings Langley, Hertfordshire WD4 8LZ.