

24 June 2009

Imagination Technologies Group plc

Pre-tax profit* jumps 56% to £5m and chip unit volume up 83% to 86m

Imagination Technologies Group plc (LSE: IMG, "Imagination", "the Group"), leading provider of System-on-Chip (SoC) Intellectual Property (IP), today announces results for the 12 months to 30 April 2009.

Financial Highlights

- Group revenue up 16% on pro-rated 12 months basis, reported up 7% at £64.1m (2008: £60.0m – 13 months)
 - Technology revenues increased 24% to £36.9m (2008: £29.9m – 13 months)
 - Very strong licensing order input of over \$60m
 - Licensing revenue up 21%
 - Royalty revenue up 29%
 - PURE revenues £27.2m (2008: £30.1m – 13 months)
 - Similar level to 2008 – 12 month pro-rated revenues of £27.8m
 - Significant International revenue growth balancing UK slow-down
- Adjusted Group operating profit* of £4.9m (2008: £2.8m)
 - Technology – adjusted operating profit* jumped by 701% to £7.6m (2008: £0.9m)
 - PURE – adjusted operating loss** £2.7m (2008: profit £1.9m)
- Group operating profit £2.6m (2008: £1.5m)
- Adjusted Group pre-tax profit* up 56% to £5.0m (2008: £3.2m)
- Group pre-tax profit £2.7m (2008: £1.9m)
- Cash balance improved £7.4m to £14.6m at 30 April 2009 (£7.2m – 30 April 2008)

* Adjusted before share-based remuneration expenses and investment write down. ** Adjusted before share-based remuneration expenses

Business Highlights

Technology Business

Licensing

- 12 major agreements involving over 25 silicon IP core licences
 - Strategically and financially important deals with Apple, Intel, MediaTek, NXP, Samsung, Sigma Designs, SiRF, and Toumaz as well as a significant agreement with a second major international OEM
- Significant number of other smaller upgrades and software licenses driving further technology adoption and spread
- Licences in key areas – Mobile Phone, Digital TV, Personal Media Player (PMP), Entertainment, In-car and Digital Radio/Connected Audio

- Active pipeline of prospects

Royalties and design wins

- Partner chips shipped jump 83% to 86m units (2008: 47m)
 - Strong mobile phone and PMP volume ramp-up – over 130 models announced or shipping
 - Growing volumes in TV and Mobile Internet Device (MID)/Netbooks – over 70 models announced or shipping
 - Global adoption of DAB-based standards beyond UK well underway – offering much enlarged market opportunity – Imagination's DAB technology market share continuing at 80%
 - Strong position for graphics for In-car navigation and Personal Navigation Device (PND)
 - Emerging market for internet and connected audio technologies driving progress
- 78 active partner chip designs (2008: 67); 29 in production

PURE Business

- Maintained UK leading position despite slow down; international sales growing significantly
- Exchange rate movement reduced gross margins
- Improving economic environment – revenue in Q4 over 50% above same period last year
- Major new product category with internet connectivity and portal support launched successfully
- Very strong, innovative and diversifying roadmap underpins further progress
- Growing global presence and market position

Hossein Yassaie, Chief Executive, commented:

“The growing momentum in our licensing and royalty revenues has resulted in a seven fold jump in operating profit for our Technology business with an associated improvement in cash generation.

“There is no doubt our technologies are recognized as market-leading and are in real demand internationally. Our global blue chip partners value their relationship with us. Our progress is clearly demonstrated by the record level of new orders, the partner chip volumes exceeding 80m units, and the ongoing year-on-year increase in new chip design wins despite the tight economic environment.

“PURE has managed to weather the tough environment well and is preparing for solid progress once again. The progression of ‘global DAB’ and the ‘cloud-based/connected multimedia’ revolution offer an even bigger market opportunity in what appears to be an improving economic environment.

“While the global economic slow-down has an impact on our rate of progress, based on our momentum in licensing and chip volume ramp up, together with PURE’s leading position and scope of international opportunities, we remain confident of continuing to make further good progress in the current financial year.”

ENQUIRIES:

Imagination Technologies Group plc

Geoff Shingles, *Chairman*

Hossein Yassaie, *CEO*

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About Imagination Technologies

Imagination Technologies Group plc (FTSE:IMG) – a leader in semiconductor System on Chip Intellectual Property (SoC IP) – creates and licenses market-leading embedded graphics, video, display and multi-threaded processors and multi-standard receiver technologies. These IP solutions are complemented by dynamic and extensive developer and middleware ecosystems. Target markets include mobile phone multimedia, handheld multimedia, home consumer entertainment, in-car and mobile computing. Its licensees include leading semiconductor and consumer electronics companies, as well as innovative leading edge start-up and fabless semiconductor companies. Imagination has corporate headquarters in the United Kingdom, with sales and R&D offices worldwide. See: www.imgtec.com.

Financial and Business Review

Overall the Group performed robustly despite the economic environment.

The full year saw very strong financial and strategic progress for the Technology business, with significant new licensing business won. This resulted in strong recognized revenues, a jump in operating profit, as well as a very healthy order backlog going forward. The full year maintained the momentum in volume growth resulting in a substantial ramp-up in partner chip shipment.

The PURE Digital business, whilst impacted by the economic environment, was able to weather the economic storm. The business has also maintained its leadership in the UK digital radio market and secured strong positions in developing overseas markets.

Financial Review

The Group moved the end of the 2007/8 financial year to 30 April with the financial period being extended to 13 months. Therefore in the commentary below, the results for the 12 month period to April 2009 are compared to those for the 13 months to April 2008.

The significant movement in exchange rates in the year, and in particular the strengthening of the dollar, have impacted the financial results of the Group. The Technology business, which sells in dollars and which primarily has a sterling-based cost base has benefited from the stronger dollar. However, PURE, which still sells mainly in sterling, procures its products in dollars and consequently has seen its product margins come under pressure. Since the dollars generated by the Technology business are used to procure product for the PURE business, the impact at Group level is largely offset, although the individual results of each business as reported are affected by exchange rate movements.

Group revenues for the period ending 30 April 2009 were £64.1m (2008: £60.0m), an increase of 7%. On a pro-rated basis adjusting for the extended prior period, revenues increased by 16%. Technology revenues, comprising licensing and royalties, were 24% ahead at £36.9m (2008: £29.9m). On a pro-rated basis, the increase was 34% and 7% on a like for like dollar basis. As a result of tighter market conditions, PURE revenues were 10% lower at £27.2m (2008: £30.1m); 2% lower on a pro-rated basis.

Licensing revenue increased by 21% to £22.9m (2008: £19.0m); on a pro-rated basis, the increase was 31%, 6% on a dollar basis. There was a very strong licensing order input, and whilst an element of this order input has been recognized as revenue during last financial year, the majority has been carried forward to be recognized over the next few years. The order backlog that is expected to be recognized in the current financial year is approximately 50% up on the comparative figure for last year.

Royalty revenue increased by 29% to £14.0m (2008: £10.9m) based on the shipment of 86m chips (2008: 47m). On a pro-rated basis the increase was 40%, 8% on a dollar basis. The royalty rate per chip has reduced, due to the mix being weighted towards lower-end chips incorporating single IP cores together with legacy revenue sharing arrangements for the MBX core. We expect this trend to be offset as the proportion of chips with later generation and multiple IP cores increase, and revenue sharing phases out.

Group gross profit was £42.3m, a 10% increase (2008: £38.6m). The gross margin continued to improve to 66% (2008: 64%), despite the adverse impact of the significant dollar exchange rate movement on PURE margins.

Research and development expenses were £31.1m (2008: £29.1m). On-going investment in our technologies continues to be critical to ensure that we can continue to supply market leading IP cores to our partners and to support such partners in deploying them effectively. There has been continued investment in PURE in order to deploy Wi-Fi and internet connectivity in PURE products.

Sales and administrative costs were £8.1m (2008: £8.0m). This is net of a £1.3m exchange gain for the year (2008: £0.1m loss) which arose mainly in the first half of the year on the revaluation of dollar balances.

Non cash share-based incentive costs have increased to £1.8m (2008: £1.3m). A £0.5m charge was incurred relating to the write-down in the value of the Group's investment in Future Waves which, at year end, the Group had committed to exchange for a shareholding in Toumaz Holdings.

The adjusted operating profit for the Technology business, before share-based incentive costs of £1.5m (2008: £1.0m) and the investment write down of £0.5m (2008: nil), benefited from the revenue growth and increased strongly to £7.6m (2008: adjusted operating profit £0.9m).

The PURE result has been adversely impacted by the weak trading environment and exchange rate movements, with an adjusted operating loss before share-based incentive costs of £0.3m (2008: £0.3m) of £2.7m for the year (2008: adjusted operating profit £1.9m). Whilst currency hedging measures have not yet been appropriate at Group level due to the natural internal hedge, if such had been applied during the year to each division the PURE loss would have been significantly reduced bringing the result closer to break-even, with the Technology profit being reduced by a commensurate amount.

The adjusted Group profit before tax, before share-based incentive costs of £1.8m (2008: £1.3m) and the investment write down of £0.5m (2008: nil), increased by 56% to £5.0m (2008: £3.2m). The reported pre-tax profit was £2.7m (2008: £1.9m).

The tax credit of £5.4m (2008: £0.4m) arises from the recognition in the year of £5.6m of previously unrecognized tax losses, partially offset by £0.2m of tax deducted at source on overseas earnings. This has resulted in a corresponding deferred tax asset of £5.5m on the Group balance sheet to be utilized against future profits. In addition to this recognized deferred tax asset, there is a further £12.5m of unrecognized deferred tax losses.

Due in part to this recognition of a deferred tax asset, the Group's reported earnings per share has risen significantly to 3.7p (2008: 1.0p).

There was an operating cash in-flow of £4.7m in the year (2008: £1.0m outflow) reflecting the jump in operating profit by the Technology business and the tight control of working capital. Capital spend in the period was £2.2m (2008: £2.4m). The strong operational cash in-flow combined with the £3.0m, net of expenses, raised from the placing with Apple Inc. in December 2008 has increased net cash resources to £14.6m at April 2009; this compares to £7.2m at April 2008. Cash resources are adequate for the Group's future requirements.

Business Review

Technology Business

The Technology business continued the positive trends reported in the first half and saw significant progress in its three key metrics for the full year:

- new licensing deals that generate short term revenue and are the underlying driver behind royalty generation
- growth of SoC design wins, which is a good measure of technology adoption
- partner chip volume ramp-up which drives royalty revenues

This progress is a direct result of our long-term R&D effort. This has been targeted to ensure that our technology has significant competitive advantage and is strongly aligned with and in many cases drives emerging market trends.

Licensing

During the year the active pipeline of opportunities has led to the completion of a number of strategically important and financially significant licensing agreements. Imagination concluded 12 major

new licensing agreements as well as a number of smaller extensions and upgrades with a record order input of over \$60m.

The key agreements concluded involved two leading global OEMs, including Apple, and seven semiconductor companies. The agreement with Apple involved a multi-year, multi-use license agreement giving it access to a number of Imagination's technology families. Apple also took a share holding position in the Group through a placement in December 2008.

The agreement with the second OEM, a major international consumer electronics company, for a high-performance forthcoming member of Imagination's POWERVR SGX graphics processor family, will extend the reach of this technology into another high-volume consumer device segment.

Other significant agreements closed were with semiconductor companies: Samsung for mobile, consumer and navigation markets; NXP for digital consumer markets including HDTV and STB; SiRF for consumer navigation systems; Sigma Designs for multimedia consumer devices; MediaTek for its future SoC devices; Intel for PC, mobile computing and consumer space; and Toumaz for digital radio/audio consumer market and healthcare applications.

A notable feature has been the trend towards strategic and in-depth engagements with our partners which have resulted in the licensing of a broader range of technologies as well as their application across wider markets by partners. In addition we have seen further major progress in our direct relationships with top OEMs.

Partner chip shipments and royalties

Partner chip unit shipments was strong and jumped by 83% to 86m units (2008: 47m units). The volume growth has been primarily driven by the production ramp-up across mobile phone, PMP (personal media player) and 3D-enabled car navigation systems. There are now growing contributions from the TV and MID (mobile internet device)/Netbook segments and continuing shipment in the digital radio market.

An important dynamic and strategic aspect of our business is that the deployment of our technology is often allied to key technology changes in markets (e.g., the move to hardware 3D graphics in mobile phones). These transitions are significant and often involve unit growth in the range of 50% to 150% per year. With our technology implicitly tied in to these fundamental market changes, our chip volume is therefore not overly dependent on the fluctuation in overall market sizes. For example, we, along with industry analysts, expect the adoption of graphics in mobile phone market to almost double every year over the next few years and that this transition will only be marginally affected by a recessionary slow down in overall mobile phone market shipments.

We still remain comfortable with the target of achieving around 200m partner chip shipments in the FY 2010/11 timeframe. However as can often happen in the early stages of a market development, the rate of product introduction and the speed of production ramp-up can be variable, as has been shown in the last two six-month periods.

SoC Design wins and pipeline

The momentum behind new partner SoC design wins has continued with the cumulative number of committed partner SoCs, net of obsolescence, increasing to 78 at April 2009, compared with 67 as at April 2008. Of these design wins 29 are shipping or beginning to ship, with the balance of 49 still in design. They are the drivers for future partner SoC shipments and further royalty revenue growth.

These committed devices are continuing to diversify across Imagination's partners and key market segments: 29 for mobile phone multimedia devices; 10 for handheld multimedia (PMP, mobile entertainment/gaming, mobile TV), 18 for home consumer entertainment (TVs, STBs (set-top boxes), DVDs, digital radio and audio, connected audio, and home entertainment devices); 12 for in-car (Navigation, Dashboard, PNDs (personal navigation devices)); 6 in mobile computing (MID/UMPC/Netbook/PC/Laptop); and 3 for amusement and toys.

During the period we continued to see further adoption of our technologies in many of our key markets including TV/STB (where user interface requirements are becoming increasingly important), mobile multimedia, in-car and mobile phone. We now have over 40 partner SoCs deploying our new generation graphics, POWERVR SGX, with eight having entered initial production stages. In addition our video (over 20 SoCs), processor/DSP (over 20 SoCs) and communication technologies (over 10 SoCs) are being increasingly deployed by our partners.

Technology business markets

Mobile Phone Multimedia - Over 135 handsets have so far incorporated Imagination's technologies, 28 of which use the new graphics technology POWERVR SGX. Many of the handsets are market leading models with new capabilities from the key OEMs, including Apple, Fujitsu, Mitsubishi, Motorola, NEC, Nokia, Palm, Samsung, Sharp and Sony Ericsson. We are seeing continued and accelerated adoption of multimedia technologies in this market with the vast majority of graphics-enabled handsets utilizing Imagination technology.

The deployment of hardware acceleration is rapidly increasing to a larger proportion of mobile phones. This is providing Imagination with a fast growing market opportunity, despite some shrinkage in the overall phone market. With its strong partnerships, Imagination is well positioned to continue to effectively exploit this opportunity as it grows.

Following Apple's deployment of graphics in its iPhone and iPod Touch, and the huge success of these devices, there has been a major drive by all OEMs to migrate to technology that provides an improved user interface and Internet browsing capabilities. This is accelerating the deployment of hardware graphics and multimedia technologies, not only in the handset markets, but in all mobile and many consumer electronics categories.

Handheld Multimedia (PMPs, Mobile Entertainment/Gaming and Mobile TV) – This segment is Imagination's second largest in volume terms after the mobile phone segment. Imagination has seen its technology deployed by the leading player in the PMP market where products increasingly require advanced graphics and video capabilities to improve interactivity and user interface capabilities. Combined with other partner SoCs in design, Imagination expects to obtain a growing market share in this important segment.

In the mobile TV market, Imagination's current generation technology is already shipping in some of the early T-DMB mobile TV markets in Asia. Further progress in the mobile TV market requires other world markets such as the North American and European regions to embrace such services. Using Imagination's multi-standard UCC receiver technology our partners in this market are now able to offer very small, high-performance and cost-efficient solutions across multiple regions. As a result Imagination expects that this will ultimately result in securing a sizeable market share in this segment as this market emerges and achieves volume.

Home Consumer Entertainment (Digital Radio, Connected Audio, TV, STB, DVD, Home Entertainment) – The digital radio market continues to be an important focus for Imagination's multi-standard receiver and processor/DSP technologies. Imagination has played, and continues to play, a leading role in providing key technologies for this market and has seen its digital radio technology deployment share reaching 80%.

The main trend has now been the adoption of digital radio formats, many based on the DAB standard or its variants, in an increasing number of overseas markets. In particular in recent months France and Germany have formally adopted the DAB radio standard for their digital radio services. Very importantly France and UK governments have also set clear migration paths involving both consumer and automotive markets. This has increased both the adoption pace and market opportunity size among other countries that have launched DAB services. Australia, Denmark, Norway and Switzerland are making rapid progress. This DAB adoption and roll-out process has gained dramatic momentum in recent months and is accelerating the transition of this opportunity, which was initially UK only, into a global one.

The penetration of internet connectivity and Wi-Fi is enabling new opportunities in the form of internet and Wi-Fi-based radio and audio streaming. These connected audio trends are strongly supported by our radio/connected audio technology platform which has been developed to support global broadcast as well as internet connectivity. This combination is expected to be a key driver in the next generation of radio and connected audio devices. Both from a technology licensing perspective as well as through PURE, Imagination is well placed to continue to lead in this market.

Imagination's continued commitment to the TV segment has started to bear significant fruit, both in terms of securing new license agreements as well as starting to contribute to the volume of SoCs shipping. There are now several devices in development or shipping in these segments. The partnership with NEC has resulted in Imagination IP being deployed in TVs from a major global brand which have started shipping in Japan and Europe from March 2009. Intel consumer SoCs, including the CE3100 chip, have begun contributing to this segment. Other important partnerships closed during 2008/9 with NXP and Sigma Designs will in due course further progress our penetration in this segment.

In-car – The vast majority of the new 3D-based navigation systems in Japan continue to use partner chips which deploy Imagination's POWERVR technology. In addition to the long-standing relationship with Renesas which is progressing well, the more recent relationships with other key players in this market such as NEC, Freescale and SiRF are expected to significantly increase our market share in both traditional in-car navigation systems and next generation PNDs. The attention that the traditional mobile phone application processor semiconductor companies, such as TI, and also Intel through its Intel® Atom™ technology are paying to these markets has increased the routes through which our technologies may potentially be deployed.

Mobile Computing (MID, UMPC, Netbook devices) – Imagination's partnership with Intel in the personal computing/UMPC and MID segment has progressed to plan with shipment of the Intel® Atom™ Z range of products that deploy Imagination's graphics and video technologies. This solution has already secured many OEM design wins with over 70 products shipping or announced. The partnership with Intel continues to strengthen, with a wide scope for co-operation and several significant projects underway.

PURE Business

Despite the onset of the recession, PURE revenues for FY2008/9, on a 12 months pro-rated basis, were maintained at similar levels to the previous year. This was mostly due to the slow-down in the UK retail market being compensated by significant growth in the international markets. PURE was also able to retain its leadership position in the key existing categories as well as to launch significant new models to strengthen its line-up including the new Flow family of internet-connected products.

The established markets in Switzerland, Denmark and Norway, and most recently initial shipments in Australia and Germany have shown good growth. International sales represented over 20% of PURE revenues for the financial year compared to less than 5% in the previous year. These markets show continued growth trends for the current financial year and beyond. With many countries including Germany and France having adopted or adopting the DAB family of standards backed by clear government switch-over plans it is now evident that the transition from analogue to digital radio has begun in a global sense. Both Imagination, as the technology provider, and PURE, as the leading radio manufacturer, are set to take advantage of these trends.

The launch of PURE's well received Flow 'connected audio' family and the associated internet portal, thelounge.com, have opened up further significant opportunities in both DAB and non-DAB countries as such products take advantage of Wi-Fi and internet connectivity. The EVOKE Flow, the most successful radio which supports DAB, internet and legacy FM capabilities, has won over 30 awards including the prestigious What Hi-Fi Sound & Vision 'Radio Product of the Year 2008'. Significantly, its advanced features, user friendly user interface, sound quality and unique design style meant that this product was able to achieve number one position in the market within two months of launch, a position it has strongly maintained.

In time for the Christmas season, PURE also launched a range of new products including: EVOKE-2S, PURE's best sounding radio so far; the luxurious EVOKE Mio range of leather and suede effect radios;

and AVANTI Flow, a high quality next-generation digital audio system with iPod connectivity. In May 2009, PURE launched the world's first "Works with iPhone" DAB micro system – the Sirocco 150 – a fully featured DAB/FM digital sound system with CD, SD, USB and iPod dock.

The highly efficient energy-saving PURE radios offer significant eco-friendly features. According to the Energy Saving Trust, "running four PURE Energy Saving Recommended radios will use less electricity than one low energy light bulb on for the same time". Ten PURE products have now been recommended by the Energy Saving Trust, a message which is being promoted in a trade and consumer campaign running from June to Christmas.

The launch of the Digital Britain report delivered a plan for digital switchover by 2015 which PURE supports and which we see as indicative of rising support for digital radio not just in the UK but across Europe. The report also highlighted the need to address the in-car DAB market, and explicitly mentioned the PURE Highway as the type of product needed to address the automotive installed base. The report also outlined plans for infrastructure investment which should benefit the growth of connected audio and internet radio.

We have also begun to see some improvements in the business environment with revenue growth of over 50% for Q4 of the last financial year (Feb-March 2009) compared to the same period a year ago when the recession effects were being strongly felt.

As a result of its continuing strong product line up and planned delivery of new technologies, PURE has once again maintained strong product ranging at key retailers in the UK and has been able to develop key overseas relationships in support of its strategy to develop its international business. These trends are seeing PURE playing a key role in the UK as well as other regions as the inevitable digital wave sweeps the radio industry and as the new connected products become a major new consumer product category.

The Group's investment in developing the internet and web services portal, thelounge.com, in support of its 'connected' radio and multimedia platform and its first deployment in the form of PURE Flow range is enabling the next generation of 'cloud-based' products and services. These connected technologies and services are considered of significant strategic importance to Imagination as a whole and not only in delivery of internet-based multimedia content but also for other connected services such as automation, security and remote health care.

Outlook

The record level of new order input during the FY2008/9, a period of tough macro-economic environment, gives the Board considerable confidence that Imagination's technologies will continue to be in-demand in the future. Whilst it is difficult to accurately forecast the timing and level of licensing revenues and the overall global economic uncertainty may have some impact on purchasing decision-making, Imagination is continuing to see an active pipeline of licensing opportunities. The significant carried-forward order-backlog, which was approximately 50% higher than last year, forms a strong basis for further progress during 2009/10.

The chip volume is expected to continue its growth for the next few years as the Group's technology deployment continues across many market segments. This will be driven by the increasing number and range of end-user products coming to market and the expected rapid growth in the emerging markets which its technologies are targeting. Imagination is targeting either very large markets undergoing a technology transition or are moderate to fast developing segments which provide a strong year-on-year growth opportunity given the quality and position of our partners.

PURE's leadership position with products based on the DAB family of standards and the new internet connected audio content, leave it in an unparalleled position to take advantage of the roll out of digital radio across all key platforms globally. Imagination is confident that, through its innovative and leading products, PURE will benefit from this growing commitment to digital audio and deliver growth over the medium term.

We are continuing to invest in a controlled and targeted manner to exploit fully the strong market positions and expand opportunities for both the Technology and the PURE businesses. The Group remains well placed for further growth based on its active licensing pipeline, expected chip volume ramp up and royalty growth, plus PURE exploiting its strong product line-up, new sales territories and a general improvement in the UK economy.

Whilst the macro economic volatility and its influence on consumer spending may still continue to have some impact in the short term on aspects of our development, the Board remains confident that the Group's solid progress will continue.

Hossein Yassaie
Chief Executive
24 June 2009

Preliminary Results for the year to 30 April 2009
CONSOLIDATED INCOME STATEMENT

	Year to 30 April 2009	Thirteen months to 30 April 2008
	£'000	£'000
Revenue	64,088	60,022
Cost of sales	(21,755)	(21,413)
Gross profit	42,333	38,609
Research and development expenses	(31,114)	(29,110)
Sales and administrative expenses	(8,100)	(7,997)
Write down on investment	(517)	-
Total operating expenses	(39,731)	(37,107)
Operating profit	2,602	1,502
Financial income	149	428
Financial expenses	(29)	(49)
Net financing income	120	379
Profit before tax	2,722	1,881
Taxation	5,404	383
Profit for the financial year/period attributable to equity holders of the parent	8,126	2,264
Earnings per share		
Basic	3.7p	1.0p
Diluted	3.5p	1.0p

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

	Year to 30 April 2009	Thirteen months to 30 April 2008
	£'000	£'000
Exchange differences on translation of foreign operations	116	30
Net change in fair value of available for sale investment	-	(3,422)
Deferred tax arising on available for sale investment	-	(757)
Total income and expense recognized directly in equity	116	(4,149)
Profit for the financial year/period attributable to equity holders of the parent	8,126	2,264
Total recognized income and expense for the financial year/period attributable to equity holders of the parent	8,242	(1,885)

CONSOLIDATED BALANCE SHEET

	At 30 April 2009 £'000	At 30 April 2008 £'000
Non-current assets		
Intangible assets	4,909	4,700
Property, plant and equipment	4,851	4,626
Investments	4,094	4,611
Other receivables	795	795
Deferred tax	5,460	-
	<u>20,109</u>	14,732
Current assets		
Inventories	3,723	5,129
Trade and other receivables	18,002	12,988
Cash and cash equivalents	14,574	7,241
	<u>36,299</u>	25,358
Total assets	<u>56,408</u>	40,090
Current liabilities		
Current portion of long term borrowings	(58)	(30)
Trade and other payables	(10,246)	(7,074)
	<u>(10,304)</u>	(7,104)
Non-current liabilities		
Deferred tax liability	(76)	(243)
Other interest bearing loans and long term borrowings	(430)	(500)
	<u>(506)</u>	(743)
Total liabilities	<u>(10,810)</u>	(7,847)
Net assets	<u>45,598</u>	32,243
Equity		
Called up share capital	22,839	21,926
Share premium account	53,435	50,937
Other capital reserve	597	597
Warrant reserve	826	826
Merger reserve	2,402	2,402
Revaluation reserve	2,235	2,235
Translation reserve	134	18
Retained earnings	(36,870)	(46,698)
Total equity attributable to equity holders of the parent	<u>45,598</u>	32,243

CONSOLIDATED CASH FLOW STATEMENT

	Year to 30 April 2009 £'000	Thirteen months to 30 April 2008 £'000
Cash flows from operating activities		
Profit after tax	8,126	2,264
Tax credit	(5,404)	(383)
Profit before tax	<u>2,722</u>	1,881
Adjustments for:		
Depreciation and amortisation	1,776	1,751
Net financing income	(120)	(379)
Share-based remuneration	1,766	1,318
Write down on investment	517	-
Operating cash flows before movements in working capital	<u>6,661</u>	4,571
Decrease/(increase) in inventories	1,406	(1,493)
Increase in receivables	(4,904)	(3,451)
Increase/(decrease) in payables	1,873	(572)
Cash generated/(absorbed) by operations	<u>5,036</u>	(945)
Interest paid	(31)	(49)
Taxes paid	(321)	(33)
Net cash flows from operating activities	<u>4,684</u>	(1,027)
Cash flows from investing activities		
Interest received	162	437
Acquisition of intangible assets	(722)	(456)
Acquisition of property, plant and equipment	(1,660)	(2,099)
Net cash used in investing activities	<u>(2,220)</u>	(2,118)
Cash flows from financing activities		
Proceeds from the issue of share capital	3,411	794
Repayment of borrowings	(40)	(28)
Net cash from financing activities	<u>3,371</u>	766
Net increase/(decrease) in cash and cash equivalents	5,835	(2,379)
Effect of exchange rate fluctuation	1,498	61
Cash and cash equivalents at the start of the period	7,241	9,559
Cash and cash equivalents at the end of the period	<u>14,574</u>	<u>7,241</u>

NOTES

1. The above Income Statement and Balance Sheets are an abridged statement of the full Financial Statements for the year to 30 April 2009 and the thirteen months to 30 April 2008, on which the reports of the Auditors, KPMG Audit PLC, are unqualified and which did not include a statement under Section 237(2) or 237(3) of the Companies Act 1985. The Financial Statements will be filed with the Registrar of Companies in due course. The 2008 Financial Statements have been filed with the Registrar of Companies.

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.

	Year to 30 April 2009 £'000	Thirteen months to 30 April 2008 £'000
Revenue		
Technology business	36,889	29,863
PURE Digital business	27,199	30,159
	64,088	60,022
Operating profit/(loss)		
Technology business	5,648	(97)
PURE Digital business	(3,046)	1,599
	2,602	1,502
Total assets		
Technology business	28,978	23,846
PURE Digital business	7,396	9,003
Unallocated assets	20,034	7,241
	56,408	40,090
Total liabilities		
Technology business	5,692	3,707
PURE Digital business	4,612	3,367
Unallocated liabilities	506	773
	10,810	7,847
Net asset analysis		
Technology business	23,286	20,139
PURE Digital business	2,784	5,636
Unallocated assets and liabilities	19,528	6,468
	45,598	32,243
Other segment items		
Capital expenditure		
Technology business	1,937	2,176
PURE Digital business	273	238
	2,210	2,414
Depreciation and amortisation		
Technology business	1,601	1,579
PURE Digital business	175	172
	1,776	1,751

Revenue is segmented by geographical area of sales as follows:

	Year to 30 April 2009 £'000	Thirteen months to 30 April 2008 £'000
Revenue		
United Kingdom and Europe	28,957	32,175
Asia	21,215	14,649
North America	13,888	12,334
Rest of the world	28	864
	64,088	60,022

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. The Directors do not propose the payment of a dividend (2008: Nil).

4. The tax credit for the year arises from the recognition in the year of £5,627,000 of previously unrecognized tax losses, partially offset by £223,000 of tax deducted at source on overseas earnings not recoverable in the year.

5. Earnings per share

The basic earnings per share for the financial periods reported have been calculated on the weighted average number of shares in issue as shown in the table below. The diluted earnings per share have been calculated on the weighted average number of shares potentially in issue.

	Year to 30 April 2009	Thirteen months to 30 April 2008
Profit attributable to shareholders	£8,126,000	£2,264,000
Weighted average number of shares in issue	222.6m	218.5m
Effect of dilutive shares: Employee Incentive Schemes	8.8m	11.7m
Weighted average number of shares potentially in issue	231.4m	230.2m

6. The Group's full Report and Financial Statements will be made available to shareholders by 23rd July 2009. Additional copies will be available from the Company's registered office, Imagination House, Home Park Estate, Kings Langley, Hertfordshire WD4 8LZ.

7. The Annual General Meeting of Imagination Technologies Group plc will be held at Imagination House, Home Park Estate, Kings Langley, Hertfordshire WD4 8LZ at 11.00 am on 14th August 2009.