

Imagination Technologies Limited

Directors' Report and Financial Statements

30 April 2013

Registered Number 1306335

MONDAY



A2OCIXL6

A37

30/12/2013

#42

COMPANIES HOUSE

Directors' report and financial statements

Contents	Page
Directors' report	1-5
Statement of directors' responsibilities	6
Independent auditor's report	7
Profit and loss account	9
Statement of total recognised gains and losses	9
Balance sheet	10
Notes	11-30

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2013

Principal activities and business review

The principal activities of the Company are to create and license market-leading processor solutions for graphics, video, display, embedded processing, multi-standard communications and connectivity, and cross-platform Video and Voice over IP. These silicon and software intellectual property ("IP") solutions for system-on-chip ("SoC") are complemented by an extensive portfolio of software drivers, developer tools and extensive market and technology-focused ecosystems.

The target markets include mobile phone, handheld multimedia devices, connected home consumer, mobile and tablet computing, in-car electronics, telecoms, health, smart energy and connected sensors and controllers. The Company's licensees include many of the world's leading semiconductor, network operator and electronics OEM/ODM companies.

The Company has two divisions. The Technology division is a semiconductor, software and cloud IP licensing business which provides market-leading multimedia and communications capabilities for complex SoC devices. The Pure division designs and manufactures innovative consumer products, using Imagination's technologies as a key differentiator alongside high quality product design.

The licensing activities led to a number of important licensing agreements or deal extensions involving around 20 customers and around 35 major IP licenses as well as a number of smaller deals and upgrades. The target markets for the deals closed during the year across our partners include mobile phone and tablets/mobile computing with both segments across high, mid and low-end categories, TV/STB, PMP/Camera, in-car navigation/dashboard, home connectivity and automation, digital radio and industrial/enterprise equipment. There was a strong increase in chip unit shipments from 325m to 535m units, with royalty revenues up 41% for the period.

Pure continued to be held back by the general economic pressure on consumer spending. The UK market was very tight during the second half and the international markets were mixed with reasonable performance in Switzerland and Germany and more muted performance in Australia and Scandinavia. 35% (2012: 36%) of Pure's revenue came from international markets. We do expect to see significant financial improvement in this business in the medium term driven by new innovative and market driving products and the general economic improvements.

Several key products were launched during the last financial year. Ground-breaking Pure wireless streaming products were launched in the Jongo multiroom music system family. Other recent products include the Avalon 300R Connect Freeview+ HD Digital TV recorder with full support for Pure cloud services, second generation Pure Connect iPad app and Pure Connect website (formerly The Lounge) and the Move 400D portable digital radio. Jongo S3 and Avalon have been very well received and both have received prestigious What Hi-Fi? Sound and Vision 5 star awards. In addition a number of strategic initiatives are well underway and these include Pure's direct to consumer initiative with Universal Music UK, aftermarket digital radio adapter supply to the VW group and ongoing engagements supporting the Flow cloud connectivity programme including advanced engagement with Onkyo Corporation.

The Company's investment in developing the Flow technology and associated cloud client and portal technologies, which form the basis of the Pure Connect portal and, in collaboration with ecosystem partners, enable services such as Pure Music, a key and strategic activity that Pure is helping to drive

The results for the period are shown on page 9, amounts transferred to reserves are given in note 19 to the financial statements. The directors do not recommend payment of a dividend for the period ended 30 April 2013 (2012: £nil)

The key performance indicators used in the business are summarised below

	Year ended 30 April 2013	Year ended 30 April 2012	%
Technology business			
Licensing revenue	£25.5m	£33.8m	(25%)
Partner chip design wins	158	136	16%
Partner chips shipping	84	60	40%
Partner chips shipped (units)	535m	325m	65%
Royalty revenue	£89.3m	£63.5m	41%
Pure business			
Revenue	£25.7m	£29.3m	(12%)
Operating profit	(£7.6m)	(£4.4m)	(73%)

Principal activities and business review

	Year ended 30 April 2013	Year ended 30 April 2012	%
Company			
Revenue	£140.5m	£126.6m	11%
Gross profit	£120.2m	£105.5m	14%
Profit before taxation	£22.8m	£35.0m	(35%)
Net cash	£13.3m	£64.9m	(80%)

Principal risks and uncertainties

There are a number of risks and uncertainties which could impact the Company's performance. The Company 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 49 within the Imagination Technologies Group plc Annual Report. The Company 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 licence agreements with partners and the timing and volume of products incorporating the Company's technology shipped by our partners. The Company seeks to reduce this risk by both broadening the number of partners who utilize the Company's technology as well as widening the number of market segments that are targeted by the Company's partners. For the Pure business, these factors also include the rate

of adoption of digital radio and other product technologies worldwide and the continuation of the supply of products from Chinese manufacturers. The Company has mitigated the latter by spreading the manufacture of the Company's products across a number of manufacturers in order to reduce the reliance on any one manufacturer.

The Company operates in fast moving competitive marketplaces characterized by rapid changes in technology. The Company's result will be impacted by the introduction of new technologies and products by the Company and by the Company's competitors as they respond to these changes in technology. In order to mitigate risk, the Company holds 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 Company's performance. Whilst the Company 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 Company's authorization. The Company mitigates the risk by filing patents, trademarks and registered designs as appropriate to protect its intellectual property and through monitoring technologies promoted by third parties.

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

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

Research and development

The Company spent £67,072,000 (2012: £51,904,000) on research and development and advanced technology projects.

Donations

During the period, the Company made donations for charitable purposes of £3,643 (2012: £3,785). There were no political donations during the period.

Employees

The Company acknowledges the importance and contribution of its employees and as a global business values people from all cultures, nationalities, races, religions, and ethnicities regardless of

characteristics such as age, gender, disability or sexual orientation. There is great demand for highly qualified staff within the Company and disability is not seen as an inhibitor to employment or career development. In a situation where an employee becomes disabled during their employment the Company, wherever possible, will provide assistance to allow them to continue in their existing role or adapt if necessary or offer training for another position.

Across the Company there is considerable value placed on the involvement of employees in the decision making process. To this end regular departmental meetings are held to discuss strategy and future developments and any significant outputs are then fed back to senior management. This helps the flow of ideas through the Company and allows employees to see their contributions are valued.

Employee engagement with the whole Company is highly prioritised and there are a number of communication channels in place to help employees develop their knowledge of the business. These channels include regular presentations by the CEO and CFO to staff covering the Company's performance, strategy, vision and operational developments. There is a quarterly Company magazine, namely 'Imagineer' which is used to report events and activities to all employees worldwide, covering things like the opening of new offices around the globe, introducing new starters to the Company, arrival of children of employees and retirement tributes to employees.

Furthermore employee ownership is encouraged via the Company's global share schemes. The Company runs an employee share plan and all employees globally receive share awards on a bi-annual basis. A Save As You Earn ("SAYE") scheme has been operating in the UK since 2001 and employees are given the opportunity to participate annually. The Company believes shares are a key tool to motivate and retain employees.

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 day's billings from suppliers outstanding to the Company at 30 April 2013 was 42 days (2012: 43 days).

Directors

The directors who held office during the period were as follows -

H Yassaie
R Smith

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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office

By order of the Board

A handwritten signature in black ink, appearing to read 'A Llewellyn', written in a cursive style.

A Llewellyn
Secretary

Imagination House
Home Park Estate
Kings Langley
Hertfordshire
WD4 8LZ

6 December 2013

Statement of Directors' Responsibilities in respect of the Director's Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility 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

Independent auditor's report to the member of Imagination Technologies Limited

We have audited the financial statements of Imagination Technologies Limited for the year ended 30 April 2013 set out on pages 9 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

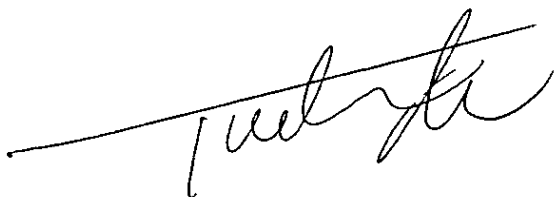
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'Tudor Aw', is written over a horizontal line.

Tudor Aw (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

6 December 2013

Imagination Technologies Limited
Directors' Report and Financial Statements
30 April 2013

Profit and loss account

	Note	Year to 30 April 2013 £'000	Year to 30 April 2012 £'000
Turnover	2	140,523	126,557
Cost of sales		<u>(20,309)</u>	<u>(21,014)</u>
Gross profit		120,214	105,543
Research and development expenses		(67,072)	(51,904)
Sales and administrative expenses		(23,346)	(19,153)
Acquisition related costs		(2,950)	-
(Loss) / gain on investment		<u>(3,917)</u>	<u>677</u>
Total operating expenses		(97,285)	(70,380)
Operating profit	3	22,929	35,163
Net interest payable	6	<u>(88)</u>	<u>(129)</u>
Profit on ordinary activities before taxation		22,841	35,034
Taxation charge on profit on ordinary activities	7	<u>(5,182)</u>	<u>(4,467)</u>
Profit for the financial year		<u>17,659</u>	<u>30,567</u>

During the period all operations arose from continuing operations. There is no difference between the total reported result for the period and that on a historical cost basis. The notes on pages 11 to 30 form part of these financial statements.

Statement of total recognised gains and losses

	Year to 30 April 2013 £'000	Year to 30 April 2012 £'000
Profit for the financial year	17,659	30,567
Change in fair value of assets classified as available for sale	<u>-</u>	<u>866</u>
Total gain recognised since last annual report	<u>17,659</u>	<u>31,433</u>

Imagination Technologies Limited
Directors' Report and Financial Statements
30 April 2013

Balance sheet
as at 30 April 2013

	Note	As at 30 April 2013 £'000	As at 30 April 2012 £'000
Fixed Assets			
Intangible assets	8	3,132	1,219
Tangible assets	9	43,078	24,707
Investments	10	18,889	13,162
Deferred Tax	15	<u>6,707</u>	<u>10,458</u>
		71,806	49,546
Current assets			
Stock and work in progress	11	7,675	5,416
Debtors	12	73,820	49,793
Cash at bank and in hand		<u>13,321</u>	<u>64,885</u>
		94,816	120,094
Creditors: amounts falling due within one year	13	<u>(69,642)</u>	<u>(96,434)</u>
Net current assets/liabilities		25,174	23,660
Total assets less current liabilities		96,980	73,206
Creditors: amounts falling due after more than one year	14	<u>-</u>	<u>(5,031)</u>
Net assets		96,980	68,175
Capital and reserves			
Called up share capital	16	14,161	14,161
Revaluation reserve	17	586	586
Profit and loss account	18	<u>82,233</u>	<u>53,428</u>
Shareholders' funds	19	96,980	68,175

The notes on pages 11 to 30 form part of these financial statements. These financial statements were approved by the board of directors on 6 December 2013 and were signed on its behalf by



R Smith
Director

Notes (forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been consistently applied throughout the period except as noted below

Basis of preparation

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

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 s400 of the Companies Act 2006 from the requirement to prepare group financial statements. 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

Revenue is recognised to the extent that the economic benefits associated with the transaction will flow into the Company.

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 associated with rights in licence agreements to unspecified current and future products is recognised on a straight-line basis over the term of the arrangement.

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 is probable that the economic benefits associated with the transaction will flow to the Company, taking into account these criteria, revenue is not recognised until there is sufficient evidence that it is probable that the economic benefit associated with the transaction will flow into the Company.

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, discounts and returns. Returns are recognised at the point at which the Company has adequate knowledge that products are likely to be returned by a customer.

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 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

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

Share based payment transactions

The share option programmes and the share incentive arrangements allow Company employees to acquire shares of Imagination Technologies Group plc. 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 market-based performance not meeting the threshold for vesting.

Where the parent company, Imagination Technologies Group plc, grants options over its own shares to the employees of its subsidiaries 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. The subsidiary company, Imagination Technologies Limited, recognises the FRS 20 charge relating to its employees as a charge to the profit and loss account in the period with a corresponding credit being recognised as a capital contribution directly in equity. No reimbursement is made to Imagination Technologies Group plc by Imagination Technologies Limited in relation to these share based payments

Taxation

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

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. Deferred tax assets are reduced to the extent that it is no longer possible that the related tax benefit will be realised.

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 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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

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.

Trade investments

Trade investments are classified as available for sale and are stated on the balance sheet at the fair value at the balance sheet date, with any gain or loss being recognized directly in the statement of comprehensive income. Impairment losses and gains or losses on initial recognition are recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in income statement.

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.

The Group is exposed to equity securities price risk on available for sale financial assets. As there can be no guarantee that there will be a future market for securities or that the value of such investments will rise, the directors evaluate each investment opportunity on its merits before committing the Group's funds. The directors review holdings in such companies on a regular basis to determine whether continued. 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 recognized in the income statement. Any cumulative gain or loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the income statement.

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

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 amortized 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 recognized in the income statement. Any cumulative gain or loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the income statement.

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

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 Consolidated 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 amortized cost using the effective interest method, less any impairment losses.

2. Revenue and segmental analysis

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

		2013 <u>£'000</u>	2012 <u>£'000</u>
Revenue			
Technology business		114,792	97,299
Pure business		<u>25,731</u>	<u>29,258</u>
		140,523	126,557
Operating Profit			
Technology business		114,023	39,508
Pure business		<u>6,191</u>	<u>(4,345)</u>
		120,214	35,163
Total assets			
Technology business		104,096	84,140
Pure business		10,863	10,113
Unallocated assets		<u>51,663</u>	<u>75,387</u>
		166,622	169,640
Total liabilities			
Technology business		65,410	91,724
Pure business		4,232	4,711
Unallocated liabilities		<u>-</u>	<u>5,030</u>
		69,642	101,465
Other segment items			
Capital expenditure	Technology business	22,593	11,549
	Pure business	<u>1,443</u>	<u>290</u>
		24,036	11,839
Depreciation and amortisation	Technology business	3,417	2,535
	Pure business	<u>313</u>	<u>378</u>
		3,730	2,913

Revenue is segmented by geographical area of sales as follows

	2013 <u>£'000</u>	2012 <u>£'000</u>
United Kingdom and Europe	30,904	32,807
Asia	28,865	29,410
North America	79,536	62,029
Rest of world	<u>1,218</u>	<u>2,311</u>
	<u>140,523</u>	<u>126,557</u>

All revenue originated from the United Kingdom and Europe

3. Operating profit

	2013 <u>£'000</u>	2012 <u>£'000</u>
Operating profit is stated after charging:		
Depreciation and amortisation of owned tangible and intangible assets	3,730	2,913
Operating lease rentals		
Other operating leases	7,002	5,688
Foreign exchange loss/(gain)	1,253	(203)
 Auditor's remuneration		
Audit of these financial statements	60	54
Other assurance services	4	-

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, 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 in the consolidated financial statements of the Company's parent, Imagination Technologies Group plc

4. Directors' Emoluments

	2013 <u>£'000</u>	2012 <u>£'000</u>
Directors' emoluments	<u>952</u>	<u>796</u>

Remuneration includes pension contributions of £75,000 (2012: £67,000) 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, Imagination Technologies Group plc, was disclosed in the report and financial statements of that group

The emoluments of the highest paid director was £630,000 (2012: £546,000), which included pension contributions of £51,000 (2012: £43,000)

5. Staff numbers and costs

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

	Number of employees	
	<u>2013</u>	<u>2012</u>
Research and development	644	516
Production	45	41
Administration	80	64
Marketing	76	70
	<u>845</u>	<u>691</u>

The aggregate payroll costs of these persons were

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	32,971	26,784
Share based payments	11,146	8,898
Social security costs	3,596	2,929
Pension costs	2,127	2,480
	<u>49,840</u>	<u>41,091</u>

Included in the charge for the share based payments of £11,146,000 (2012: £8,898,000) is £nil (2012: £nil) in respect of the share appreciation rights. Complete information on the share incentives and shares held by directors is set out on the Director's Remuneration Report within the Imagination Technologies Group plc Annual Report on pages 59-65.

6. Net interest payable

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Interest receivable	14	1
Less interest payable		
Amounts payable on bank loans and overdrafts	<u>(102)</u>	<u>(130)</u>
	<u>(88)</u>	<u>(129)</u>

7. Taxation

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Analysis of the tax charge in the period		
Current tax:		
Foreign tax	1,431	1,241
Deferred tax:		
Origination and reversal of timing differences	3,936	2,336
Effect of changes in tax rate on opening balance	36	106
Effect of changes in tax rate on closing balance	268	784
Adjustments in respect of prior periods	<u>(489)</u>	<u>-</u>
Total deferred tax charge	3,751	3,226
Total tax charge	<u>5,182</u>	<u>4,467</u>
Reconciliation of the notional tax charge at UK standard rate to the actual tax charge:		
Profit on ordinary activities before taxation	22,841	35,034
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.9% (2012 25.8%)	5,459	9,039
Effects of		
Permanent differences	(1,523)	(6,591)
Effect of tax rate change	304	890
Adjustments in respect of prior periods	(489)	(112)
Withholding tax	<u>1,431</u>	<u>1,241</u>
Tax charge for the period	<u>5,182</u>	<u>4,467</u>

8. Intangible fixed assets

	Patents & Trademarks	
	2013	2012
	<u>£'000</u>	<u>£'000</u>
<i>Cost</i>		
At beginning of year	4,561	4,025
Additions	<u>2,714</u>	<u>536</u>
At 30 April	<u>7,275</u>	<u>4,561</u>
<i>Amortisation</i>		
At beginning of year	3,342	2,919
Charged in year	<u>801</u>	<u>423</u>
At 30 April	<u>4,143</u>	<u>3,342</u>
<i>Net Book Value</i>		
At 30 April 2013 and 30 April 2012	<u>3,132</u>	<u>1,219</u>

9. Tangible fixed assets

	Freehold Land and Buildings	Leasehold improvements	Plant and equipment	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<i>Cost</i>				
At 1 May 2012	18,880	3,373	22,292	44,545
Additions	17,065	260	3,997	21,322
Disposals	<u>-</u>	<u>(406)</u>	<u>(52)</u>	<u>(458)</u>
At 30 April 2013	<u>35,945</u>	<u>3,227</u>	<u>26,237</u>	<u>65,409</u>
<i>Depreciation</i>				
At 1 May 2012	518	1,999	17,321	19,838
Charge for year	444	330	2,155	2,929
Disposals	<u>-</u>	<u>(398)</u>	<u>(38)</u>	<u>(436)</u>
At 30 April 2013	<u>962</u>	<u>1,931</u>	<u>19,438</u>	<u>22,331</u>
<i>Net book value</i>				
At 30 April 2013	<u>34,983</u>	<u>1,296</u>	<u>6,799</u>	<u>43,078</u>
At 30 April 2012	<u>18,362</u>	<u>1,374</u>	<u>4,971</u>	<u>24,707</u>
			2013	2012
			<u>£'000</u>	<u>£'000</u>
The net book value of freehold land and buildings comprises				
Land			9,349	5,072
Buildings			<u>25,634</u>	<u>13,290</u>
			<u>34,983</u>	<u>18,362</u>

10. Investments

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Shares in subsidiary undertakings		
Cost at beginning of year	<u>1,835</u>	<u>1,835</u>
	1,835	1,835
Provision for diminution in value at 1 April	<u>(1,658)</u>	<u>(1,658)</u>
Net book value of subsidiary undertakings at 30 April	<u><u>177</u></u>	<u><u>177</u></u>
Trade investment		
Cost and net book value at beginning of year	12,985	5,717
Additions	12,767	5,724
Disposals	(3,123)	-
(Loss)/gain on investment	(3,917)	677
Movement in revaluation reserve	-	867
Net book value of trade investments	<u>18,712</u>	<u>12,985</u>
Total net book value of investments	<u>18,889</u>	<u>13,162</u>

The investments relate to the Group's holdings in Toumaz Limited ('Toumaz'), GreenPlug, Inc ('Greenplug'), Audioboo Limited ('Audioboo'), Orca Systems, Inc ('Orca'), Blu-Wireless, UBC Media Group Plc ('UBC'), 7digital Group, Inc ('7digital') and Ineda Systems, Inc ('Ineda')

Frontier Silicon ('Frontier') – At the previous balance sheet date, the Group held a loan note issued by Frontier with a value of £795,000. This loan note was repaid to the Group during the year.

The Group's equity investment in Frontier was held at £nil at the previous balance sheet date. During the year, Toumaz purchased the Group's holding in Frontier through a share exchange. The fair value of the Toumaz shares received at the date of exchange was £2,057,000 and this generated a gain on the investment in Frontier which has been recognized in the Consolidated Income Statement.

Toumaz – The Group received shares in exchange for its holding in Frontier. The fair value of these shares was £2,057,000. The Group further increased its holding in Toumaz by investing £794,000 in cash. The fair value of these shares acquired at the acquisition date was £678,000 which generated a loss on investment of £116,000. This loss has been recognized in the Consolidated Income Statement during the year. At the balance sheet date, the Group's investment in Toumaz was valued at £6,795,000 (2012: £9,338,000) by reference to the quoted share price of Toumaz at the reporting date. Investment in Toumaz was written down by £5,278,000 to reflect its share price at year-end. £599,000 has been recorded within other comprehensive income as a reversal of a previous fair value increase, and £4,679,000 has been recorded in the Consolidated Income Statement reflecting an impairment in the cost of the original investment.

GreenPlug – During the year, the Group made a further investment in GreenPlug of £929,000. This comprised a cash investment of £309,000 and the provision of licenced deliverables totalling £620,000. At the balance sheet date, a £401,000 increase in the value of the investment due to foreign exchange movement has been recognized as a change in fair value of available for sale investments in the Consolidated Statement of Comprehensive Income. Due to delays in the commercial exploitation of the

technology a provision for impairment of £1,000,000 has been recognized in the Consolidated Income Statement reflecting the decrease in the fair value of the investment. The carrying value of the investment in Greenplug at the balance sheet date is £2,500,000.

Audioboo – During the year the Group increased its holding in Audioboo by acquiring 85,859 shares for £170,000 in a funding round. By reference to this funding round the Group's holding in Audioboo was valued at £347,000 (2012: £251,000). The £75,000 reduction in the fair value as at disposal has been recognized in the Consolidated Income Statement during the year. Subsequently UBC purchased the Group's entire holding in Audioboo for consideration of shares in UBC. The fair value of the shares received was £272,000. The £75,000 loss on disposal of Audioboo has been recognized in the Consolidated Income Statement during the year.

UBC – The Group received shares with a fair value of £272,000 in exchange for its holding in Audioboo. The Group then made a further cash investment of £342,000 in UBC during the year. The fair value of these shares acquired was £28,000 less than the consideration paid resulting in a loss on investment that has been recognized in the Consolidated Income Statement. At the balance sheet date a gain of £77,000 created as a result of the movement in UBC's share price has been recognized as a change in fair value of available for sale investments in the Consolidated Statement of Comprehensive Income. The carrying value of the investment in UBC at the balance sheet date is £663,000.

Orca – During the year the Group further invested in Orca through the purchase of a convertible promissory note for £132,000. At the balance sheet date an £18,000 increase in the value of the investment due to foreign exchange movements resulted in a carrying value of £580,000. The £18,000 increase has been recognized as a change in fair value of available for sale investments in the Consolidated Statement of Comprehensive Income.

7digital – During the year the Group made a cash investment of £4,330,000 in 7digital. At the balance sheet date a £184,000 increase in the value of the investment due to foreign exchange movements resulted in a carrying value of £4,514,000. The £184,000 increase has been recognized as a change in fair value of available for sale investments in the Consolidated Statement of Comprehensive Income.

Blu-Wireless – The Group's investment in Blu-Wireless remains at £nil (2012: £nil).

Ineda – During the year, the Group made a £3,740,000 investment in Ineda. This comprised a cash investment of £1,322,000 when purchasing a convertible promissory note, and the provision of licenced deliverables totalling £2,418,000 which Ineda settled by issuing equity shares. At the balance sheet date an £81,000 decrease in the value of the investment due to foreign exchange movements resulted in a carrying value of £3,659,000. The £81,000 decrease has been recognized as a change in fair value of available for sale investments in the Consolidated Statement of Comprehensive Income.

Imagination Technologies Limited
Directors' Report and Financial Statements
30 April 2013

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
Imagination Technologies, Inc	USA	Ordinary	100%
Imagination Tech , Inc	USA	Ordinary	100%
Imagination Technologies NZ Limited	New Zealand	Ordinary	100%
Imagination Technologies GmbH	Germany	Ordinary	100%
Metagence Technologies Limited (Dormant)	UK	Ordinary	100%
Pure Digital Limited (Dormant)	UK	Ordinary	100%
Bristol Interactive Limited (Dormant)	UK	Ordinary	100%
Imagination Technologies India Private Limited	India	Ordinary	99%
Pure Australasia Pty Limited	Australia	Ordinary	100%

11. Stock and work in progress

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Raw materials and components	1,036	252
Finished goods	<u>6,639</u>	<u>5,164</u>
	<u>7,675</u>	<u>5,416</u>

12. Debtors

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Trade debtors	30,733	24,636
Prepayments and accrued income	17,148	14,155
Amounts owed by subsidiary undertakings	18,916	9,597
Amounts owed by fellow subsidiary undertaking	4,935	-
Other debtors	<u>2,088</u>	<u>1,405</u>
	<u>73,820</u>	<u>49,793</u>

13. Creditors: amounts falling due within one year

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Bank loan	-	496
Trade creditors	5,414	5,320
Amounts owed to parent undertaking	39,789	71,334
Amounts owed to subsidiary undertakings	-	132
Amounts owed to fellow subsidiary undertaking	7,482	2,999
Taxation and social security	1,392	1,501
Accruals and deferred income	<u>15,565</u>	<u>14,652</u>
	<u>69,642</u>	<u>96,434</u>

14. Creditors: amounts falling due after one year

	2013 <u>£'000</u>	2012 <u>£'000</u>
Long-term loan	<u>-</u>	<u>5,031</u>

The maturity of obligations under the loan is as follows:

	2013 <u>£'000</u>	2012 <u>£'000</u>
Within one year	-	496
In the second to fifth years	-	5,031
Over five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>5,527</u>

In February 2013, the parent company Imagination Technologies Group plc drew down a \$48,000,000 term loan which was used to part fund the acquisition of MIPS Technologies Inc. As part of the re-negotiation of the Group's banking facilities which occurred during the year, the two bank loans disclosed in the prior year were repaid in full.

15. Deferred taxation

The amounts recognised as a deferred tax asset are

	2013 <u>£'000</u>	2012 <u>£'000</u>
Capital allowances	299	(1,848)
Short term timing differences	115	132
Share incentive	4,464	2,433
Trading losses	<u>1,829</u>	<u>9,741</u>
	<u>6,707</u>	<u>10,458</u>

16. Called up share capital

	2013 <u>£'000</u>	2012 <u>£'000</u>
<i>Authorised</i>		
15,000,000 (2012: 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 (2011: 14,161,291) ordinary shares of £1 each	<u>14,161</u>	<u>14,161</u>

17. Revaluation reserve

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Opening balance	586	(280)
Change in fair value of assets classified for sale	<u>-</u>	<u>866</u>
Closing balance	<u>586</u>	<u>586</u>

18. Profit and loss account

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Opening balance	53,428	13,963
Profit for the financial year	17,659	30,567
Share based incentives	<u>11,146</u>	<u>8,898</u>
Closing balance	<u>82,233</u>	<u>53,428</u>

19. Reconciliation of movements in shareholders' funds

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Profit for the financial year	17,659	30,567
Change in fair value of assets classified for sale	-	866
Share based incentives	<u>11,146</u>	<u>8,898</u>
Net increase to shareholders' funds	<u>28,805</u>	<u>40,331</u>
Opening shareholders' funds	<u>68,175</u>	<u>27,844</u>
Closing shareholders' funds	<u>96,980</u>	<u>68,175</u>

20. Commitments

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

	2013	2012
	<u>£'000</u>	<u>£'000</u>
Authorised and contracted	<u>14,535</u>	<u>7,152</u>

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

	2013		2012	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Operating leases which expire				
Within one year	308	440	28	183
In two to five years	1,945	1,025	869	4,104
Over five years	-	-	-	-
	<u>2,253</u>	<u>1,465</u>	<u>897</u>	<u>4,287</u>

21. Employee Benefits

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 £2,127,000 (2012 £2,480,000) 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 period.

The Company has share option schemes, and an Employee Share Plan in the shares of the parent company, Imagination Technologies Group plc. During the year ended 30 April 2013, the Company recognised an expense of £11,146,000 (2012 £8,898,000) in respect of outstanding share awards and employee share plan awards granted from 7 November 2002 onwards. 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.

Share options

The following options in shares of Imagination Technologies Group plc 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 30 April 2013.

Year of Issue	Outstanding at 30 April 2013	Exercise price	Date from which first exercisable	Expiry Date
2003	32,500	60p	2006	2013
2003	1,500	34.5p	2006	2013
2004	26,500	82p	2007	2014
2005	483,715	64.25p	2008	2015
2005	313,025	67.5p	2008	2015
2006	*25,000	55p	2009	2016
2009	1,544	139.0p	2012	2013
2010	328,981	305.2p	2013	2014
2011	388,185	366.2p	2014	2015
2012	391,428	381.2p	2015	2016
Sub-total of options with exercise price	1,992,378			

Imagination Technologies Limited
Directors' Report and Financial Statements
30 April 2013

Year of Issue	Outstanding at 30 April 2013	Exercise price	Date from which first exercisable	Expiry Date
2011	821,136	0p	2011	2016
2011	1,398,983	0p	2014	2019
2012	1,400,602	0p	2015	2020
2012	1,000	0p	2013	2018
2012	1,000	0p	2014	2019
2012	1,000	0p	2015	2020
2012	50,210	0p	2015	2017
2012	222,256	0p	2015	2020
Sub-total of nil cost options	3,896,187			
	5,888,565			

* Options granted under the Long Term Incentive Plan

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

	Weighted average exercise price 2013	Number of options 2013	Weighted average exercise price 2012	Number of options 2012
Outstanding at the beginning of the period	147p	2,796,975	82p	4,991,729
Exercised during the period	87p	(1,160,220)	53p	(2,411,932)
Granted during the period	381.2p	395,045	355p	413,982
Lapsed during the period	254p	(39,422)	191p	(76,804)
Outstanding at the end of the period	216p	1,992,378**	143p	2,916,975
Exercisable at the end of the period	65p	882,240	53p	1,591,793

**Excludes 4,013,452 nil cost options Movements of which are shown with share awards below

The weighted average share price during the period was 491 44p (2012 488 94p)

The options outstanding at the year-end have an exercise price in the range of 0p to 381 2p and a weighted average contractual life of 1 6 years

Employee Share Plan

The following awards in shares of Imagination Technologies Group plc have been granted under the Imagination Technologies Employee Share Plan and remain outstanding at 30 April 2013

Year of Issue	Outstanding at 30 April 2013	Date from which first exercisable	Expiry Date
2009	1,564,128	2012	2019
2009	2,250,000	2012	2014
2010	968,528	2013	2013
2011	1,639,879	2014	2014
2012	1,220,224	2015	2022
2013	61,381	2016	2023
	7,722,140		

As at 30 April 2013, 1,763,940 shares (2012 3,600,600) were held by the Group's Employee Benefit Trust

The Company has share option schemes and an Employee Share Plan (ESP). The Company aims to ensure that individuals are fairly rewarded for their contribution to the success of the Company. Share options are no longer being granted, with the focus of incentives turning to bi-annual awards under the ESP 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 Awards granted in 2009, 2010 and April 2011 under the ESP have no performance conditions attached to them. In the latter part of 2011 the Company decided that all new share grants should have 50% performance conditions (100% for executives), and that the level of vesting will depend on the percentage growth in the price of a share in the Company compared to the percentage growth of the FTSE techMARK All-Share Index over the three year period commencing on the Date of Grant. The awards granted to all employees in June 2012 (1,730,561 outstanding awards as at 30 April 2013) and December 2012 (1,461,994 awards as at 30 April 2013) have the 50% performance conditions attached. Executives were granted awards in the year with 100% performance conditions with the level of vesting based on the percentage growth in the price of a share in the Company compared to the percentage growth of the FTSE techMARK Index over the three year period commencing on the Date of Grant, the awards granted to executives and outstanding as at 30 April 2013 were 61,381. The awards under the ESP are granted at market value whilst SAYE options have been issued at a 20% discount to market value. The SAYE scheme does not have performance conditions.

In accordance with FRS 20, 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.

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 plans.

Imagination Technologies Limited
Directors' Report and Financial Statements
30 April 2013

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

Date of share option grant	Dec 2005	Jun 2006	Sep 2007	Sep 2008	Oct 2009	Oct 2010
Share price at grant date (pence)	67.5	55	113	69.5	210	432
Exercise price (pence)	84-101	69-82	-	-	-	-
Expected volatility	60.0%	60.0%	41.0%	46.0%	63.0%	64.0%
Risk free interest rate	4.4%	4.5%	5.8%	4.4%	1.7%	0.8%
Time to maturity (years)	5	5	3	3	3	3
Fair value per option (pence)	34.4	28.0	44.5	31.2	118	235

Date of share option grant	Oct 2011	Oct 2012	Oct 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013
Share price at grant date (pence)	457.8	456.6	456.6	456.6	467.0	409.2	464.5
Exercise price (pence)	-	-	-	-	381.2	-	51.1%
Expected volatility	62.4%	54.4%	54.0%	51.1%	51.0%	50.7%	0.45%
Risk free interest rate	0.51%	0.26%	0.26%	0.32%	0.35%	0.39%	3
Time to maturity (years)	3.25	1	2	3	3.25	3	264.0
Fair value per option (pence)	243.9	289.1	321.3	343.5	233.0	300.8	

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

Date of ESP grant	Oct 2009	Dec 2009	Oct 2010	Oct 2010	Apr 2011	Oct 2011
Share price at grant date (pence)	208	228	435	435	435	428.1
Expected volatility	63.0%	59.0%	-	-	-	36.0%
Risk free interest rate	1.7%	2.2%	-	-	-	0.87%
Time to maturity (years)	3	3	3	3	3	3
Fair value per option (pence)	156.3	145.0	435	435	435	356.2

Date of ESP grant	Jun 2012	Oct 2012	Oct 2012	Oct 2012	Dec 2012
Share price at grant date (pence)	466.6	456.6	456.6	456.6	409.2
Expected volatility	51.2%	54.4%	54.0%	51.1%	50.7%
Risk free interest rate	0.38%	0.26%	0.26%	0.32%	0.39%
Time to maturity (years)	3	1	2	3	3
Fair value per option (pence)	333.6	289.1	321.3	343.5	300.8

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

Share-based payments for the year

Share-based payments for the current and prior year are:

Year of award	2013 £'000	2012 £'000
2006/7	-	2
2008/9	-	326
2009/10	1,819	3,024
2010/11	4,547	3,606
2011/12	2,096	1,940
2012/13	2,684	-
	11,146	8,898

The future estimated expense for share award schemes outstanding at 30th April 2013 is

	2013 £'000	2012 £'000
To be incurred in one year	10,344	9,468
To be incurred after one year	6,790	7,718
	17,134	17,186

22. 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)

23. Post balance sheet events

There have been no post balance sheet events.

24. 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, or at www.imgtec.com