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IMAGINATION TECHNOLOGIES AND DIGITAL ONE ANNOUNCE MAJOR STEP IN DIGITAL RADIO EVOLUTION

New Technology Will Enable Low Cost And Personal Digital Radios

Imagination Technologies Group plc (LSE: IMG), the leading provider of human computer interface intellectual property (IP), and Digital One, the UK's only national commercial digital radio network, today announced a strategic agreement that will lead to lower cost and more widely available digital radios.

The two companies are working together and investing in the joint development and marketing of a low power, low cost, Digital Base-band (DBB) chip and digital receiver module, which will constitute the heart of future portable digital radio receivers. These will be integrated in personal stereos and consumer entertainment units including CD players, mini-systems and hi-fis and will also enable DAB to be included in handheld devices like mobile phones, MP3 players and PDAs. The new DBB chip and receiver module designs will be available for sale and licensing to manufacturers of digital radio equipment worldwide.

Imagination Technologies will integrate all the elements required for manufacturers to make available a cost effective family of digital radios, making digital radio affordable for all users. It is expected that this will enable digital radios to be sold for under £150 within the year, with an expectation that the critical sub-£100 price point will become possible.

This will enable digital radios to be available for the first time as personal stereos as well as hi-fi and in-car systems.

This partnership utilises revolutionary multi-threaded DSP core technologies developed by Imagination Technologies and DAB (Digital Audio Broadcast) technology from its Enigma Technologies division.

Imagination Technologies, a pioneer and leader in digital radio technology, and Digital One, the leading UK commercial digital radio network form a strong strategic partnership combining innovative multimedia technology and digital broadcasting experience.

Says Hossein Yassaie, President and CEO, Imagination Technologies: "Digital Radio is a technology that improves significantly on legacy radio broadcasts, offering impressive gains for users in terms of audio quality, reception and value added services like data broadcasts. However, the brutal truth is that digital radio cannot replace the old analogue radio systems until it becomes both cheaper and more portable. We have now solved those problems, and opened the doors to digital radio for all."

High-quality digital radio is already broadcast to over 230 million users worldwide. As well as distortion-free reception, a broader choice of stations and digital quality sound, DAB can transmit any type of digital information, up to a maximum data rate of approximately 1.7Mbit/s. Applications will soon appear using this data bandwidth - for example, it will be possible to provide broadcast data services like real-time, localised news, weather, entertainment and traffic information to both portable and tethered DAB enabled devices.

Says Digital One Chief Executive Quentin Howard: "The UK is the world leader in digital radio. We have a superb choice of national and local digital radio stations already broadcasting to a potential 79% of the population. What we need now is smaller, affordable radios so that people can actually enjoy the clear, interference free radio programmes. In January the Government called for manufacturers to make a cheaper digital radio - Digital One and Imagination Technologies have now made that possible. This is a huge step forward for all concerned - consumers, broadcasters, manufacturers and retailers."

About Digital One

Digital One owns and operates the UK's only national commercial digital multiplex, broadcasting 10 stations to 78 per cent of the UK population. The company is 63 per cent owned by the UK's leading commercial radio group, GWR Group Plc, and 37 per cent owned by NTL, the UK's leading broadband television, telephony and internet company. Digital One launched its national radio services in November 1999 and continues to work with broadcasters, manufacturers and retailers to drive the growth of digital radio in Britain and, indeed, around the world.

About Enigma Technologies

Enigma® Technologies is a division of Imagination Technologies specialising in speech and audio Digital Signal Processing (DSP) algorithms and technologies for entertainment and communication with acknowledged experience and intellectual property in Digital Radio, Consumer Audio, Wireless and Internet Communication and Speech Technologies. Many partners' products have used Enigma's technologies and IP. Enigma's customers include: BBC, Hitachi, British Government agencies, ARC Cores and NEC. Further information on Enigma is available from www.ensigma.com.

About Imagination Technologies

Imagination Technologies Group plc is an international company that develops, licenses and supplies market-leading multi-threaded DSP, 2D/3D graphics, digital video, audio and speech technologies and products for consumer entertainment and PC Markets. The company has deployed and planned technologies for games consoles, PC's, arcade entertainment machines, digital set-top boxes, in car information/entertainment systems, and mobile devices. Since it was founded in 1985, the company has introduced, via licensing arrangements or directly, a succession of innovative technologies, silicon chips and add-in boards, which have played a major role in the development of multimedia and computer-based entertainment systems.

Imagination Technologies Group plc has its corporate headquarters in the United Kingdom and is publicly traded on the London Stock Exchange (FTSE: IMG). More information is available on the Imagination Technologies web site at www.imgtec.com.

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