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**For Immediate Release**

**13 June 2000**

**Eidos plc**  
**Fourth Quarter and Full Year Results**

*Full year revenues down 14% to £194.8 million*

*Full year operating losses of £26.8 million*

*Full year profit before tax and goodwill, including exceptional gains, up 49% to £62.7 million*

Eidos plc ("Eidos"), one of the world's leading publishers and developers of entertainment software, announces results for the quarter and year ended 31 March 2000.

**Mr Charles Cornwall, Chief Executive Officer, says:**

Our operating results for the year to 31 March 2000, reflect the significant challenges that we have faced over the period, both as a company and as part of an industry that is in transition. Turnover for the year decreased from £226.3 million to £194.8 million, giving an operating loss of £26.8 million compared to an operating profit of £39.2 million in the prior year.

As we announced on 24 March 2000, we completed the disposal of the majority of our holding in Opticom ASA immediately prior to the year end. This contributed significantly to the profit on disposal of investments (before tax) of £80.2 million and to an overall profit on ordinary activities before tax of £49.3 million for the year.

The video games market is being adversely affected by the impending launch of a new generation of gaming platforms due in late calendar 2000 and during 2001. The hiatus in demand for games software which this transition is occasioning is expected to continue throughout our current financial year. Although this market environment will inevitably affect the profitability of the Group in the short term, the Directors are confident that the quality of the release schedule under development will continue to build the Group's strength and standing within an industry which is expected to show strong growth over the medium and longer term, and the underlying potential for profit generation.

Furthermore, the composition of the Group's release schedule for the current fiscal year has significantly less reliance on the existing PlayStation platform than before as a result of increased releases for PC, Dreamcast, Game Boy Color and PlayStation 2 platforms.

**Highlights of the Chairman's Statement**

- Fourth quarter turnover down 9% from £57.2 million to £52.2 million.
- Fourth quarter operating losses of £16.4 million down from operating profits of £3.0 million.
- Full year turnover down 14% from £226.3 million to £194.8 million.
- Full year operating losses of £26.8 million down from operating profits of £39.2 million.
- Full year profit before tax and goodwill, including exceptional gains, up 49% to £62.7 million.
- Profit on disposal of investments (before tax) of £80.2 million.
- Twenty four new titles launched in the year. Nine (including catalogue) achieved sales in excess of 350,000 units.

- Worldwide publishing rights signed for PC and PSX versions of game based on the forthcoming animated feature film “Chicken Run”.
- UK publishing rights for PC, PSX and Dreamcast versions of “Who Wants To Be A Millionaire?” signed with Celador Productions.
- Three product deal signed with Sports Interactive, developers of Championship Manager series of games.
- Oscar® winner Angelina Jolie cast as Lara Croft in live action film “Tomb Raider”.

### Results Highlights (for the year to 31 March 2000)

• Turnover:	£194.8m	(1999: £226.3m)
• EBITDA:	£70.0m	(1999: £46.8m)
• Operating (loss)/profit:	£(26.8)m	(1999: £39.2m)
• Profit before tax:	£49.3m	(1999: £37.9m)
• Earnings per share:	25.9p	(1999: 28.3p)
• Diluted earnings per share:	23.8p	(1999: 25.0p)

Note: 1. Eidos prepares financial statements in accordance with applicable UK accounting standards (UK GAAP). The reconciliation to US GAAP is available from Eidos on request.  
2. EBITDA includes profit on disposal of investments.

### Regarding prospects and current trading Mr Ian Livingstone, Chairman, says:

We experienced softening consumer demand in key markets during the period. Against this background, we have been satisfied with the individual performance of many of the nine new titles released in the fourth quarter. Titles bearing established brands such as Resident Evil 3, Resident Evil: Survivor and Final Fantasy VIII all enjoyed success in the retail charts, albeit at lower volumes than might previously have been expected. The title Fear Effect emerged as an original property with strong franchise potential and the leveraging of existing properties such as Tomb Raider and Soul Reaver onto new platforms was successfully achieved.

We continue to experience adverse general market trading conditions and we see no reason to expect circumstances to improve materially before the next generation of gaming platforms have been properly established in the market. Nevertheless, based on the profile of our current release schedule we believe that we are well placed to trade through the remainder of the market's transitional stage and to take full advantage of the considerable opportunities of the next generation hardware platforms.

Major releases for the forthcoming year are scheduled to include further titles from the Tomb Raider, Soul Reaver and Championship Manager franchises and titles supported by major licenses such as the Olympics, 102 Dalmatians and “Who Wants To Be A Millionaire?”. In addition, Angelina Jolie, the Oscar® winning actress, has been cast for the lead in the forthcoming Tomb Raider film to commence shooting this year. Sequels to Gangsters and Commandos and original titles such as Deus Ex, Hitman, Chicken Run and IGI are also scheduled for release.

Looking to the next generation of hardware platforms, we currently have ten PlayStation 2 titles in development and are working closely with Microsoft and Nintendo to support their new consoles for anticipated release in late 2001. PlayStation 2 is currently expected to be launched in North America and Europe on 26 October this year. We will debut on the platform with titles such as Eden from Core Design and Timesplitters from Free Radical Design.

We have made significant progress in addressing the issues in our control that contributed to the decline in revenues and operating profits in the year. Moreover, we continue to review and strengthen our internal procedures and controls in order to ensure that the business remains fully able to meet the demands of our dynamic market and to capitalise on our portfolio of new and established properties and licenses.

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## CHAIRMAN'S STATEMENT

### Results and Trading Review

Eidos made a profit after tax of £36.8 million for the three months ended 31 March 2000 compared to £5.0 million in the corresponding period last year. This includes the £80.2 million profit on disposal on investments. Turnover decreased 9% from £57.2 million to £52.2 million. The earnings per share for the period was 35.7p compared to 5.8p in the same period last year based on a weighted average number of shares outstanding in the period of 103,132,379 (1999: 86,026,000). The diluted earnings per share was 34.2p (1999: 5.1p).

Eidos reported a profit after tax of £25.2 million for the year ended 31 March 2000 compared to £24.3 million for last year. Turnover decreased 14% from £226.3 million to £194.8 million. The earnings per share was 25.9p compared to 28.3p last year based on a weighted average number of shares of 97,221,713 (1999: 85,689,145). The diluted earnings per share was 23.8p compared to 25.0p for the corresponding period last year.

The share and earnings per share numbers for the current and prior periods reflect the five for one share split which took place on 25 January 2000.

Net cash outflow from operating activities was £28.5 million for the year ended 31 March 2000, compared to a net inflow of £30.1 million in the previous year.

The new joint ventures in Spain (Proein and Pyro) generated an operating profit of £0.5 million this year and contributed £0.3 million to the retained profit of the Group (or 0.3p per share), before goodwill amortisation.

Nine new titles were launched in the final quarter including Resident Evil 3, Fear Effect and Thief 2 bringing the total number of new titles for the year to twenty four (1999: nineteen). Nine titles (including catalogue) managed to achieve sales in excess of 350,000 units. This year also saw the release of a number of titles on the new platforms, Sega Dreamcast and Nintendo Gameboy Color. In particular, titles from three of Eidos' key franchises (Tomb Raider, Fighting Force and Soul Reaver) were released on Dreamcast, each selling over 200,000 units.

Gross margin for the fourth quarter was 34.8% compared to 61.8% for the corresponding period last year. Gross margin for the year was 54.9% compared to 63.9% last year. This decrease is due to a number of factors: lower average selling prices, additional provisions against revenue and inventory and higher royalty costs (cost of sales includes royalties paid to developers in excess of development advances paid). Most of the additional provisions were recorded in the fourth quarter, which is why the margin for this quarter is particularly low. A number of the games released this year were sub-licensed and carried relatively high royalty rates (rather than development costs). Royalty costs in the year were £18.7 million (9.6% of revenue) compared to £15.7 million (6.9% of revenue) last year.

### *Selling and Marketing*

Advertising costs for the three months ended 31 March 2000 were £7.1 million (13.7% of revenues) compared to £5.7 million (10.0% of revenues) in the corresponding period. Advertising costs for the year were £25.2 million (12.9% of net revenue) compared to £20.7 million (9.2% of net revenue) in 1999. The increase reflects the higher number of titles released and the need to market products more vigorously in a slowing market.

The fixed element of selling and marketing costs was £5.2 million (1999: £5.5 million) and £21.2 million (1999: £16.4 million) for the three months and year ended 31 March 2000 respectively. The increase is a result of both the increased costs of promotional licences and additional headcount in new and existing offices.

### *Research and Development*

Research and development spend represents the Company's investment in product development of £11.3 million for the three months ended 31 March 2000 (1999: £9.0 million) and £45.0 million for the full year (1999: £36.8 million). Also included in the category is pure research and development of £0.2 million (1999: £0.7 million) and £2.2 million (1999: £2.8 million) for the three months and year to 31 March 2000 respectively. The product development charge for the year includes £19.7 million (1999: £20.7 million) invested in a pipeline of 32 titles which have yet to be released.

### *General and Administrative*

General and administrative costs excluding goodwill were £6.9 million or 13.3% of revenue (1999: £9.0 million or 15.7%) and £27.3 million or 14.0% of revenue (1999: £24.7 million, 10.9% of revenue) for the quarter and year ended 31 March 2000 respectively. The 1999 charge included some one-off costs in the fourth quarter related to abortive acquisitions and related financing. In accordance with Financial Reporting Standard No.10, goodwill arising on the acquisitions of Crystal Dynamics, Proein and Pyro has been capitalised and is being amortised over three years. Total general and administrative costs including goodwill were £10.7 million for the quarter and £40.7 million for the year (1999: £11.4 million and £28.8 million).

### *Taxation*

The effective tax rate (before goodwill) for the full year is 38% compared to 33% last year. The tax due on the disposal of Opticom shares has been calculated as £24.6 million. The losses within the Group have only generated a net tax credit of £0.5 million. This is due to relatively high disallowable items and a prudent view being taken on the potential realisation of tax losses. In general, Eidos expects to have an effective overall rate in excess of standard UK rates because of the high proportion of activities overseas which have tax rates higher than those of the UK. Most of the brought forward losses have now been used.

### **Balance Sheet**

At 31 March 2000 Eidos had net assets of £126.4 million compared to £66.5 million at the start of the year. The increase is largely due to the retained profits for the year (£25.2 million), the conversion of the convertible bond (£31.2 million) and the exercise of employees' share options (£4.0 million).

Net assets include goodwill of £28.3 million (1999: £25.9 million), tangible fixed assets and investments of £45.9 million (1999: £17.8 million), net current assets of £52.2 million (1999: £53.6 million) and other long term creditors of £0.1 million (1999: £30.8 million). The significant changes in the year were the conversion of the US\$50 million convertible bond and a \$55 million investment in a US internet company, Express.com (formerly Maximum Holdings, Inc.). The cash generated from the sale of Opticom of £91.5 million has not been applied to the loans and overdrafts since these were not settled until just after the year end.

## **Current Trading and Future Prospects**

We experienced softening consumer demand in key markets during the period. Against this background, we have been satisfied with the individual performance of many of the nine new titles released in the fourth quarter. Titles bearing established brands such as Resident Evil 3, Resident Evil: Survivor and Final Fantasy VIII all enjoyed success in the retail charts, albeit at lower volumes than might previously have been expected. The title Fear Effect emerged as an original property with strong franchise potential and the leveraging of existing properties such as Tomb Raider and Soul Reaver onto new platforms was successfully achieved.

We continue to experience adverse general market trading conditions and we see no reason to expect circumstances to improve materially before the next generation of gaming platforms have been properly established in the market. Nevertheless, based on the profile of our current release schedule we believe that we are well placed to trade through the remainder of the market's transitional stage and to take full advantage of the considerable opportunities of the next generation hardware platforms.

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We have made significant progress in addressing the issues in our control that contributed to the decline in revenues and operating profits in the year. Moreover, we continue to review and strengthen our internal procedures and controls in order to ensure that the business remains fully able to meet the demands of our dynamic market and to capitalise on our portfolio of new and established properties and licenses.

**Ian Livingstone**  
**Chairman**  
**13 June 2000**

**EIDOS plc**  
**Consolidated Profit and Loss Account**

	Year ended 31 March 2000 £000	Year ended 31 March 1999 £000
<i>Turnover: Group and share of joint ventures'</i>	<i>203,265</i>	<i>226,284</i>
<i>Less: share of joint ventures' turnover</i>	<i>(8,464)</i>	<i>-</i>
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<b>Turnover – continuing operations</b>	<b>194,801</b>	226,284
Cost of goods sold	<b>(87,908)</b>	(81,628)
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<b>Gross profit</b>	<b>106,893</b>	144,656
Selling and marketing	<b>(46,380)</b>	(37,096)
Research and development	<b>(47,173)</b>	(39,619)
General and administrative		
Goodwill amortisation	<b>(13,448)</b>	(4,070)
Other	<b>(27,255)</b>	(24,701)
	-----	-----
	<b>(40,703)</b>	(28,771)
	-----	-----
Operating expenses	<b>(134,256)</b>	(105,486)
	-----	-----
<b>Group operating (loss)/profit</b>	<b>(27,363)</b>	39,170
Share of operating profit of joint ventures	<b>532</b>	-
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<b>Total operating (loss)/profit – continuing operations</b>	<b>(26,831)</b>	39,170
Profit on disposal of investments	<b>80,236</b>	-
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<b>Profit on ordinary activities before interest and tax</b>	<b>53,405</b>	39,170
Net interest and similar charges	<b>(4,130)</b>	(1,250)
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<b>Profit on ordinary activities before tax</b>	<b>49,275</b>	37,920
Tax on profit on ordinary activities	<b>(24,072)</b>	(13,670)
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<b>Profit for the year</b>	<b>25,203</b>	24,250
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Basic earnings per share	<b>25.9 p</b>	28.3 p
Diluted earnings per share	<b>23.8 p</b>	25.0 p

**Notes:**

- The earnings per share is based on a weighted average number of ordinary shares in issue of 97,221,713 (1999: 85,689,145) for the year ended 31 March 2000. The diluted earnings per share is based on a weighted average number of ordinary shares in issue of 106,818,292 (1999:102,175,280) for the year ended 31 March 2000.

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**EIDOS plc**  
**Consolidated Balance Sheet**

	<b>31 March</b>	31 March
	<b>2000</b>	1999
	<b>£000</b>	£000
<b>Fixed assets</b>		
Intangible assets	<b>28,305</b>	25,939
Tangible assets	<b>6,022</b>	5,668
Investments		
Joint ventures	<b>1,840</b>	-
Other investments	<b>38,081</b>	12,164
	<b>39,921</b>	12,164
	<b>74,248</b>	43,771
<b>Total fixed assets</b>	<b>74,248</b>	43,771
<b>Current assets</b>		
Stocks	<b>13,286</b>	5,666
Debtors	<b>77,665</b>	57,737
Cash at bank and in hand	<b>103,449</b>	48,220
	<b>194,400</b>	111,623
<b>Creditors: amounts falling due within one year</b>	<b>(142,176)</b>	(58,049)
<b>Net current assets</b>	<b>52,224</b>	53,574
<b>Total assets less current liabilities</b>	<b>126,472</b>	97,345
<b>Creditors due after more than one year:</b>	<b>(53)</b>	(30,813)
<b>Net assets</b>	<b>126,419</b>	66,532
<b>Capital and reserves</b>		
Called up share capital	<b>2,071</b>	1,728
Share premium account	<b>85,034</b>	50,165
Other reserves	<b>707</b>	707
Profit and loss account	<b>38,607</b>	13,932
<b>Equity shareholders' funds</b>	<b>126,419</b>	66,532

**Notes:**

1. Eidos plc is registered in England and Wales (number 2501949) and its registered office is Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London SW19 3RU.
2. The investment in joint ventures comprises £4.6 million share of gross assets less £2.8 million share of gross liabilities.

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**EIDOS plc**  
**Consolidated Statements of Cash Flow**

	Year ended 31 March 2000 £000	Year ended 31 March 1999 £000
<b>Net cash(outflow)/inflow from operating activities</b>	<b>(28,467)</b>	30,068
<b>Returns on investments and servicing of finance</b>		
Interest received	1,090	1,773
Bank interest paid	(2,630)	(420)
Bond interest paid	(652)	(1,897)
Interest paid on finance leases	(44)	-
Other interest paid	(245)	(211)
	<b>(2,481)</b>	(755)
<b>Taxation</b>		
UK tax paid	(10,830)	(1,867)
Overseas tax paid	(5,965)	(4,618)
	<b>(16,795)</b>	(6,485)
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(3,602)	(2,175)
Sale of tangible fixed assets	87	75
Purchase of other investments	(36,555)	(570)
Sale of other investments	91,505	-
	<b>51,435</b>	(2,670)
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings	(14,327)	(15,378)
Net cash acquired with subsidiary undertakings	-	459
Purchase of joint undertakings	(17,945)	-
	<b>(32,272)</b>	(14,919)
<b>Net cash outflow/(inflow) before financing</b>	<b>(28,580)</b>	5,239
<b>Financing</b>		
Issue of ordinary share capital	3,964	833
Repayment of primary under finance leases	(370)	(761)
	<b>3,594</b>	72
<b>(Decrease)/Increase in cash in the year</b>	<b>(24,986)</b>	5,311

**Notes:**

1. Net cash inflow from operating activities is derived from operating loss of £27,363,000 (1999: profit £39,170,000) adjusted for depreciation of £3,150,000 (1999: £3,539,000), goodwill amortisation and write offs of £13,954,000 (1999: £4,632,000) and an increase in working capital of £18,208,000 (1999: £17,273,000).

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