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**For Immediate Release**

**31 August 2000**

**Eidos plc**  
**2001 First Quarter Results**

***First quarter revenue unchanged at £16.8 million***  
***First quarter loss before tax and goodwill also unchanged at £18.4 million***

Eidos plc (“Eidos”), one of the world’s leading publishers and developers of entertainment software, announces results for the quarter ended 30 June 2000.

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

“Results for the first quarter of financial year 2001 reflect a relatively quiet period for Eidos, with only four new releases, and the continuing low level of activity in the retail market. The industry continues to experience an overall slowdown in anticipation of the release of Sony’s PlayStation 2. Net revenue for the quarter of £16.8 million and a loss before tax and goodwill of £18.4 million are both broadly at a similar level as for the same period last year. Since the beginning of the financial year all titles due for release were released on time or ahead of schedule. In particular the Sydney Olympics titles were released on schedule on 25 August and Deus Ex was released ahead of schedule in the US. With our balanced portfolio of established franchises, licensed products and exciting and original new titles, we remain confident that Eidos can trade through the current market difficulties and take advantage of the next generation platforms as they gain market acceptance.”

**Highlights of the Chairman’s Statement**

- Net revenue and loss before tax and goodwill consistent with same period last year
- Four new titles launched in the quarter
- Deus Ex reached No.1 in certain US retail charts, Resident Evil: Code Veronica also performed well in European retail charts
- Deus Ex released in Europe in August reaching No. 1 in certain UK retail charts
- Sydney Olympics titles released on 25 August
- Publishing arrangements for Resident Evil and Chicken Run titles extended to include PC and Dreamcast versions respectively
- Tomb Raider movie, starring Angelina Jolie, started shooting in London in July

**Results Highlights (for the quarter to 30 June 2000)**

• Turnover:	£16.8m	(1999: £16.8m)
• EBITDA:	(£17.7m)	(1999: (£17.5m))
• Loss before tax and goodwill:	(£18.4m)	(1999: (£18.4m))
• Loss before tax:	(£22.3m)	(1999: (£20.9m))
• Loss per share:	(14.8p)	(1999: (16.0p))
• Loss per share before goodwill:	(11.0p)	(1999: (13.1p))

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.

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

In the first quarter we released four new titles, including Deus Ex and Daikatana, from Dallas developer, Ion Storm. The combined performance of these two titles has been encouraging given the state of the market and considering they are PC-only titles. The release of Deus Ex was scheduled for August but it was released early in the US. It has been particularly well received and reached number one in certain US retail charts. Following its subsequent release in Europe it also reached number one in certain UK charts. The other key release in the quarter was the Dreamcast version of the successful Resident Evil series, Resident Evil: Code Veronica. This was released in Europe only and has continued to perform well in retail charts since its release in May.

Although the quiet trading conditions experienced in the first quarter appear likely to continue in the summer months, the second quarter has already seen the successful European release of Deus Ex, and the world-wide release of the Sydney Olympics titles. The Olympics titles are being released on three formats being PC, PSX and Dreamcast. Future releases for the second quarter are "Who wants to be a Millionaire?" on PSX, PC and Dreamcast, Powerstone 2 on Dreamcast and Resident Evil: Nemesis on PC.

Looking further ahead, we believe the release schedule for the rest of the financial year is our strongest to date. The schedule includes new products such as Chicken Run, Hitman, Startopia, Project IGI, 102 Dalmatians and Anachronox, another title from Ion Storm. In addition, there will be the new instalments in the Tomb Raider and Championship Manager franchises, together with sequels to Fear Effect, Commandos and Gangsters. Scheduled PlayStation 2 releases are to include TimeSplitters, Soul Reaver 2, Herdy Gerdy and Eden.

Visitors to Pinewood Studios, near London, will have noticed that Paramount Pictures' eagerly anticipated screen version of Tomb Raider, starring Academy Award® winner Angelina Jolie, has begun shooting. The movie is currently scheduled for release next summer.

On 20 June Eidos released an announcement saying it was in preliminary discussions which might or might not lead to an offer for the business. These discussions were at a very early stage at the time of the announcement and have continued subsequently. It is as yet too early to determine the outcome of the negotiations. A further announcement will be made as soon as is appropriate.

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## CHAIRMAN'S STATEMENT

### Results and Trading Review

Eidos reports a loss before tax of £22.3 million for the three months ended 30 June 2000 compared to £20.9 million in the corresponding period last year. Turnover remained unchanged at £16.8 million. The loss per share was 14.8p compared to 16.0p in the same period last year based on a weighted average number of shares outstanding in the period of 103,531,137 (1999: 87,841,880).

Net cash inflow from operating activities was £4.1 million compared to an outflow of £7.0 million in the corresponding period last year following favourable working capital movements. The total cash outflow for the period of £8.3 million includes £10.2 million tax (most of which was due on the sale of Opticom shares in March 2000).

Four new titles were launched in the three months ended 30 June 2000 being Resident Evil: Code Veronica on Dreamcast, Daikatana and Deus Ex, key PC titles from Ion Storm and The Misadventures of Tron Bonne on PSX. In addition Eidos released a PC version of World Grand Prix Racing 1999, a Dreamcast version of Nomad Soul and Legacy of Kain: Soul Reaver on the Platinum and Premier labels.

Gross margin for the quarter was 45.9% compared to 50.4% in the corresponding period last year. The decrease in margin is a direct result of the continuing weak state of the retail market for computer games compared to last year with continued price pressure affecting gross margins.

#### *Selling and Marketing*

Advertising costs for the three months ended 30 June 2000 were £4.5 million (26.8% of revenue) compared to £3.9 million (23.4% of revenue) in the corresponding period last year. This reflects increased expenditure on catalogue titles and the costs associated with building brand awareness through print advertising, the internet and other interactive media.

The fixed element of selling and marketing costs was largely unchanged at £4.6 million for the quarter (1999: £4.9 million).

#### *Research and Development*

Research and development spend includes the investment in product development of £11.2 million for the three months ended 30 June 2000 (1999: £10.9 million) representing the Group's continued commitment to developing new franchises. Also included is pure research and development of £0.3 million (1999: £0.9 million) which is decreasing as Eidos is now focussing on games development. The product development charge for the quarter includes £7.9 million invested in a pipeline of 37 titles which have yet to be released.

#### *General and Administrative*

General and administrative costs excluding goodwill were £6.0 million or 35.7% of revenue (1999: £6.2 million or 36.7%) for the quarter. Total general and administrative costs including goodwill were £8.6 million (1999: £8.7 million). Amortisation of goodwill arising on the acquisition of Proein and Pyro (which are accounted for as joint ventures) of £1.3 million (1999: £nil) is shown separately as part of the results of the joint ventures rather than as part of Group operating results. This is in accordance with Financial Reporting Standard No.9 ("FRS9") and represents a change in presentation from that shown in the 31 March 2000 Annual Report, where the charge was included within general and administrative expenses.

#### *Taxation*

A tax credit of £7.0 million (1999: £6.9 million) has been applied to the loss on ordinary activities of £22.3 million (1999: £20.9 million). This reflects the projected underlying tax rate for the year to 31 March 2001 of 38%. 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.

### *Balance Sheet*

At 30 June 2000 Eidos had net assets of £112.0 million compared to £126.4 million at 31 March 2000 and £64.4 million at 30 June 1999. The decrease since the year end is due to the loss sustained in the first quarter. The increase since 30 June 1999 is mainly due to the conversion of the remainder of the US\$50 million convertible bond (£20.7 million) and the retained profits for the last financial year (£25.2 million).

Total fixed assets comprise intangible assets (goodwill) of £14.3 million (31 March 2000: £16.0 million, 30 June 1999: £24.0 million), tangible fixed assets of £5.9 million (31 March 2000: £6.0 million, 30 June 1999: £5.3 million) and investments of £51.0 million (31 March 2000: £52.2 million, 30 June 1999: £12.2 million). Management continues to monitor the carrying values of all its investments, particularly that of Express.com, which operates in a volatile sector and which continues to assess its ongoing strategy and financing structure.

Investments include £10.5 million net goodwill relating to joint ventures, which has been disclosed in accordance with the requirements of FRS9. The 31 March 2000 comparatives have been reclassified from those included in the 31 March 2000 Annual Report to comply with the disclosure requirements of the FRS. The joint ventures were acquired after 30 June 1999 and consequently no adjustment is required to the balance sheet at that date.

### **Current Trading and Future Prospects**

In the first quarter we released four new titles, including Deus Ex and Daikatana, from Dallas developer, Ion Storm. The combined performance of these two titles has been encouraging given the state of the market and considering they are PC-only titles. The release of Deus Ex was scheduled for August but it was released early in the US. It has been particularly well received and reached number one in certain US retail charts. Following its subsequent release in Europe it also reached number one in certain UK charts. The other key release in the quarter was the Dreamcast version of the successful Resident Evil series, Resident Evil: Code Veronica. This was released in Europe only and has continued to perform well in retail charts since its release in May.

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**Ian Livingstone**  
**Chairman**  
**31 August 2000**

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

	<b>Three months ended 30 June</b>	Three months ended 30 June
	<b>2000</b>	1999
	<b>£000</b>	£000
<i>Turnover: Group and share of joint ventures'</i>	<b>18,869</b>	16,810
<i>Less: share of joint ventures' turnover</i>	<b>(2,071)</b>	-
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<b>Turnover – continuing operations</b>	<b>16,798</b>	16,810
Cost of goods sold	<b>(9,091)</b>	(8,345)
	-----	-----
<b>Gross profit</b>	<b>7,707</b>	8,465
Selling and marketing	<b>(9,063)</b>	(8,867)
Research and development	<b>(11,534)</b>	(11,779)
General and administrative		
Amortisation of goodwill	<b>(2,647)</b>	(2,514)
Other	<b>(6,000)</b>	(6,169)
	-----	-----
Total general and administrative	<b>(8,647)</b>	(8,683)
	-----	-----
Operating expenses	<b>(29,244)</b>	(29,329)
	-----	-----
<b>Group operating loss</b>	<b>(21,537)</b>	(20,864)
Share of operating profit of joint ventures	<b>289</b>	-
Joint venture goodwill amortisation	<b>(1,252)</b>	-
	-----	-----
<b>Total operating loss – continuing operations</b>	<b>(22,500)</b>	(20,864)
Net interest and similar charges	<b>166</b>	(85)
	-----	-----
<b>Loss on ordinary activities before tax</b>	<b>(22,334)</b>	(20,949)
Tax on loss on ordinary activities	<b>7,006</b>	6,915
	-----	-----
<b>Net loss after tax</b>	<b>(15,328)</b>	(14,034)
	-----	-----
<b>Loss per share</b>	<b>(14.8p)</b>	(16.0p)
<b>Loss per share before goodwill</b>	<b>(11.0p)</b>	(13.1p)

**Notes:**

- The earnings per share is based on a weighted average number of ordinary shares in issue of 103,531,137 (1999: 87,841,880) for the quarter ended 30 June 2000.

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

	<b>30 June</b>	30 June
	<b>2000</b>	1999
	<b>£000</b>	£000
<b>Fixed assets</b>		
Intangible assets	<b>14,330</b>	23,999
Tangible assets	<b>5,916</b>	5,331
Investments		
Joint ventures – share of net assets	<b>2,468</b>	-
Joint ventures – goodwill	<b>10,466</b>	-
Other investments	<b>38,081</b>	12,164
Total investments	<b>51,015</b>	12,164
Total fixed assets	<b>71,261</b>	41,494
<b>Current assets</b>		
Stocks	<b>13,851</b>	6,618
Debtors	<b>34,582</b>	33,369
Cash at bank and in hand	<b>14,725</b>	27,195
<b>Total current assets</b>	<b>63,158</b>	67,182
<b>Creditors: amounts falling due within one year</b>	<b>(22,344)</b>	(23,480)
<b>Net current assets</b>	<b>40,814</b>	43,702
<b>Total assets less current liabilities</b>	<b>112,075</b>	85,196
<b>Creditors due after more than one year</b>	<b>(125)</b>	(20,815)
<b>Net assets</b>	<b>111,950</b>	64,381
<b>Capital and reserves</b>		
Called up share capital	<b>2,071</b>	1,856
Share premium account	<b>85,108</b>	62,251
Other reserves	<b>707</b>	707
Profit and loss account	<b>24,064</b>	(433)
<b>Shareholders' funds</b>	<b>111,950</b>	64,381

**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 £3.9 million share of gross assets less £1.4 million share of gross liabilities.

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

	<b>Three months ended 30 June</b>	Three months ended 30 June
	<b>2000</b>	1999
	<b>£000</b>	£000
<b>Net cash inflow/(outflow) from operating activities</b>	<b>4,085</b>	(7,035)
<b>Returns on investments and servicing of finance</b>		
Interest received	428	335
Bank interest paid	(1,467)	(117)
Interest paid on finance leases	(7)	(15)
Other interest paid	-	(243)
	<b>(1,046)</b>	(40)
<b>Taxation</b>		
UK taxation paid	(9,417)	-
Overseas tax paid	(763)	(938)
	<b>(10,180)</b>	(938)
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(564)	(554)
Sale of tangible fixed assets	76	-
Investment disposal costs	(641)	-
	<b>(1,129)</b>	(554)
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings	-	(14,327)
	-	(14,327)
<b>Net cash outflow before financing</b>	<b>(8,270)</b>	(22,894)
<b>Financing</b>		
Issue of ordinary share capital	74	1,897
Repayment of principal under finance leases	(98)	(91)
	<b>(24)</b>	1,806
<b>Decrease in cash in the period</b>	<b>(8,294)</b>	(21,088)

**Notes:**

1. Net cash inflow from operating activities is derived from operating loss of £21,537,000 (1999: £20,864,000) adjusted for depreciation of £902,000 (1999: £827,000), goodwill amortisation and write-offs of £2,647,000 (1999: £2,514,000) and a decrease in working capital of £22,073,000 (1999: £10,488,000).

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