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For Immediate Release

28 February 2001

**Eidos plc
Third Quarter and Year-to-date Results**

Eidos plc ("Eidos"), one of the world's leading publishers and developers of entertainment software, announces results for the three and nine months ended 31 December 2000.

Financial Overview (for the nine months to 31 December 2000)

• Turnover pre exceptional items:	£137.8m	(1999: £142.6m)
• EBITDA pre exceptional items:	£0.4m	(1999: £1.7m)
• Loss per share pre amortisation of goodwill and exceptional items:	(2.1p)	(1999: (2.0p))
• Exceptional items:	£(54.1m)	(1999: £0)

Business Highlights

- Eight new titles launched in third quarter, with four shipping in excess 350,000 units
- Who Wants To Be A Millionaire ships in excess of one million units in the UK, making it the fastest selling game in UK history and publishing rights extended to four additional countries
- Total operating expenses pre exceptionals and goodwill down 10.8% to £80.3m
- Number 3 publisher by value in both UK and Germany for calendar year with 8.9% and 7.3% market share respectively. Number 5 publisher in France on same basis with 5.2% market share
- Deal signed with Nokia to provide games for WAP phones based on both new and existing franchises

Commenting on these results Michael McGarvey, Chief Executive Officer, said:

"Based on current market conditions the Board believes these results to be satisfactory, particularly since turnover and profits for the three month period to 31 December 2000 were ahead of expectations.

As outlined in our Trading Update announced on 25 January 2001, projections for the full year have now been revised significantly downwards, as a result of changes to the timing of certain key releases originally scheduled for the fourth quarter.

The Board feels confident that the Group's strategy of developing and publishing games based on its core brands and franchises, combined with the sustained review and reduction of the fixed cost base of the business, should allow a return to profitability in the next financial year."

Contact:

Mike McGarvey, CEO:

020 8636 3000

Jonathan Glass/Sara Musgrave, Brunswick:

020 7404 5959

Brad Edwards, Brainerd Communicators:

001 212 986 6667

Notes:

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.

CHAIRMAN'S STATEMENT

Review of Operations

“There were sixteen (1999: fifteen) new games released in the nine months ended 31 December 2000. During the period Who Wants To Be A Millionaire sold in excess of one million units across all formats in the UK. Following the period end, Chart Track confirmed that it is now the UK's fastest selling game to date, and the second biggest selling game in UK chart history behind Tomb Raider II. Our publishing rights for this title have now been extended under the agreement with Celador International to include Australia, Italy, Portugal and the Republic of Ireland, taking our total reach to eleven countries.

Other notable successes included: Championship Manager Season 2000/2001, 102 Dalmatians, Chicken Run and Tomb Raider: Chronicles, all of which sold over 350,000 units in the period. The Group also released its first PlayStation 2 title, TimeSplitters, during the quarter to critical acclaim and considerable commercial success; in the UK it has been a Top 5 PlayStation 2 title since its release. Whilst TimeSplitters has been a success we have decided (as announced on 25 January 2001) to delay the release of further PlayStation 2 titles until the installed base has achieved a greater critical mass.

Turnover decreased by 3.4% from £142.6 million to £137.8 million, before the exceptional charge incurred in respect of returns. Pre exceptional operating losses were £13.5m after goodwill amortisation of £11.8 million compared to £10.4m after goodwill of £9.7m in the prior period. The pre exceptional loss per share was 13.4p (1999: (12.1) p). Excluding goodwill and exceptionals, the loss per share was 2.1p for the nine months (1999: (2.0) p).

Before the exceptional charge to turnover, gross margin was 56.4% for the nine months compared to 62.2% for the corresponding period last year. The decrease in margin reflects a shift in the sales mix towards catalogue titles in the first six months of the period. We believe this shift is temporary, and will reverse over the course of future periods. External royalty costs and provisions against slow moving stock were also higher than normal in the period but these are expected to return to more normal levels in due course.

Selling and Marketing

Advertising costs in the nine months were £16.5 million (12.0% of pre exceptional turnover) compared to £18.0 million (12.6% of turnover) in the corresponding period of 1999. The level of expenditure relative to turnover has fallen in the period partly as a result of reduced expenditure on TV advertising in anticipation of lower volumes.

The fixed element of selling and marketing costs was down 16.9% to £13.3 million compared to £16.0 million in the prior year. The reduction in expenditure reflects the lower amortisation cost of promotional licences, the disposal or termination of certain non-core activities and tighter cost control. The emphasis on cost control remains an important focus for the Group.

Research and Development

Research and development represents the Company's investment in product development of £31.2 million (1999: £33.7 million) and pure research and development of £0.4 million (1999: £2.0 million). The reduction in product development expenditure reflects the increasing emphasis on internally developed titles and the leveraging of established franchises onto new hardware platforms in the product pipeline. This pipeline includes £28.4 million (1999: £34.2 million) invested in more than 30 titles to be released over the next two years. The termination of certain non-core activities has led to the decrease in pure research and development expenditure.

General and Administrative

Pre exceptional charges, General and administrative costs excluding goodwill of £8.1 million, were £19.0 million (13.8% of turnover), compared to £20.3 million in the corresponding period (14.3% of turnover), reflecting greater control of staff costs and the improved management of credit risk. We intend to continue to reduce these costs.

Financing and Cashflow

At 31 December 2000 Eidos had cash balances of £7.8m (1999: £15.0m) and gross debt of £28.8m (1999: £86.8m). The Group currently has a £50m banking facility.

The net cash outflow from operating activities was £25.9 million compared to £41.6 million in the corresponding period of 1999.

Taxation

A tax charge of £7.0m has been applied to the profit on ordinary activities for the quarter to 31 December 2000, effectively reversing the tax credit applied earlier in the period. Based on revised expectations for the current fiscal year, the Board does not believe that it is appropriate to make any further provision for tax credits on the loss on ordinary activities for the nine month period.

Board and Management

Searches for a new Finance Director and a further independent non-executive director continue and further announcements will be made as soon as possible.

Outlook

Releases in the current quarter include the PlayStation 1 version of Who Wants To Be A Millionaire in Germany and Fear Effect 2: Retro Helix also on PlayStation 1. Who Wants To Be A Millionaire has already achieved considerable chart success in Germany and further localised versions are due for release early in the next fiscal year. Whilst it is still too early to forecast success for Fear Effect 2: Retro Helix in the stores, all the early indications are that the title will live up to its critical acclaim and prove a worthy addition to the franchise.

Following the changes to the Group's release schedule outlined in the 25 January Trading Update, many of the other titles originally scheduled for the current quarter, will now be released in the following fiscal year. These include the highly anticipated sequel titles Commandos 2 and Gangsters 2 plus the exciting new titles Startopia and, from Core Design, Eden and Herdy Gerdy.

The delays to the release schedule required the Board to revise downwards significantly its expectations for the current financial year. Nevertheless the Board feels that demonstrable improvements have been shown in the Group's underlying performance in the current period. A 10.8% reduction in the Group's pre exceptional operating expenses and the improved use of available working capital facilities have been complemented by increased domestic market share and notable and sustained chart success with titles such as Who Wants To Be A Millionaire and Championship Manager: Season 2000/2001.

The Group has recently announced a two year deal with Nokia to provide five games for WAP enabled mobile phones, based on both new and existing franchises. The first game, Gangsters, will be available during the first half of 2001.

The success of the next generation consoles from Sony, Microsoft and Nintendo will be the primary driver for growth in calendar year 2001. While the Company remains confident in the

mid to long term prospects of the entertainment software market, there continues to be a lack of visibility through to Christmas 2001. With Sony's recent manufacturing difficulties and the postponement of Microsoft's Xbox launch in Europe, the company remains cautious about trading over the next nine to twelve months.

As new hardware platforms and methods of gameplay delivery proliferate, gamers will naturally gravitate towards titles based around characters, brands and franchises with which they are familiar, provided that all the incremental improvements in sound, graphics and gameplay are also present. The Board believes that it can successfully deliver its products to ever increasing audiences of gamers across all platforms. This publishing strategy combined with continued pressure on costs should enable the Group to return to profitability in the near term."

Ian Livingstone
Chairman
28 February 2001
EIDOS plc

Unaudited Consolidated Profit and Loss Account

	Before Exceptional items	Exceptional items	Total	Total
	Nine months to 31 December 2000 £000	Nine months to 31 December 2000 £000	Nine months to 31 December 2000 £000	Nine months to 31 December 1999 £000
Turnover: group and share of joint venture	144,508	(16,900)	127,608	148,633
Less: share of joint ventures' turnover	(6,744)	-	(6,744)	(6,041)
Group turnover - continuing operations	137,764	(16,900)	120,864	142,592
Cost of sales	(60,094)	-	(60,094)	(53,884)
Gross profit	77,670	(16,900)	60,770	88,708
Sales and marketing	(29,788)	-	(29,788)	(33,999)
Research and development	(31,562)	-	(31,562)	(35,688)
General and administrative				
Amortisation of goodwill	(8,128)	-	(8,128)	(7,464)
Other	(18,953)	(938)	(19,891)	(20,336)
Total general and administrative	(27,081)	(938)	(28,019)	(27,800)
Operating expenses	(88,431)	(938)	(89,369)	(97,487)
Group operating loss	(10,761)	(17,838)	(28,599)	(8,779)
Share of operating profit of joint venture	881	-	881	568
Joint venture goodwill amortisation	(3,668)	-	(3,668)	(2,219)
Total operating loss - continuing operations	(13,548)	(17,838)	(31,386)	(10,430)
Write down of Express Investment	-	(36,249)	(36,249)	-
Interest receivable	648	-	648	-
Interest payable and similar charges	(1,024)	-	(1,024)	(2,163)
Loss on ordinary activities before tax	(13,924)	(54,087)	(68,011)	(12,593)
Tax on loss on ordinary activities	-	-	-	1,019
Net loss after tax	(13,924)	(54,087)	(68,011)	(11,574)
Loss per share	(13.4)p	(52.2)p	(65.6)p	(12.1)p
Profit/(Loss) per share before goodwill	(2.1)p	(52.2)p	(54.3)p	(2.0)p

Notes:

- The loss per share is based on a weighted average number of ordinary shares in issue of 103,612,178 for the nine months ended 31 December 2000 (1999: 95,265,820).
- In the Interim Results for the six months to 30 September 2000, the Directors identified certain non-recurring items as being exceptional in nature.

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EIDOS plc
Unaudited Consolidated Balance Sheet

	31 December 2000	31 December 1999
	£000	£000
Fixed assets		
Intangible assets	9,135	18,200
Tangible assets	4,691	5,552
Investments		
Joint ventures – share of net assets	2,617	2,413
Joint ventures – goodwill	7,890	13,537
Other investments	2,321	48,722
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	12,828	64,672
	-----	-----
Total fixed assets	26,654	88,424
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Current assets		
Stocks	8,970	8,411
Debtors	96,801	119,964
Cash at bank and in hand	7,775	14,950
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Total current assets	113,546	143,325
Creditors: amounts falling due within one year	(80,842)	(142,770)
	-----	-----
Net current assets	32,704	555
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Total assets less current liabilities	59,358	88,979
Creditors due after more than one year	(341)	(129)
	-----	-----
Net assets	59,017	88,850
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Capital and reserves		
Called up share capital	2,074	2,056
Share premium account	85,471	83,645
Other reserves	715	707
Profit and loss account	(29,243)	2,442
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Equity shareholders' funds	59,017	88,850
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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.

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EIDOS plc
Unaudited Consolidated Statements of Cash Flow

	Nine months to 31 December 2000 £000	Nine months to 31 December 1999 £000
Net cash outflow from operating activities	(25,938)	(41,628)
Returns on investments and servicing of finance		
Interest received	649	671
Interest paid on bond	-	(897)
Interest paid on finance leases	(22)	(34)
Other interest paid	(2,369)	(881)
	(1,742)	(1,141)
Taxation		
UK tax paid	(12,864)	(1,640)
Overseas tax paid	(1,430)	(6,807)
	(14,294)	(8,447)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,381)	(2,366)
Sale of tangible fixed assets	747	3
Purchase of other investments	-	(36,555)
	(634)	(38,918)
Acquisitions and disposals		
Purchase of subsidiary undertakings	-	(14,327)
Purchase of joint ventures	-	(17,874)
	-	(32,201)
Net cash outflow before financing	(42,608)	(122,335)
Financing		
Issue of ordinary share capital	440	2,560
Repayment of principal under finance leases	78	(275)
	518	2,285
Decrease in cash in the period	(42,090)	(120,050)

Notes:

- Net cash outflow from operating activities is derived from an operating loss of £31,386,000 (1999: £10,430,000) adjusted for profit from joint venture of £881,000 (1999: £568,000), depreciation of £2,130,000 (1999: £2,397,000), loss on disposal of fixed assets of £50,000 (1999: loss £55,000), goodwill amortisation and write offs of £11,796,000 (1999: £10,080,000) and an increase in working capital of £7,647,000 (1999: increase £43,162,000).

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