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20 September 2001

Eidos plc
2002 First Quarter Results

Eidos plc (“Eidos”), one of the world’s leading publishers and developers of entertainment software, announces results for the quarter ended 30 June 2001.

Financial Overview

For the quarter ended:	30 June 2001	30 June 2000
Turnover:	£12.2m	£16.8m
Total operating loss before goodwill:	£(11.1)m	£(18.6)m
EBITDA:	£(10.6)m	£(17.7)m
Loss per share:	(14.8)p	(14.8)p
Loss per share before goodwill:	(10.9)p	(11.0)p

Business Highlights

- 3 new PC titles launched in quarter plus French and Junior versions of “Who wants to be a Millionaire?”
- Total first quarter operating losses before goodwill reduced by 40% reflecting a 12% increase in gross margins and 32% reduction in operating expenses (excluding amortisation of goodwill)
- Successful 1 for 3 rights issue completed in July

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

“In spite of reduced first quarter turnover, we have shown clear improvements in both gross margins and operating expenses in the period. The franchise titles Commandos 2: Men of Courage and “Who Wants be A Millionaire?” 2 are shipping in September with pre order levels in line with expectations. With the other key releases of our year, such as Championship Manager 01/02 and the Next Generation titles Soul Reaver II, Project Eden and Mad Dash all still to ship, we have an excellent schedule of forthcoming releases.”

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CHAIRMAN'S STATEMENT

Review of Operations

As is traditionally the case, the first quarter of our financial year has been relatively quiet with three new PC titles and the French and Junior versions of "Who Wants To Be A Millionaire?" shipping in the period. The resulting sales mix for the quarter led to a reduction in turnover compared to the same period last year. Gross margin as a percentage of turnover has, however, increased by 12% in the quarter, rising from 46% in the same period last year, to 58% in the current period. This improvement is as a result of lower royalty costs and improved channel management in the period.

The effects of the cost reduction programme initiated at the end of the last financial year can already be seen in the 32% reduction in operating expenses (excluding amortisation of goodwill) in the quarter. In total, the fixed element of operating expenses (excluding amortisation of goodwill) has fallen 34% from £12.1m in the prior period, to £8.0m in the current year.

Pre amortisation of goodwill, the total operating loss from continuing activities for the quarter has fallen from £18.6m to £11.1m.

No tax credit has been provided on the loss on ordinary activities for the quarter, based on the availability of losses accumulated in prior years.

Future reporting timetable

Following this quarterly announcement the Group will revert to publishing only Interim and Preliminary results as allowed by NASDAQ and the UK Listing Authority Rules. The Board believes that this reporting timetable is more appropriate given the seasonal nature of the Group's revenue flows and will result in a permanent reduction in administrative effort and associated costs. The Group will continue to announce key operational and financial developments as and when appropriate.

Current Trading and Future Prospects

The 1 for 3 rights issue announced on 31 May 2001 was successfully completed in July when 34,659,306 new ordinary shares were issued raising £51.6m, net of costs.

Commandos 2: Men of Courage ships on PC later this month, together with PC and PSOne versions of "Who Wants be A Millionaire?" 2. Championship Manager 01/02 and the Group's first PS2 releases of the year, Project Eden and Thunderhawk: Operation Phoenix, will ship in October. Further internally developed PS2 titles such as Herdy Gerdy , Soul Reaver 2 and Blood Omen 2 are all due for release in the second half of the year, when our first X-Box title, Mad Dash Racing, will also be shipping.

The Board believes that the inherent quality of the Group's release schedule combined with sustainable improvements in margins and overheads will allow the Group to show further positive progress in its operating results over the course of the year. The entertainment software market has been showing encouraging signs of recovery, particularly in North America. We recognise, however, that consumer confidence in the USA and the rest of the world may be affected by the tragic events of last week.

Ian Livingstone
Chairman
20 September 2001
EIDOS plc

EIDOS plc
Unaudited Consolidated Profit and Loss Account

	Three months ended 30 June 2001 £000	Three months ended 30 June 2000 £000
<i>Turnover: group and share of joint venture</i>	<i>13,677</i>	<i>18,869</i>
<i>Less: share of joint ventures' turnover</i>	<i>(1,485)</i>	<i>(2,071)</i>
Group turnover - continuing operations	12,192	16,798
Cost of sales	<u>(5,158)</u>	<u>(9,091)</u>
Gross profit	7,034	7,707
Sales and marketing	(3,748)	(9,063)
Research and development	(9,553)	(11,534)
General and administrative		
Amortisation of goodwill	(2,827)	(2,647)
Other	(4,895)	(6,000)
Total general and administrative	<u>(7,722)</u>	<u>(8,647)</u>
Operating expenses	<u>(21,023)</u>	<u>(29,244)</u>
Group operating loss	(13,989)	(21,537)
Share of operating profit of joint venture	66	289
Joint venture goodwill amortisation	<u>(1,203)</u>	<u>(1,252)</u>
Total operating loss – continuing operations - before goodwill	(11,096)	(18,601)
Total amortisation of goodwill	(4,030)	(3,899)
Total operating loss - continuing operations	(15,126)	(22,500)
Interest receivable	177	432
Interest payable and similar charges	<u>(416)</u>	<u>(266)</u>
Loss on ordinary activities before tax	(15,365)	(22,334)
Tax on loss on ordinary activities	-	7,006
Net loss after tax	(15,365)	(15,328)
Loss per share	<u>(14.8)p</u>	<u>(14.8)p</u>
Loss per share before goodwill	<u>(10.9)p</u>	<u>(11.0)p</u>

Notes:

The earnings per share is based on a weighted average number of ordinary shares in issue of 103,961,457 (2000: 103,531,137) for the three months to 30 June 2001.

EIDOS plc
Unaudited Consolidated Balance Sheet

	30 June	30 June
	2001	2000
	£000	£000
Fixed assets		
Intangible assets	3,960	14,330
Tangible assets	4,437	5,916
Investments		
Joint ventures		
Share of gross assets	3,553	3,871
Share of gross liabilities	(1,079)	(1,403)
	2,474	2,468
Joint ventures - goodwill	5,130	10,466
Other investments and associated undertakings	2,628	38,081
	10,232	51,015
Total fixed assets	18,629	71,261
Current assets		
Stocks	2,847	13,851
Debtors	21,111	34,582
Cash at bank and in hand	8,698	14,725
	32,656	63,158
Creditors: amounts falling due within one year	(34,363)	(22,344)
Net current (liabilities) / assets	(1,707)	40,814
Total assets less current liabilities	16,922	112,075
Creditors: due after more than one year	(2,372)	(125)
Net assets	14,550	111,950
Capital and reserves		
Called up share capital	2,080	2,071
Share premium account	85,921	85,108
Other reserves	707	707
Profit and loss account	(74,158)	24,064
Equity shareholders' funds	14,550	111,950

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.

EIDOS plc
Unaudited Consolidated Statement of Cash Flow

	Three months ended 30 June 2001 £000	Three months ended 30 June 2000 £000
Net cash(outflow)/inflow from operating activities	(8,448)	4,085
Returns on investments and servicing of finance		
Interest received	146	428
Bank interest paid	(402)	(1,467)
Interest paid on finance leases	-	(7)
	(256)	(1,046)
Taxation		
UK tax paid	(9,898)	(9,417)
Overseas tax paid	(722)	(763)
	(10,620)	(10,180)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(260)	(564)
Sale of tangible fixed assets	10	76
Costs relating to sale of investments	-	(641)
	(250)	(1,129)
Net cash outflow before financing	(19,574)	(8,270)
Financing		
Issue of ordinary share capital	100	74
Capital element of finance lease rental payments	(58)	(98)
	42	(24)
Decrease in cash	(19,532)	(8,294)

Notes:

1. Net cashflow from operating activities is derived from the group operating loss of £13,989,000 (2000: loss £21,537,000) adjusted for depreciation of £470,000 (2000: £902,000), goodwill amortisation and write offs of £2,827,000 (2000: £2,647,000) and a decrease in working capital of £2,244,000 (2000: £22,073,000).
2. Eidos prepares financial statements in accordance with applicable UK accounting standards (UK GAAP). The reconciliation to US GAAP is available from Eidos on request.

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