

Terms of reference for the Audit Committee

Adopted 14 November 2007

Constitution

1. The board hereby resolves to establish a committee of the board to be known as the Audit Committee.

Membership

2. The committee shall be appointed by the board. All members of the committee shall be independent non-executive directors of the company. The committee shall consist of not less than three members. A quorum shall be two members.
3. The chairman of the committee shall be appointed by the board from amongst the independent non-executive directors.

Attendance at meetings

4. The finance director and a representative of the external auditors shall attend meetings at the invitation of the committee.
5. The chairman of the board, the CEO and other board members shall attend if invited by the committee.
6. There should be at least one meeting a year, or part thereof, where the external auditors attend without management present.
7. The company secretary shall be secretary of the committee.

Frequency of meetings

8. Meetings shall be held not less than two times a year, and where appropriate should coincide with key dates in the company's financial reporting cycle.
9. External auditors or internal auditors may request a meeting if they consider that one is necessary.

Authority

10. The committee is authorised by the board to:
 - a) investigate any activity within its terms of reference;
 - b) seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the committee; and

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- c) obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

Responsibilities

11. The responsibilities of the committee shall be:

- a) to consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key partners are rotated at appropriate intervals;
- b) to recommend the audit fee to the board and pre-approve any fees in respect of non audit services provided by the external auditor and to ensure that the provision of non audit services does not impair the external auditors' independence or objectivity;
- c) to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- d) to oversee the process for selecting the external auditor and make appropriate recommendations through the board to the shareholders to consider at the AGM ;
- e) to review the external auditor's management letter and management's response;
- f) to consider annually whether there is a need for an internal audit function and where one exists, to review its activities and ensure that it is adequately resourced and has appropriate standing within the company;
- g) to consider management's response to any major external or internal audit recommendations;
- h) to approve the appointment or dismissal of the head of internal audit (where relevant);
- i) to review the company's procedures for handling allegations from whistleblowers;
- j) to review management's and, if relevant, the internal auditor's reports, on the effectiveness of systems for internal financial control, financial reporting and risk management;
- k) to review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the board, paying particular attention to:
 - i) critical accounting policies and practices, and any changes in them

- ii) decisions requiring a major element of judgement
- iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
- iv) the clarity of disclosures
- v) significant adjustments resulting from the audit
- vi) the going concern assumption
- vii) compliance with accounting standards
- viii) compliance with stock exchange and other legal requirements
- ix) reviewing the company's statement on internal control systems prior to endorsement by the board and to review the policies and process for identifying and assessing business risks and the management of those risks by the company; and
- x) to consider other topics , as defined by the board.

Reporting procedures

12. The secretary shall circulate the minutes of meetings of the committee to all members of the board, and the chairman of the committee or, as a minimum, another member of the committee, shall attend the board meeting at which the accounts are approved.
13. The committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the board.
14. The committee's duties and activities during the year shall be disclosed in the annual financial statements.
15. The chairman shall attend the AGM and shall answer questions, through the chairman of the board, on the audit committee's activities and their responsibilities.