

ARM Holdings plc
First Quarter Results – US GAAP
(in thousands except per share data)

	Quarter ended 31 March 2004 Unaudited £'000	Quarter ended 31 March 2003 Unaudited £'000	<i>Quarter ended 31 March 2004 ⁽¹⁾ Unaudited \$'000</i>
Revenues			
Product revenues	31,382	27,364	57,680
Service revenues	3,606	3,651	6,628
Total revenues	<u>34,988</u>	<u>31,015</u>	<u>64,308</u>
Cost of revenues			
Product costs	(1,378)	(1,572)	(2,533)
Service costs	(1,322)	(1,238)	(2,429)
Total cost of revenues	<u>(2,700)</u>	<u>(2,810)</u>	<u>(4,962)</u>
Gross profit	<u>32,288</u>	<u>28,205</u>	<u>59,346</u>
Research and development	(12,099)	(11,905)	(22,239)
Sales and marketing	(5,704)	(5,359)	(10,484)
General and administration	(6,574)	(5,850)	(12,083)
Total operating expenses	<u>(24,377)</u>	<u>(23,114)</u>	<u>(44,806)</u>
Income from operations	7,911	5,091	14,540
Interest	1,504	1,063	2,765
Minority interest	-	(102)	-
Income before income tax	<u>9,415</u>	<u>6,052</u>	<u>17,305</u>
Provision for income taxes	(2,782)	(1,753)	(5,114)
Net income	<u>6,633</u>	<u>4,299</u>	<u>12,191</u>
Cash dividend on ordinary shares at 0.6 pence per share	(6,118)	-	(11,244)
Balance of current earnings retained and used in the business	<u>515</u>	<u>4,299</u>	<u>947</u>
Net income	6,633	4,299	12,191
Other comprehensive income			
Foreign currency adjustments	(249)	(57)	(457)
Unrealized holding gain on available-for-sale securities, net of tax	353	-	649
Total comprehensive income	<u>6,737</u>	<u>4,242</u>	<u>12,383</u>
Earnings per share (assuming dilution)			
Shares outstanding ('000)	1,043,795	1,018,376	
Earnings per share – pence	0.6	0.4	
Earnings per ADS (assuming dilution)			
ADSs outstanding ('000)	347,932	339,459	
Earnings per ADS – cents	3.5	2.0	

(1) *US dollar amounts have been translated from sterling at the 31 March 2004 closing rate of \$1.838=£1*

ARM Holdings plc
Consolidated Balance Sheet-US GAAP

	31 March 2004 Unaudited £'000	31 December 2003 Audited £'000	31 March 2004 ⁽¹⁾ Unaudited \$'000
Assets			
Current assets:			
Cash and cash equivalents	117,654	130,722	216,248
Short-term investments	41,209	29,064	75,742
Accounts receivable, net of allowance of £1,094,000 in 2004 and £1,115,000 in 2003	25,019	17,320	45,985
Inventory: finished goods	823	931	1,513
Prepaid expenses and other assets	9,815	8,924	18,040
Total current assets	194,520	186,961	357,528
Deferred income taxes	3,493	3,139	6,420
Property and equipment, net	14,372	16,583	26,416
Intangible assets, net	9,393	10,068	17,264
Investments	6,694	6,246	12,303
Total assets	228,472	222,997	419,931
Liabilities and shareholders' equity			
Accounts payable	2,771	2,691	5,093
Income taxes payable	4,850	3,140	8,914
Personnel taxes	954	1,047	1,754
Accrued liabilities	12,027	16,912	22,106
Deferred revenue	11,586	11,132	21,295
Dividends payable	6,118	-	11,244
Total liabilities	38,306	34,922	70,406
Shareholders' equity			
Ordinary shares	513	512	943
Additional paid in capital	64,307	63,321	118,196
Deferred compensation	(2,014)	(2,499)	(3,702)
Treasury stock, at cost	(7,569)	(7,569)	(13,912)
Retained earnings	134,934	134,419	248,009
Other comprehensive income:			
Unrealized holding gain on available-for-sale securities, net of tax	2,332	1,979	4,286
Cumulative translation adjustment	(2,337)	(2,088)	(4,295)
Total shareholders' equity	190,166	188,075	349,525
Total liabilities and shareholders' equity	228,472	222,997	419,931

(1) US dollar amounts have been retranslated from sterling at the 31 March 2004 closing rate of \$ 1.838 = £1

The financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 240 (3) of the Companies Act 1985. Statutory accounts of the Company in respect of the financial year ended 31 December 2003 have been delivered to the Registrar of Companies, upon which the Company's auditors have given a report which was unqualified and did not contain a statement under Section 237(2) or Section 237(3) of that Act.