

**ARM Holdings plc**  
**Third Quarter and Nine Months Results – US GAAP**  
(in thousands except per share data)

	Quarter ended 30 September 2003 Unaudited £'000	Quarter ended 30 September 2002 Unaudited £'000	Nine months ended 30 September 2003 Unaudited £'000	Nine months ended 30 September 2002 Unaudited £'000	Nine months ended 30 September 2003 <sup>(1)</sup> Unaudited \$'000
<b>Revenues</b>					
Product revenues	28,242	29,137	83,261	104,946	138,297
Service revenues	3,486	4,162	10,857	13,664	18,033
<b>Total revenues</b>	<b>31,728</b>	<b>33,299</b>	<b>94,118</b>	<b>118,610</b>	<b>156,330</b>
<b>Cost of revenues</b>					
Product costs	(1,264)	(1,938)	(4,089)	(5,199)	(6,792)
Service costs	(1,251)	(1,709)	(3,753)	(5,421)	(6,234)
<b>Total cost of revenues</b>	<b>(2,515)</b>	<b>(3,647)</b>	<b>(7,842)</b>	<b>(10,620)</b>	<b>(13,026)</b>
<b>Gross profit</b>	<b>29,213</b>	<b>29,652</b>	<b>86,276</b>	<b>107,990</b>	<b>143,304</b>
Research and development	(12,711)	(12,219)	(36,735)	(36,333)	(61,017)
Sales and marketing	(5,886)	(6,425)	(16,915)	(19,043)	(28,096)
General and administration	(5,002)	(4,009)	(16,537)	(15,642)	(27,468)
<b>Total operating expenses</b>	<b>(23,599)</b>	<b>(22,653)</b>	<b>(70,187)</b>	<b>(71,018)</b>	<b>(116,581)</b>
<b>Income from operations</b>	<b>5,614</b>	<b>6,999</b>	<b>16,089</b>	<b>36,972</b>	<b>26,723</b>
Interest	1,228	1,027	3,462	3,080	5,750
Minority interest	-	(47)	(105)	(177)	(174)
<b>Income before income tax</b>	<b>6,842</b>	<b>7,979</b>	<b>19,446</b>	<b>39,875</b>	<b>32,299</b>
Provision for income taxes	(2,018)	(2,115)	(5,999)	(11,839)	(9,964)
<b>Net income</b>	<b>4,824</b>	<b>5,864</b>	<b>13,447</b>	<b>28,036</b>	<b>22,335</b>
<b>Net income</b>	<b>4,824</b>	<b>5,864</b>	<b>13,447</b>	<b>28,036</b>	<b>22,335</b>
Other comprehensive income					
Foreign currency adjustments	189	(271)	(94)	(563)	(156)
Unrealized holding gain on available-for-sale securities, net of tax	1,950	-	2,888	-	4,797
<b>Total comprehensive income</b>	<b>6,963</b>	<b>5,593</b>	<b>16,241</b>	<b>27,473</b>	<b>26,976</b>
<b>Earnings per share (assuming dilution)</b>					
Shares outstanding ('000)	1,038,088	1,019,888	1,029,093	1,022,954	
Earnings per share – pence	0.5	0.6	1.3	2.7	
<b>Earnings per ADS (assuming dilution)</b>					
ADS's outstanding ('000)	346,029	339,963	343,031	340,985	
Earnings per ADS – cents	2.3	2.7	6.5	12.9	

(1) US dollar amounts have been translated from sterling at the 30 September 2003 closing rate of \$1.661=£1

**ARM Holdings plc**  
**Consolidated Balance Sheet-US GAAP**

	30 September 2003 Unaudited £'000	31 December 2002 Audited £'000	30 September 2003 <sup>(1)</sup> Unaudited \$'000
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	151,406	130,304	251,485
Accounts receivable, net of allowance of £1,628,000 in 2003 and £2,193,000 in 2002	19,477	20,516	32,351
Inventory	1,162	1,515	1,930
Prepaid expenses and other assets	11,326	11,345	18,813
Total current assets	183,371	163,680	304,579
Deferred income taxes	1,624	1,697	2,698
Property and equipment, net	17,997	25,721	29,893
Intangible assets	11,635	10,417	19,326
Investments	6,394	4,229	10,620
Total assets	221,021	205,744	367,116
<b>Liabilities and shareholders' equity</b>			
Accounts payable	2,263	4,730	3,759
Income taxes payable	4,992	3,828	8,292
Personnel taxes	927	824	1,540
Accrued liabilities	9,854	8,636	16,367
Deferred revenue	13,511	14,415	22,442
Total liabilities	31,547	32,433	52,400
Minority interest	-	841	-
	31,547	33,274	52,400
<b>Shareholders' equity</b>			
Ordinary shares	512	511	850
Additional paid in capital	62,014	69,566	103,005
Deferred compensation	(2,099)	(313)	(3,487)
Treasury stock, at cost	(7,934)	(18,034)	(13,178)
Retained earnings	134,850	121,403	223,986
Unrealized holding gain on available -for-sale securities, net of tax	2,888	-	4,797
Cumulative translation adjustment	(757)	(663)	(1,257)
Total shareholders' equity	189,474	172,470	314,716
Total liabilities and shareholders' equity	221,021	205,744	367,116

(1) US dollar amounts have been translated from sterling at the 30 September 2003 closing rate of \$1.661=£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 2002 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.*