

**ARM Holdings plc**  
**Consolidated balance sheet - IFRS**

	<b>30 September</b>	<b>31 December</b>
	<b>2011</b>	<b>2010</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	39,420	29,363
Short-term deposits	284,907	247,466
Embedded derivatives	1,391	2,303
Accounts receivable (see note 3)	85,435	105,668
Prepaid expenses and other assets	27,668	18,431
Current tax assets (see note 3)	9,372	3,646
Inventories: finished goods	2,503	1,784
<b>Total current assets</b>	<b>450,696</b>	<b>408,661</b>
Non-current assets:		
Available-for-sale financial assets	27,892	20,329
Long-term deposits	76,852	15,000
Loans and receivables	1,997	1,934
Prepaid expenses and other assets	3,129	1,920
Property, plant and equipment	16,601	13,847
Goodwill	538,147	532,285
Other intangible assets	11,292	12,099
Deferred tax assets	80,936	78,587
<b>Total non-current assets</b>	<b>756,846</b>	<b>676,001</b>
<b>Total assets</b>	<b>1,207,542</b>	<b>1,084,662</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	9,490	4,305
Fair value of currency exchange contracts	4,082	201
Accrued and other liabilities (see note 3)	69,993	72,028
Current tax liabilities (see note 3)	542	20,216
Deferred revenue	78,932	72,049
<b>Total current liabilities</b>	<b>163,039</b>	<b>168,799</b>
Non-current liabilities:		
Deferred revenue	17,137	20,657
Deferred tax liabilities	30	301
	17,167	20,958
<b>Total liabilities</b>	<b>180,206</b>	<b>189,757</b>
<b>Net assets</b>	<b>1,027,336</b>	<b>894,905</b>
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	675	672
Share premium account	357,351	351,578
Share option reserve	61,474	61,474
Retained earnings	507,399	381,379
Cumulative translation adjustment	100,437	99,802
<b>Total equity</b>	<b>1,027,336</b>	<b>894,905</b>

**ARM Holdings plc**  
**Consolidated income statement – IFRS**

	Quarter ended 30 September 2011 Unaudited £'000	Quarter ended 30 September 2010 Unaudited £'000	Nine months ended 30 September 2011 Unaudited £'000	Nine months ended 30 September 2010 Unaudited £'000
<b>Revenues</b>	120,167	100,353	354,027	292,649
<b>Cost of revenues</b>	(6,894)	(6,752)	(21,140)	(19,505)
<b>Gross profit</b>	113,273	93,601	332,887	273,144
Research and development	(37,387)	(38,290)	(122,416)	(103,115)
Sales and marketing	(18,017)	(17,846)	(52,424)	(50,401)
General and administrative	(16,968)	(18,789)	(56,212)	(46,915)
<b>Total operating expenses, net</b>	(72,372)	(74,925)	(231,052)	(200,431)
<b>Profit from operations</b>	40,901	18,676	101,835	72,713
Investment income	2,145	910	5,441	2,394
<b>Profit before tax</b>	43,046	19,586	107,276	75,107
Tax	(11,593)	(4,789)	(27,708)	(18,842)
<b>Profit for the period</b>	31,453	14,797	79,568	56,265
<b>Earnings per share</b>				
Basic and diluted earnings	31,453	14,797	79,568	56,265
<b>Number of shares ('000)</b>				
Basic weighted average number of shares	1,348,057	1,318,120	1,343,123	1,310,341
Effect of dilutive securities: Share options and awards	27,912	36,402	31,052	37,936
Diluted weighted average number of shares	1,375,969	1,354,522	1,374,175	1,348,277
<b>Basic EPS (pence)</b>	2.3	1.1	5.9	4.3
<b>Diluted EPS (pence)</b>	2.3	1.1	5.8	4.2
<b>Diluted earnings per ADS (cents)</b>	10.7	5.2	27.1	19.7

All activities relate to continuing operations.

All of the profit for the period is attributable to the equity shareholders of the parent.

**ARM Holdings plc**  
**Consolidated statement of comprehensive income - IFRS**

	Quarter ended 30 September 2011 Unaudited £'000	Quarter ended 30 September 2010 Unaudited £'000	Nine months ended 30 September 2011 Unaudited £'000	Nine months ended 30 September 2010 Unaudited £'000
Profit for the period	31,453	14,797	79,568	56,265
Other comprehensive income:				
Unrealised holding gain on available-for-sale investments (net of tax of £nil)	-	-	-	155
Currency translation adjustment	13,598	(29,268)	635	12,838
Other comprehensive income /(loss) for the period	13,598	(29,268)	635	12,993
<b>Total comprehensive income/(loss) for the period</b>	<b>45,051</b>	<b>(14,471)</b>	<b>80,203</b>	<b>69,258</b>

**ARM Holdings plc**  
**Consolidated statement of changes in shareholders' equity – IFRS**

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Retained earnings £'000	Reval- -uation reserve £'000	Cumulative translation adjustment £'000	Total £'000
<b>At 1 January 2010 (audited)</b>	<b>672</b>	<b>351,578</b>	<b>61,474</b>	<b>241,950</b>	<b>(155)</b>	<b>83,178</b>	<b>738,697</b>
Profit for the period	–	–	–	56,265	–	–	56,265
Other comprehensive income:							
Unrealised holding gain on available-for-sale investment	–	–	–	–	155	–	155
Currency translation adjustment	–	–	–	–	–	12,838	12,838
<b>Total comprehensive income for the nine month period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>56,265</b>	<b>155</b>	<b>12,838</b>	<b>69,258</b>
Dividends	–	–	–	(19,022)	–	–	(19,022)
Credit in respect of employee share schemes	–	–	–	19,943	–	–	19,943
Movement on tax arising on share options and awards	–	–	–	31,189	–	–	31,189
Proceeds from sale of own shares	–	–	–	23,135	–	–	23,135
	–	–	–	55,245	–	–	55,245
<b>At 30 September 2010 (unaudited)</b>	<b>672</b>	<b>351,578</b>	<b>61,474</b>	<b>353,460</b>	<b>–</b>	<b>96,016</b>	<b>863,200</b>
<b>At 1 January 2011 (audited)</b>	<b>672</b>	<b>351,578</b>	<b>61,474</b>	<b>381,379</b>	<b>–</b>	<b>99,802</b>	<b>894,905</b>
Profit for the period	–	–	–	79,568	–	–	79,568
Other comprehensive income:							
Currency translation adjustment	–	–	–	–	–	635	635
<b>Total comprehensive income for nine month period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>79,568</b>	<b>–</b>	<b>635</b>	<b>80,203</b>
Shares issued on exercise of share options and awards	3	5,773	–	–	–	–	5,776
Dividends	–	–	–	(23,412)	–	–	(23,412)
Credit in respect of employee share schemes	–	–	–	29,701	–	–	29,701
Movement on tax arising on share options and awards	–	–	–	38,246	–	–	38,246
Proceeds from sale of own shares	–	–	–	1,917	–	–	1,917
	3	5,773	–	46,452	–	–	52,228
<b>At 30 September 2011 (unaudited)</b>	<b>675</b>	<b>357,351</b>	<b>61,474</b>	<b>507,399</b>	<b>–</b>	<b>100,437</b>	<b>1,027,336</b>

## Notes to the Financial Information

### (1) Basis of preparation

The financial information prepared in accordance with the Group's IFRS accounting policies comprises the consolidated balance sheets as of 30 September 2011 and 31 December 2010, consolidated income statements and consolidated statements of comprehensive income for the three months and nine months ended 30 September 2011 and 2010, and consolidated statements of changes in shareholders' equity for the nine months ended 30 September 2011 and 2010, together with related notes. This condensed set of consolidated interim financial information for the nine months ended 30 September 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority. This financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRSs as adopted by the European Union.

### (2) Share-based payment costs and acquisition-related expenses

Included within the consolidated income statement for the quarter ended 30 September 2011 are total share-based payment costs (including related payroll taxes) of £11.7 million (2010: £13.1 million), allocated £0.8 million (2010: £0.9 million) in cost of revenues, £7.0 million (2010: £7.9 million) in research and development expenses, £2.3 million (2010: £2.5 million) in sales and marketing expenses and £1.6 million (2010: £1.8 million) in general and administrative expenses.

Included within the consolidated income statement for the nine months ended 30 September 2011 are total share-based payment costs (including related payroll taxes) of £43.6 million (2010: £31.3 million), allocated £2.5 million (2010: £2.1 million) in cost of revenues, £26.3 million (2010: £18.8 million) in research and development expenses, £8.6 million (2010: £6.0 million) in sales and marketing expenses and £6.2 million (2010: £4.4 million) in general and administrative expenses.

Also included within operating expenses for the quarter ended 30 September 2011 is amortisation of intangibles acquired on business combinations of £0.8 million (2010: £2.7 million), allocated £0.7 million (2010: £0.9 million) in research and development expenses and £0.1 million (2010: £1.8 million) in sales and marketing expenses.

### (3) Accounts receivable, accrued and other liabilities, and current tax

Included within accounts receivable at 30 September 2011 are £6.3 million (31 December 2010: £8.7 million) of amounts recoverable on contracts.

Included within accrued and other liabilities at 30 September 2011 are £19.4 million (31 December 2010: £17.7 million) relating to the provision for payroll taxes on share awards, and £15.0 million (31 December 2010: £22.7 million) relating to employee bonus and sales commission provisions.

Total current tax assets and liabilities as at 30 September 2011 amounted to an overall net asset of £8.8 million (31 December 2010: net liability of £16.6 million). Share option and award tax benefits from exercises in Q1 2011 account for the majority of the movement. These benefits will be utilised against taxable profits during the remainder of the year.

#### (4) Non-GAAP measures

The following non-GAAP measures, including reconciliations to the IFRS measures, have been used in this earnings release. These measures have been presented as they allow a clearer comparison of operating results that exclude acquisition-related charges, share-based payment costs, restructuring charges, profit on disposal and impairment of available-for-sale investments, and Linaro-related charges. Full reconciliations of Q3 2011, Q3 2010, 9M 2011 and 9M 2010, are shown in notes 4.13 to 4.16. All figures in £'000 unless otherwise stated.

<i>Summary normalised figures</i>	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>Q2 2011</b>	<b>9M 2011</b>	<b>9M 2010</b>
Revenues (£'000)	120,167	100,353	117,837	354,027	292,649
Revenues (\$'000)	192,310	158,120	190,162	567,966	451,715
Gross margin	94.9%	94.2%	94.8%	94.7%	94.0%
Operating expenses	60,462	56,642	59,368	180,150	157,759
Profit from operations	53,615	37,872	52,381	155,248	117,456
Operating margin	44.6%	37.7%	44.5%	43.9%	40.1%
Profit before tax	55,760	38,782	54,167	160,689	119,850
Earnings per share (diluted)	3.05p	2.08p	2.98p	8.75p	6.45p
Cash	397,173	251,856	353,841	397,173	251,856
Cash generation	43,729	64,991	45,655	152,289	139,248
	(4.1)	(4.2)	(4.3)	(4.4)	(4.5)
	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>Q2 2011</b>	<b>9M 2011</b>	<b>9M 2010</b>
Revenues (£'000)	120,167	100,353	117,837	354,027	292,649
ARM's effective exchange rate (\$/£)	1.60	1.58	1.61	1.60	1.54
Revenues (\$'000)	192,310	158,120	190,162	567,966	451,715
				(4.6)	(4.7)
				<b>30</b>	<b>31</b>
				<b>September</b>	<b>December</b>
				<b>2011</b>	<b>2010</b>
Cash and cash equivalents				39,420	29,363
Short-term deposits				284,907	247,466
Long-term deposits				76,852	15,000
Less: Interest accrued				(4,006)	(1,728)
<b>Total cash</b>				<b>397,173</b>	<b>290,101</b>
	(4.8)	(4.9)	(4.10)	(4.11)	(4.12)
	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>Q2 2011</b>	<b>9M 2011</b>	<b>9M 2010</b>
Normalised cash at end of period (as above)	397,173	251,856	353,841	397,173	251,856
Less: Normalised cash at beginning of period	(353,841)	(202,257)	(344,305)	(290,101)	(141,808)
Add back: Cash outflow from investments and acquisitions (net of cash acquired)	2,176	3,746	9,320	11,521	8,618
Add back: Cash outflow from acquisition costs	451	-	2,688	3,139	-
Add back: Cash outflow from payment of dividends	-	15,304	23,412	23,412	34,326
Add back: Cash outflow from restructuring payments	-	370	-	-	4,510
Add back: Cash outflow from share-based payroll taxes	226	91	308	12,202	3,022
Add back: Cash outflow from payments related to Linaro	829	621	929	2,636	1,859
Less: Cash inflow from exercise of share options	(3,285)	(4,740)	(538)	(7,693)	(23,135)
<b>Normalised cash generation</b>	<b>43,729</b>	<b>64,991</b>	<b>45,655</b>	<b>152,289</b>	<b>139,248</b>

(4.13) Normalised income statement for Q3 2011

	Normalised £'000	Share-based payments £'000	Normalised incl share- based payments £'000	Intangible amortisa- tion £'000	Other acquisition -related charges £'000	IFRS £'000
<b>Revenues</b>	120,167	-	120,167	-	-	120,167
<b>Cost of revenues</b>	(6,090)	(804)	(6,894)	-	-	(6,894)
<b>Gross profit</b>	<u>114,077</u>	<u>(804)</u>	<u>113,273</u>	<u>-</u>	<u>-</u>	<u>113,273</u>
Research and development	(29,750)	(6,987)	(36,737)	(650)	-	(37,387)
Sales and marketing	(15,568)	(2,234)	(17,802)	(101)	(114)	(18,017)
General and administrative	(15,144)	(1,630)	(16,774)	-	(194)	(16,968)
<b>Total operating expenses</b>	<u>(60,462)</u>	<u>(10,851)</u>	<u>(71,313)</u>	<u>(751)</u>	<u>(308)</u>	<u>(72,372)</u>
<b>Profit from operations</b>	53,615	(11,655)	41,960	(751)	(308)	40,901
Investment income	2,145	-	2,145	-	-	2,145
<b>Profit before tax</b>	<u>55,760</u>	<u>(11,655)</u>	<u>44,105</u>	<u>(751)</u>	<u>(308)</u>	<u>43,046</u>
Tax	(13,829)	2,018	(11,811)	157	61	(11,593)
<b>Profit for the period</b>	<u>41,931</u>	<u>(9,637)</u>	<u>32,294</u>	<u>(594)</u>	<u>(247)</u>	<u>31,453</u>
<b>Earnings per share (assuming dilution)</b>						
Shares outstanding ('000)	1,375,969		1,375,969			1,375,969
Earnings per share – pence	3.05		2.35			2.29
ADSs outstanding ('000)	458,656		458,656			458,656
Earnings per ADS – cents	14.24		10.97			10.68

(4.14) Normalised income statement for Q3 2010

	<u>Normalised</u> <u>£'000</u>	<u>Share-</u> <u>based</u> <u>payments</u> <u>£'000</u>	<u>Normalised</u> <u>incl share-</u> <u>based</u> <u>payments</u> <u>£'000</u>	<u>Intangible</u> <u>amortisa-</u> <u>tion</u> <u>£'000</u>	<u>Other</u> <u>acquisition</u> <u>-related</u> <u>charges</u> <u>£'000</u>	<u>Linaro -</u> <u>related</u> <u>charges</u> <u>£'000</u>	<u>IFRS</u> <u>£'000</u>
<b>Revenues</b>	100,353	-	100,353	-	-	-	100,353
<b>Cost of revenues</b>	(5,839)	(913)	(6,752)	-	-	-	(6,752)
<b>Gross profit</b>	<u>94,514</u>	<u>(913)</u>	<u>93,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,601</u>
Research and development	(26,392)	(7,858)	(34,250)	(871)	-	(3,169)	(38,290)
Sales and marketing	(13,337)	(2,490)	(15,827)	(1,870)	(114)	(35)	(17,846)
General and administrative	(16,913)	(1,833)	(18,746)	-	-	(43)	(18,789)
<b>Total operating expenses</b>	<u>(56,642)</u>	<u>(12,181)</u>	<u>(68,823)</u>	<u>(2,741)</u>	<u>(114)</u>	<u>(3,247)</u>	<u>(74,925)</u>
<b>Profit from operations</b>	37,872	(13,094)	24,778	(2,741)	(114)	(3,247)	18,676
Investment income	910	-	910	-	-	-	910
<b>Profit before tax</b>	<u>38,782</u>	<u>(13,094)</u>	<u>25,688</u>	<u>(2,741)</u>	<u>(114)</u>	<u>(3,247)</u>	<u>19,586</u>
Tax	(10,657)	3,917	(6,740)	1,010	32	909	(4,789)
<b>Profit for the period</b>	<u>28,125</u>	<u>(9,177)</u>	<u>18,948</u>	<u>(1,731)</u>	<u>(82)</u>	<u>(2,338)</u>	<u>14,797</u>
<b>Earnings per share</b> <b>(assuming dilution)</b>							
Shares outstanding ('000)	1,354,522		1,354,522				1,354,522
Earnings per share – pence	2.08		1.40				1.09
ADSs outstanding ('000)	451,507		451,507				451,507
Earnings per ADS – cents	9.82		6.61				5.16

(4.15) Normalised income statement for 9M 2011

	Normalised £'000	Share- based payments £'000	Normalised incl share- based payments £'000	Intangible amortisa- tion £'000	Other acquisition -related charges £'000	Linaro - related charges £'000	IFRS £'000
<b>Revenues</b>	354,027	-	354,027	-	-	-	354,027
<b>Cost of revenues</b>	(18,629)	(2,511)	(21,140)	-	-	-	(21,140)
<b>Gross profit</b>	<u>335,398</u>	<u>(2,511)</u>	<u>332,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,887</u>
Research and development	(87,431)	(26,317)	(113,748)	(1,817)	-	(6,851)	(122,416)
Sales and marketing	(43,187)	(8,608)	(51,795)	(287)	(342)	-	(52,424)
General and administrative	(49,532)	(6,149)	(55,681)	-	(531)	-	(56,212)
<b>Total operating expenses</b>	<u>(180,150)</u>	<u>(41,074)</u>	<u>(221,224)</u>	<u>(2,104)</u>	<u>(873)</u>	<u>-</u>	<u>(231,052)</u>
<b>Profit from operations</b>	155,248	(43,585)	111,663	(2,104)	(873)	(6,851)	101,835
Investment income	5,441	-	5,441	-	-	-	5,441
<b>Profit before tax</b>	<u>160,689</u>	<u>(43,585)</u>	<u>117,104</u>	<u>(2,104)</u>	<u>(873)</u>	<u>(6,851)</u>	<u>107,276</u>
Tax	(40,496)	10,273	(30,223)	551	148	1,816	(27,708)
<b>Profit for the period</b>	<u>120,193</u>	<u>(33,312)</u>	<u>86,881</u>	<u>(1,553)</u>	<u>(725)</u>	<u>(5,035)</u>	<u>79,568</u>
<b>Earnings per share (assuming dilution)</b>							
Shares outstanding ('000)	1,374,175		1,374,175				1,374,175
Earnings per share – pence	8.75		6.32				5.79
ADSs outstanding ('000)	458,058		458,058				458,058
Earnings per ADS – cents	40.88		29.55				27.06

(4.16) Normalised income statement for 9M 2010

	Normalised £'000	Share- based payments £'000	Normalised incl share- based payments £'000	Intangible amortisa- tion £'000	Other acquisition -related charges £'000	Linaro - related charges £'000	IFRS £'000
<b>Revenues</b>	292,649	-	292,649	-	-	-	292,649
<b>Cost of revenues</b>	(17,434)	(2,071)	(19,505)	-	-	-	(19,505)
<b>Gross profit</b>	<u>275,215</u>	<u>(2,071)</u>	<u>273,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,144</u>
Research and development	(77,950)	(18,851)	(96,801)	(2,873)	-	(3,441)	(103,115)
Sales and marketing	(38,188)	(5,991)	(44,179)	(5,729)	(342)	(151)	(50,401)
General and administrative	(41,621)	(4,401)	(46,022)	-	-	(893)	(46,915)
<b>Total operating expenses</b>	<u>(157,759)</u>	<u>(29,243)</u>	<u>(187,002)</u>	<u>(8,602)</u>	<u>(342)</u>	<u>(4,485)</u>	<u>(200,431)</u>
<b>Profit from operations</b>	117,456	(31,314)	86,142	(8,602)	(342)	(4,485)	72,713
Investment income	2,394	-	2,394	-	-	-	2,394
<b>Profit before tax</b>	<u>119,850</u>	<u>(31,314)</u>	<u>88,536</u>	<u>(8,602)</u>	<u>(342)</u>	<u>(4,485)</u>	<u>75,107</u>
Tax	(32,870)	9,501	(23,369)	3,175	96	1,256	(18,842)
<b>Profit for the period</b>	<u>86,980</u>	<u>(21,813)</u>	<u>65,167</u>	<u>(5,427)</u>	<u>(246)</u>	<u>(3,229)</u>	<u>56,265</u>
<b>Earnings per share (assuming dilution)</b>							
Shares outstanding ('000)	1,348,277		1,348,277				1,348,277
Earnings per share – pence	6.45		4.83				4.17
ADSs outstanding ('000)	449,426		449,426				449,426
Earnings per ADS – cents	30.50		22.85				19.73