

OPENWAVE SYSTEMS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS-UNAUDITED
(In thousands)

	<u>September 30,</u> <u>2011</u>	<u>June 30,</u> <u>2011</u>
Assets		
Current Assets:		
Cash, cash equivalents and short-term investments	\$ 56,288	\$ 81,213
Accounts receivable, net	36,612	22,293
Prepaid and other current assets	15,719	15,808
Total current assets	<u>108,619</u>	<u>119,314</u>
Property and equipment, net	5,733	6,680
Long-term investments	10,302	15,630
Deposits and other assets	5,231	5,373
Goodwill	267	267
Intangible assets, net	144	553
Total assets	<u>\$ 130,296</u>	<u>\$ 147,817</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 4,315	\$ 7,014
Accrued liabilities	19,841	19,810
Accrued settlement related to discontinued operations	-	12,000
Accrued restructuring costs	15,839	13,660
Deferred revenue	26,024	29,088
Total current liabilities	<u>66,019</u>	<u>81,572</u>
Accrued restructuring costs, less current portion	9,108	12,515
Deferred revenue, less current portion	7,740	9,370
Deferred rent obligations and long-term taxes payable	1,360	1,415
Total liabilities	<u>84,227</u>	<u>104,872</u>
Stockholders' equity	<u>46,069</u>	<u>42,945</u>
Total liabilities and stockholders' equity	<u>\$ 130,296</u>	<u>\$ 147,817</u>

OPENWAVE SYSTEMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS-UNAUDITED
(In thousands, except per share data)

	Three Months Ended		
	September 30, 2011	June 30, 2011	September 30, 2010
Revenues:			
License	\$ 9,914	\$ 10,273	\$ 12,332
Maintenance and support	10,671	10,677	13,993
Services	16,790	14,255	11,203
Patents	15,021	10	4,000
Total revenues	<u>52,396</u>	<u>35,215</u>	<u>41,528</u>
Cost of revenues:			
License	486	424	30
Maintenance and support	3,722	3,965	4,141
Services	13,797	11,949	8,887
Amortization of intangible assets	409	409	420
Total cost of revenues	<u>18,414</u>	<u>16,747</u>	<u>13,478</u>
Gross profit	<u>33,982</u>	<u>18,468</u>	<u>28,050</u>
Operating Expenses:			
Research and development	9,348	9,836	11,430
Sales and marketing	8,737	11,509	10,821
General and administrative	7,786	7,167	6,612
Restructuring and other related costs	5,072	524	708
Total operating expenses	<u>30,943</u>	<u>29,036</u>	<u>29,571</u>
Operating income (loss) from continuing operations	3,039	(10,568)	(1,521)
Interest and other income (expense), net	61	(433)	37
Pre-tax income (loss) from continuing operations	3,100	(11,001)	(1,484)
Income taxes	458	370	681
Net income (loss) from continuing operations	2,642	(11,371)	(2,165)
Discontinued operations, net	-	(8,589)	2,236
Net income (loss)	<u>\$ 2,642</u>	<u>\$ (19,960)</u>	<u>\$ 71</u>
Basic net income (loss) per share from:			
Continuing operations	\$ 0.03	\$ (0.13)	\$ (0.03)
Discontinued operations	-	(0.10)	0.03
Net income (loss) per share	<u>\$ 0.03</u>	<u>\$ (0.23)</u>	<u>\$ -</u>
Diluted net income (loss) per share from:			
Continuing operations	\$ 0.03	\$ (0.13)	\$ (0.03)
Discontinued operations	-	(0.10)	0.03
Net income (loss) per share	<u>\$ 0.03</u>	<u>\$ (0.23)</u>	<u>\$ -</u>
Shares used in basic net income (loss) per share	85,482	85,216	84,017
Shares used in diluted net income (loss) per share	86,432	85,216	84,017
Stock-based compensation by category:			
Maintenance and support	\$ 42	\$ 33	\$ 45
Services	54	40	59
Research and development	94	86	131
Sales and marketing	116	118	156
General and administrative	173	271	270
Restructuring	106	-	-
	<u>\$ 585</u>	<u>\$ 548</u>	<u>\$ 661</u>

OPENWAVE SYSTEMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS-UNAUDITED
(in thousands)

	Three Months Ended		
	September 30, 2011	June 30, 2011	September 30, 2010
Operating activities:			
Net income (loss)	\$ 2,642	\$ (19,960)	\$ 71
Gain on sale of discontinued operation	-	-	(2,236)
Reconciling items:			
Depreciation, amortization of intangibles and stock-based compensation	2,157	2,276	2,327
Non-cash restructuring charges	212	237	315
Non-cash income from discontinued operations	-	(3,411)	-
Provision for (recovery of) doubtful accounts	197	(183)	(185)
Other non-cash items, net	307	300	346
Realized losses and other-than-temporary impairments of investments	-	645	-
Changes in operating assets and liabilities	(22,969)	15,973	(3,503)
Net cash used for operating activities	<u>(17,454)</u>	<u>(4,123)</u>	<u>(2,865)</u>
Investing activities:			
Purchases of property and equipment, net	(389)	(876)	(1,066)
Payment of settlement related to discontinued operations	(12,000)	-	-
Sale of discontinued operation, net	-	-	2,236
Proceeds of investments, net	6,440	(3,207)	976
Net cash provided by (used for) investing activities	<u>(5,949)</u>	<u>(4,083)</u>	<u>2,146</u>
Financing activities:			
Net proceeds from issuance of common stock	119	749	70
Cash provided by financing activities	<u>119</u>	<u>749</u>	<u>70</u>
Net decrease in cash and cash equivalents	(23,284)	(7,457)	(649)
Cash and cash equivalents at beginning of period	47,266	54,723	60,935
Cash and cash equivalents at end of period, including discontinued operations	<u>\$ 23,982</u>	<u>\$ 47,266</u>	<u>\$ 60,286</u>