

WAVECOM S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for share and per share data)

Prepared in accordance with U.S. generally accepted accounting principles.

	September 30, 2007	Three months ended June 30, 2008	September 30, 2008
	Euro	Euro	Euro
Revenues :			
Product sales	50 405	33 401	27 504
Services revenue	1 958	1 499	1 411
	52 363	34 900	28 915
Cost of revenues :			
Cost of goods sold	26 956	15 141	13 529
Cost of services	1 666	1 425	1 352
	28 622	16 566	14 881
Gross profit	23 741	18 334	14 034
Operating expenses :			
Research and development	8 493	9 319	7 687
Sales and marketing	5 689	5 810	6 095
General and administrative	5 461	3 733	5 520
Total operating expenses	19 643	18 862	19 302
Operating income (loss)	4 098	(528)	(5 268)
Interest income and other financial income, net	127	870	1 014
Foreign exchange gain (loss), net	(832)	171	142
Total financial income (loss)	(705)	1 041	1 156
Income (loss) before income taxes	3 393	513	(4 112)
Income tax expense (benefit)	49	(38)	(45)
Net income (loss)	3 344	551	(4 067)
Basic net income (loss) per share	0.22	0.04	(0.27)
Diluted net income (loss) per share	0.18	0.04	(0.27)
Number of shares used for computing :			
- basic	15 199 624	15 259 641	15 185 200
- diluted	18 785 143	18 329 375	15 185 200

WAVECOM S.A.**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
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	Nine months ended	
	Sept 30, 2007	Sept 30, 2008
	<u>Euro</u>	<u>Euro</u>
Revenues :		
Product sales	153 967	97 813
Services revenue	2 623	4 105
	<u>156 590</u>	<u>101 918</u>
Cost of revenues :		
Cost of goods sold	83 107	46 096
Cost of services	4 825	3 831
	<u>87 932</u>	<u>49 927</u>
Gross profit	68 658	51 991
Operating expenses :		
Research and development	24 430	26 729
Sales and marketing	16 844	19 104
General and administrative	16 944	15 078
Total operating expenses	<u>58 218</u>	<u>60 911</u>
Operating income (loss)	<u>10 440</u>	<u>(8 920)</u>
Interest income and other financial income, net	963	2 710
Foreign exchange gain (loss), net	(930)	268
Total financial income	<u>33</u>	<u>2 978</u>
Income (loss) before income taxes	10 473	(5 942)
Income tax expense (benefit)	151	(90)
Net income (loss)	<u>10 322</u>	<u>(5 852)</u>
Basic net income (loss) per share	<u>0.68</u>	<u>(0.38)</u>
Diluted net income (loss) per share	<u>0.64</u>	<u>(0.38)</u>
Number of shares used for computing :		
- basic	15 092 060	15 253 071
- diluted	16 186 995	15 253 071

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

Prepared in accordance with U.S. generally accepted accounting principles.

	<u>At December 31,</u> 2007	<u>At Sept 30,</u> 2008
	Euro	Euro
ASSETS		
Current assets :		
Cash and cash equivalents	4 677	3 359
Marketable securities	134 610	122 189
Accounts receivable, net	29 467	20 872
Inventory	6 032	5 458
Value added tax recoverable	1 124	684
Prepaid expenses and other current assets	3 141	2 221
Deferred tax assets	4 514	4 514
Total current assets	<u>183 565</u>	<u>159 297</u>
Other assets :		
Long-term investments	3 731	5 968
Other assets and Interest in associates	4 517	4 138
Research tax credit	2 049	2 677
Income tax receivable	13 083	13 083
Intangible and tangible assets, net	16 336	18 617
Goodwill	8 117	16 721
Total assets	<u><u>231 398</u></u>	<u><u>220 501</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities :		
Accounts payable	27 612	21 392
Accrued compensation	8 584	5 105
Current portion of other accrued expenses	3 572	3 320
Current portion of convertible bonds	664	1 055
Current portion of capitalized lease obligations	207	260
Deferred revenue and advances received from customers	307	1 097
Deferred tax liabilities	-	154
Other liabilities	3 652	6 829
Total current liabilities	<u>44 598</u>	<u>39 212</u>
Long-term liabilities :		
Long-term portion of other accrued expenses	16 636	14 739
Long-term portion of convertible bonds	80 500	80 500
Long-term portion of capitalized lease obligations	340	245
Other long-term liabilities	616	478
Total long-term liabilities	<u>98 092</u>	<u>95 962</u>
Shareholders' equity :		
Shares, euro 1 nominal value, 15,820,442 shares authorized, issued and outstanding at September 30, 2008 (15,796,591 at December 31, 2007)	15 797	15 820
Additional paid-in capital	146 052	152 264
Treasury stock at cost (1,091,861 shares at September 30, 2008 and 544,322 at December 31, 2007)	(8 823)	(10 777)
Accumulated deficit	(62 548)	(69 681)
Accumulated other comprehensive income (loss)	(1 770)	(2 299)
Total shareholders' equity	<u>88 708</u>	<u>85 327</u>
Total liabilities and shareholders' equity	<u><u>231 398</u></u>	<u><u>220 501</u></u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Prepared in accordance with U.S. generally accepted accounting principles.

	Nine months ended September 30,	
	2007	2008
	Euro	Euro
Cash flows from operating activities :		
Net income (loss)	10 322	(5 852)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Amortization and impairment of intangible and tangible assets	6 254	6 559
Amortization of debt issue costs	-	280
Share-based compensation	3 073	6 114
Loss on sales and retirement of tangible assets	13	31
Disposal (acquisition) of marketable securities, net	(102 140)	12 421
Deferred tax	-	(151)
Net increase (decrease) in cash from working capital items	(4 581)	986
Net cash provided (used) by operating activities	<u>(87 059)</u>	<u>20 388</u>
Cash flows from investing activities :		
Acquisition of long-term investments	(55)	(2 236)
Purchases of intangible and tangible assets	(3 873)	(5 090)
Acquisition of certain assets, net of cash acquired	-	(10 746)
Proceeds from sale of intangible and tangible assets	-	57
Purchase of interests in associates	(7)	4
Net cash used by investing activities	<u>(3 935)</u>	<u>(18 011)</u>
Cash flows from financing activities :		
Proceeds from convertible bonds (net of debt issue cost of €2,501)	77 998	-
Principal payments on capital lease obligations	(207)	(225)
Purchases of treasury stock	(7 510)	(3 235)
Proceeds from exercise of stock options and founders' warrants	1 843	122
Net cash provided (used) by financing activities	<u>72 124</u>	<u>(3 338)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(525)</u>	<u>(357)</u>
Net decrease in cash and cash equivalents	<u>(19 395)</u>	<u>(1 318)</u>
Cash and cash equivalents, beginning of period	<u>54 776</u>	<u>4 677</u>
Cash and cash equivalents, end of period	<u><u>35 381</u></u>	<u><u>3 359</u></u>