

SIERRA WIRELESS, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS***(in thousands of U.S. dollars, except where otherwise stated)**(Unaudited)*

	<i>Three months ended</i>		<i>Year ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	2011	2010	2011	2010
Revenue	\$ 147,195	\$ 167,176	\$ 578,185	\$ 650,341
Cost of goods sold	105,643	118,309	414,735	459,976
Gross margin	41,552	48,867	163,450	190,365
Expenses				
Sales and marketing	10,747	12,123	45,499	51,599
Research and development	21,521	23,782	89,000	88,035
Administration	7,934	9,073	34,677	36,357
Restructuring	(19)	132	837	7,640
Integration	–	906	1,426	5,110
Impairment of intangible asset	11,214	–	11,214	–
Amortization	2,620	3,026	10,709	11,990
	54,017	49,042	193,362	200,731
Loss from operations	(12,465)	(175)	(29,912)	(10,366)
Foreign exchange loss	(507)	(241)	(460)	(7,000)
Other income (expense)	20	(20)	35	(241)
Loss before income taxes	(12,952)	(436)	(30,337)	(17,607)
Income tax expense (recovery)	810	(1,221)	(965)	(2,808)
Net earnings (loss)	(13,762)	785	(29,372)	(14,799)
Net loss attributable to non-controlling interest	–	(40)	(57)	(258)

Net earnings (loss) attributable to the Company	\$		\$	\$
	(13,762)	\$ 825	(29,315)	(14,541)
Net income (loss) per share attributable to the Company's common shareholders (in dollars)				
Basic	\$(0.44)	\$0.03	\$(0.94)	\$(0.47)
Diluted	\$ (0.44)	\$ 0.03	\$ (0.94)	\$(0.47)
Weighted average number of shares outstanding (in thousands)				
Basic	31,298	31,151	31,275	31,083
Diluted	31,298	31,493	31,275	31,083

SIERRA WIRELESS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars)
(Unaudited)

	<i>As at December 31,</i>	
	2011	2010
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Assets		
Current assets		
Cash and cash equivalents	\$ 101,375	\$ 85,443
Short-term investments	9,347	26,405
Accounts receivable	107,367	117,397
Inventories	16,168	22,134
Deferred income taxes	6,540	9,577
Prepays and other	20,674	24,542
	261,471	285,498
Property, plant and equipment	22,087	22,635

Intangible assets	42,557	69,024
Goodwill	89,961	90,953
Deferred income taxes	6,205	836
Other assets	606	622
	\$	\$
	422,887	469,568

Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$	\$
	123,547	139,264
Deferred income taxes	336	–
Deferred revenue and credits	1,721	987
	125,604	140,251

Long-term obligations	25,143	24,987
Deferred income taxes	236	1,143
	150,983	166,381

Equity

Shareholders' equity

Common stock: no par value; unlimited shares authorized; issued and outstanding: 31,306,692 shares (December 31, 2010 – 31,222,786 shares)	328,440	327,668
Preferred stock: no par value; unlimited shares authorized; Issued and outstanding: nil shares	-	-
Treasury stock: at cost; 877,559 shares (December 31, 2010 – 643,042 shares)	(6,141)	(3,908)
Additional paid-in capital	20,087	16,926
Deficit	(62,482)	(33,167)
Accumulated other comprehensive loss	(8,000)	(5,471)
	271,904	302,048

Non-controlling interest	–	1,139
	271,904	303,187
	\$	\$
	422,887	469,568

SIERRA WIRELESS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)
(Unaudited)

	<i>Three months ended</i>		<i>Year ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	2011	<i>2010</i>	2011	<i>2010</i>
Cash flows provided (used) by:				
Operating activities				
Net earnings (loss)	\$ (13,762)	\$ 785	\$ (29,372)	\$ (14,799)
Items not requiring (providing) cash				
Amortization	7,862	8,813	32,386	34,990
Stock-based compensation	1,533	1,405	6,449	6,956
Non-cash restructuring and other	–	25	–	(859)
Tax benefit related to stock option deduction	–	151	–	151
Deferred income taxes	304	(2,281)	(2,903)	(3,374)
Loss (gain) on disposal of property, plant and equipment	13	(23)	40	(95)
Impairment of intangible assets	11,214	–	11,214	–
Changes in non-cash working capital				
Accounts receivable	(1,984)	14,687	9,067	(35,671)
Inventories	8,740	817	5,664	(11,399)

Prepaid expenses and other	(5,158)	(144)	4,248	7,104
Accounts payable, accrued liabilities and obligations	5,469	(11,630)	(13,783)	12,116
Deferred revenue and credits	894	353	733	480
Cash flows provided (used) by operating activities	15,125	12,958	23,743	(4,400)
Investing activities				
Purchase of Wavecom S.A. shares	–	–	(1,787)	(1,553)
Additions to property, plant and equipment	(2,348)	(5,045)	(14,268)	(12,580)
Proceeds from sale of property, plant and equipment	2	26	31	99
Increase in intangible assets	(518)	(1,011)	(3,740)	(3,976)
Net change in short-term investments	(9,347)	(23,990)	17,058	489
Cash flows used in investing activities	(12,211)	(30,020)	(2,706)	(17,521)
Financing activities				
Issuance of common shares, net of share issue costs	39	795	519	1,074
Purchase of treasury shares for RSU distribution	(1,975)	–	(4,472)	–
Repayment of long-term obligations	(17)	(276)	(905)	(2,615)
Cash flows provided (used) by financing activities	(1,953)	519	(4,858)	(1,541)
Effect of foreign exchange rate changes on cash and cash equivalents	(248)	(587)	(247)	1,414
Cash and cash equivalents, increase (decrease) in the period	713	(17,130)	15,932	(22,048)
Cash and cash equivalents, beginning of period	100,662	102,573	85,443	107,491
Cash and cash equivalents, end of period	\$ 101,375	\$ 85,443	\$ 101,375	\$ 85,443

SIERRA WIRELESS, INC.
RECONCILIATION OF GAAP AND NON-GAAP RESULTS
(Unaudited)

(in thousands of U.S. dollars, except where otherwise stated)

	2011					2010				
	TOTAL	Q4	Q3	Q2	Q1	TOTAL	Q4	Q3	Q2	Q1
Revenue - GAAP and Non-GAAP	\$ 578,185	\$ 147,195	\$ 146,827	\$ 139,888	\$ 144,275	\$ 650,341	\$ 167,176	\$ 172,732	\$ 159,116	\$ 151,317
Gross Margin - GAAP	\$ 163,450	\$ 41,552	\$ 43,334	\$ 39,100	\$ 39,464	\$ 190,365	\$ 48,867	\$ 48,954	\$ 46,210	\$ 46,334
Stock-based compensation	385	86	89	97	113	491	121	111	124	135
Gross Margin - Non-GAAP	\$ 163,835	\$ 41,638	\$ 43,423	\$ 39,197	\$ 39,577	\$ 190,856	\$ 48,988	\$ 49,065	\$ 46,334	\$ 46,469
Loss from operations - GAAP	\$ (29,912)	\$ (12,465)	\$ (1,763)	\$ (6,270)	\$ (9,414)	\$ (10,366)	\$ (175)	\$ (2,208)	\$ (3,473)	\$ (4,510)
Stock-based compensation	6,449	1,533	1,587	1,697	1,632	6,957	1,403	2,108	1,751	1,695
Restructuring and other	837	(19)	881	(350)	325	7,100	132	3,776	1,581	1,611
Integration	1,426	-	121	765	540	5,110	906	727	1,631	1,846
Impairment of intangible asset	11,214	11,214	-	-	-	-	-	-	-	-
Acquisition related amortization	12,888	3,090	3,198	3,312	3,288	13,598	3,516	3,403	3,194	3,485
Earnings (loss) from operations - Non-GAAP	\$ 2,902	\$ 3,353	\$ 4,024	\$ (846)	\$ (3,629)	\$ 22,399	\$ 5,782	\$ 7,806	\$ 4,684	\$ 4,127
Amortization (excluding acquisition related amortization)	19,498	4,772	4,258	5,144	5,324	21,392	5,298	5,289	5,569	5,236

EBITDA	\$ 22,400	\$ 8,125	\$ 8,282	\$ 4,298	\$ 1,695	\$ 43,791	\$ 11,080	\$ 13,095	\$ 10,253	\$ 9,363
Net earnings (loss) - GAAP	\$ (29,315))	\$ (13,762)	\$ (998)	\$ (6,766)	\$ (7,789)	\$ (14,541)	\$ 825	\$ 710	\$ (8,555)	\$ (7,521)
Stock-based compensation , restructuring and other, integration, impairment of intangible asset and acquisition related amortization, net of tax	32,713	15,915	5,570	5,503	5,725	31,129	5,919	9,616	7,518	8,076
Unrealized foreign exchange loss (gain)	267	330	34	238	(335)	7,000	241	(2,359)	5,460	3,658
Non- controlling interest	(32)	-	-	-	(32)	(182)	(23)	(34)	(40)	(85)
Tax adjustments	-	-	-	-	-	(3,410)	(2,022)	(1,388)	-	-
Net earnings (loss) - Non- GAAP	\$ 3,633	\$ 2,483	\$ 4,606	\$ (1,025)	\$ (2,431)	\$ 19,996	\$ 4,940	\$ 6,545	\$ 4,383	\$ 4,128
Earnings (loss) per share - GAAP (in dollars)	\$ (0.94)	\$ (0.44)	\$ (0.03)	\$ (0.22)	\$ (0.25)	\$ (0.47)	\$ 0.03	\$ 0.02	\$ (0.28)	\$ (0.24)
Diluted earnings (loss) per share - Non-GAAP (in dollars)	\$ 0.12	\$ 0.08	\$ 0.15	\$ (0.03)	\$ (0.08)	\$ 0.64	\$ 0.16	\$ 0.21	\$ 0.14	\$ 0.13

SIERRA WIRELESS, INC.
REVENUE BY SEGMENT AND PRODUCT
(Unaudited)

(in thousands of U.S. dollars)

	Three months ended December 31		Year ended December 31	
	2011	2010	2011	2010
M2M				
AirPrime Embedded Wireless Modules (excludes PC OEMs) (1)	\$ 56,702	\$ 68,869	\$ 242,791	\$ 274,964
AirLink Intelligent Gateways and Routers	10,103	13,416	39,013	48,626
AirVantage M2M Cloud Platform and Other	4,463	1,741	11,415	8,855
	\$ 71,268	\$ 84,026	\$ 293,219	\$ 332,445
Mobile Computing				
AirCard Mobile Broadband Devices (2)	\$ 64,012	\$ 75,131	\$ 241,454	\$ 291,464
AirPrime Embedded Wireless Modules for PC OEMs	11,047	7,266	39,422	23,420
Other	868	753	4,090	3,012
	\$ 75,927	\$ 83,150	\$ 284,966	\$ 317,896

(1) Barnes & Noble contributed nil in the three months ended December 31, 2011 compared to \$8.4 million in the three months ended December 31, 2010. In the year ended December 31, 2011, Barnes & Noble contributed \$0.7 million compared to \$64.2 million in 2010.

(2) Clearwire contributed nil in the three months ended December 31, 2011 compared to \$6.4 million in the three months ended December 31, 2010. In the year ended December 31, 2011, Clearwire contributed \$8.4 million compared to \$32.3 million in 2010.

SIERRA WIRELESS, INC.
SEGMENTED RESULTS
(Unaudited)

(in thousands of U.S. dollars)

Three months ended December 31 Year ended December 31

	2011	2010	2011	2010
M2M				
Revenue	\$ 71,268	\$ 84,026	\$ 293,219	\$ 332,445
Cost of goods sold	48,539	N/A	198,271	N/A
Gross margin	\$ 22,729	N/A	\$ 94,948	N/A
Gross margin %	31.9%	N/A	32.4%	N/A
Mobile Computing				
Revenue	\$ 75,927	\$ 83,150	\$ 284,966	\$ 317,896
Cost of goods sold	57,104	N/A	216,464	N/A
Gross margin	\$ 18,823	N/A	\$ 68,502	N/A
Gross margin %	24.8%	N/A	24.0%	N/A