

SIERRA WIRELESS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

(unaudited)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30</i>		<i>September 30</i>	
	2011	2010	2011	2010
Cash flows provided (used) by:				
Operating activities				
Net earnings (loss)	\$(998)) \$662	\$(15,610)	\$(15,584)
Items not requiring (providing) cash				
Amortization	7,456	8,692	24,524	26,176
Stock-based compensation	1,587	2,108	4,916	5,552
Non-cash restructuring and other	—	13	—	(884)
Deferred income taxes	(988)	(395)	(3,207)	(1,093)
Loss (gain) on disposal of property, plant and equipment	(6)	(61)	27	(72)
Changes in non-cash working capital				
Accounts receivable	(10,616)	(33,015)	11,051	(50,358)
Inventories	(5,075)	(5,705)	(3,076)	(12,216)
Prepaid expenses and other	6,903	1,128	9,406	7,248
Accounts payable and accrued liabilities	(8,236)	15,865	(19,252)	23,746
Deferred revenue and credits	(69)	—	(161)	127
Cash flows provided (used) by operating activities	_(10,042)	_(10,708)	_8,618	_(17,358)
Investing activities				
Purchase of Wavecom S.A. shares	(282)	—	(1,787)	(1,553)
Additions to property, plant and equipment	(3,357)	(1,817)	(11,920)	(7,535)
Proceeds from sale of property, plant and equipment	14	67	29	73
Increase in intangible assets	(1,265)	(966)	(3,222)	(2,965)

Net change in short-term investments	<u>17,470</u>	<u>11,009</u>	<u>26,405</u>	<u>24,479</u>
Cash flows provided by investing activities	<u>12,580</u>	<u>8,293</u>	<u>9,505</u>	<u>12,499</u>
Financing activities				
Issuance of common shares, net of share issue costs	22	251	480	279
Purchase of treasury shares for RSU distribution	(2,497)	—	(2,497)	—
Repayment of long-term obligations	(261)	(242)	(888)	(2,339)
Cash flows provided (used) by financing activities	(2,736)	9	(2,905)	(2,060)
Effect of foreign exchange rate changes on cash and cash equivalents	(825)	2,970	1	2,001
Cash and cash equivalents, increase (decrease) in the period	(1,023)	564	15,219	(4,918)
Cash and cash equivalents, beginning of period	101,685	102,009	85,443	107,491
Cash and cash equivalents, end of period	<u>\$100,662</u>	<u>\$102,573</u>	<u>\$100,662</u>	<u>\$102,573</u>
Supplemental disclosures:				
Net Income taxes paid (received)	\$322	\$99	\$(1,589)	\$600
Net interest paid (received)	35	(41)	88	197
Non-cash purchase of property, plant and equipment (funded by obligation under capital lease)	—	261	—	412
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