

SIERRA WIRELESS, INC.

Consolidated Statements of Operations

(Expressed in thousands of United States ("U.S.") dollars, except per share amounts)
(Unaudited)

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>
Revenue	\$ 144,275	\$ 151,317
Cost of goods sold	104,811	104,983
Gross margin	39,464	46,334
Expenses:		
Sales and marketing	12,268	14,156
Research and development	23,512	20,541
Administration	9,385	9,584
Restructuring	325	1,611
Integration	540	1,846
Amortization	2,848	3,106
	48,878	50,844
Loss from operations	(9,414)	(4,510)
Foreign exchange gain (loss)	422	(3,658)
Other expense	(40)	(130)
Loss before income taxes	(9,032)	(8,298)
Income tax recovery	(1,199)	(689)
Net loss	(7,833)	(7,609)
Net loss attributable to the non-controlling interest	(44)	(88)
Net loss attributable to the Company	\$ (7,789)	\$ (7,521)
Loss per share attributable to the Company:		
Basic	\$ (0.25)	\$ (0.24)
Diluted	\$ (0.25)	\$ (0.24)
Weighted average number of shares (in thousands):		
Basic	31,237	31,050
Diluted	31,237	31,050

SIERRA WIRELESS, INC.

Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

<u>March 31,</u>	<u>December</u>
<u>2011</u>	<u>31,</u>
	<u>2010</u>

(Unaudited)

Assets

Current assets:

Cash and cash equivalents	\$ 86,197	\$ 85,443
Short-term investments	24,559	26,405
Accounts receivable, net of allowance for doubtful accounts of \$3,998 (2010 - \$4,606)	106,135	117,397
Inventories	20,889	22,134
Deferred income taxes	9,583	9,577
Prepaid expenses and other	26,772	24,542
	274,135	285,498

Property, plant and equipment	20,679	22,635
Intangible assets	68,261	69,024
Goodwill	92,541	90,953
Deferred income taxes	635	836
Other assets	661	622
	\$ 456,912	\$ 469,568

Liabilities

Current liabilities:

Accounts payable	\$ 49,148	\$ 63,451
Accrued liabilities	73,989	74,019
Deferred revenue and credits	970	987
Current portion of long-term obligations	1,287	1,470
Current portion of obligations under capital leases	284	324
	125,678	140,251

Long-term obligations	27,884	24,724
Obligations under capital leases	270	263
Deferred income taxes	942	1,143
	154,774	166,381

Equity

Shareholders' equity:

Share capital	327,981	327,668
Shares held for restricted share unit ("RSU") distribution, at cost	(1,896)	(3,908)
Additional paid-in capital	16,438	16,926
Deficit	(40,956)	(33,167)
Accumulated other comprehensive loss	(525)	(5,471)
	301,042	302,048
Non-controlling interest	1,096	1,139
	302,138	303,187
	\$ 456,912	\$ 469,568

SIERRA WIRELESS, INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
(Unaudited)

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net loss	\$ (7,833)	\$ (7,609)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Amortization	8,612	8,721
Stock-based compensation	1,631	1,694
Non-cash restructuring and other	—	4
Deferred income tax	—	(8)
Gain on disposal of property, plant and equipment	(8)	—
Changes in operating assets and liabilities		
Accounts receivable	12,220	(12,327)
Inventories	1,334	595
Prepaid expenses and other assets	(1,121)	(49)
Accounts payable	(14,998)	3,463
Accrued liabilities	1,681	(2,462)
Deferred revenue and credits	(42)	70
Net cash provided by (used in) operating activities	1,476	(7,908)
Cash flows from investing activities:		
Proceeds on disposal of property, plant and equipment	13	—
Purchase of property, plant and equipment	(1,963)	(1,915)
Increase in intangible assets	(741)	(977)
Purchase of short-term investments	(20,437)	(7,090)
Proceeds on maturity of short-term investments	22,284	22,886
Net cash (used in) provided by investing activities	(844)	12,904
Cash flows from financing activities:		
Issuance of common shares, net of share issue costs	206	21
Decrease in long-term liabilities	(638)	(422)
Net cash used in financing activities	(432)	(401)
Effect of foreign exchange changes on cash and cash equivalents	554	(829)
Net increase in cash and cash equivalents	754	3,766
Cash and cash equivalents, beginning of period	85,443	107,491
Cash and cash equivalents, end of period	\$ 86,197	\$ 111,257

SIERRA WIRELESS, INC.

Reconciliation of GAAP and Non-GAAP Results
(Unaudited)

<i>(in thousands of U.S. dollars)</i>	<u>Three months ended March 31,</u>	
	<u>2011</u>	<u>2010</u>
Revenue - GAAP and Non-GAAP	\$ 144,275	\$ 151,317
Gross margin - GAAP	\$ 39,464	\$ 46,334
Stock-based compensation	113	135
Gross margin - Non-GAAP	\$ 39,577	\$ 46,469
Loss from operations - GAAP	\$ (9,414)	\$ (4,510)
Stock-based compensation	1,632	1,695
Restructuring and other costs	325	1,611
Integration costs	540	1,846
Acquisition related amortization	3,288	3,485
Earnings (loss) from operations - Non-GAAP	\$ (3,629)	\$ 4,127
Net loss - GAAP	\$ (7,789)	\$ (7,521)
Stock-based compensation, transaction, restructuring, integration and acquisition amortization costs, net of tax	5,725	8,076
Unrealized foreign exchange loss (gain)	(335)	3,658
Non-controlling interest	(32)	(85)
Net earnings - Non-GAAP	\$ (2,431)	\$ 4,128
Loss per share - GAAP	\$ (0.25)	\$ (0.24)
Diluted earnings (loss) per share - Non-GAAP	\$ (0.08)	\$ 0.13

SIERRA WIRELESS, INC.
REVENUE BY SEGMENT
(Expressed as a percentage of revenue)

	<u>Three months ended March 31,</u>	
	<u>2011</u>	<u>2010</u>
M2M	50%	59%
Mobile computing	50	41
	100%	100%

SIERRA WIRELESS, INC.
REVENUE BY PRODUCT LINE
(Expressed as a percentage of revenue)

**Three months ended
March 31,
2011 2010**

AirPrime Wireless Embedded Modules	46%	53%
AirCard Mobile Broadband Devices	44	38
AirLink Intelligent Gateways and Routers	7	7
AirVantage M2M Cloud Platform and Other	3	2
	100%	100%