

Supplemental Financial Information for Continuing Operations

February 6, 2013



Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of February 6, 2013, we are providing additional non-material information regarding our reconciliation of GAAP to non-GAAP results.

Our consolidated financial statements are prepared in accordance with U.S. GAAP on a basis consistent for all periods presented. In addition to results reported in accordance with U.S. GAAP, we use non-GAAP financial measures as supplemental indicators of our operating performance. The term “non-GAAP financial measure” is used to refer to a numerical measure of our historical or future financial performance, financial position or cash flows that: (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP in a company’s statement of income, balance sheet or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. We refer to gross margin, operating expenses, earnings (loss) from operations, net earnings (loss) and earnings (loss) per share adjusted for specific items that affect comparability as non-GAAP gross margin, non-GAAP operating expenses, non-GAAP earnings (loss) from operations, non-GAAP net earnings (loss) and non-GAAP diluted earnings (loss) per share, respectively. We disclose non-GAAP amounts as we believe that these measures provide better information on operating results and assist in comparisons from one period to another.

Readers are cautioned that non-GAAP financial measures do not have any standardized meaning prescribed by U.S. GAAP and therefore may not be comparable to similar measures presented by other companies.

Reconciliation of GAAP to Non-GAAP Results

Q4 2012

In thousands of US\$, Except earnings per share	GAAP Results Q4 2012	Non-GAAP Adjustments						Non GAAP Q4 2012
		Purchase Price Amortization		Restructuring, Acquisition, & Disposition	Stock Comp	Foreign Exchange Gain	Tax Adjustments	
		Sagemcom	Wavecom					
Revenue	109,405							109,405
Cost of goods sold	73,172				61			73,111
Gross margin	36,233	0	0	0	(61)	0	0	36,294
GM %	33.1%							33.2%
Sales and marketing	10,176				306			9,870
Research and development	16,294		1,341		342			14,611
Administration	7,743				761			6,982
Restructuring	42			42				0
Acquisition	387			387				0
Amortization	3,107	1,044	953					1,110
Total Operating Expenses	37,749	1,044	2,294	429	1,409	0	0	32,573
Earnings (loss) from operations	(1,516)	(1,044)	(2,294)	(429)	(1,470)	0	0	3,721
Foreign exchange gain	1,608					1,608		0
Other income	35							35
Total other income	1,643	0	0	0	0	1,608	0	35
Earnings before income taxes	127	(1,044)	(2,294)	(429)	(1,470)	1,608	0	3,756
Income tax recovery	(15,396)	0	0	(75)	0	(47)	(14,540)	(734)
Net earnings from continuing operations	15,523	(1,044)	(2,294)	(354)	(1,470)	1,655	14,540	4,490
Net earnings from discontinued operations	4,083	0	0	(1,463)	(233)	0	0	5,779
Net earnings	19,606	(1,044)	(2,294)	(1,817)	(1,703)	1,655	14,540	10,269
Diluted earnings per share:								
Continuing operations	0.50							0.15
Discontinued operations	0.14							0.18
	0.64							0.33
Weighted average diluted shares	30,774							30,774



Reconciliation of GAAP to Non-GAAP Results

Year ended December 31, 2012

In thousands of US\$, Except earnings per share	GAAP Results 2012	Non-GAAP Adjustments							Non GAAP 2012
		Purchase Price Amortization		Restructuring, Acquisition, & Disposition	Stock Comp	Foreign Exchange Gain	Tax Adjustments		
		Sagemcom	Wavecom						
Revenue	397,321								397,321
Cost of goods sold	272,047					304			271,743
Gross margin	125,274		0	0	0	(304)	0	0	125,578
<i>GM %</i>	<i>31.5%</i>								<i>31.6%</i>
Sales and marketing	37,067					1,149			35,918
Research and development	61,785		5,411	222		1,341			54,811
Administration	32,777					2,987			29,790
Restructuring	2,251				2,251				0
Acquisition	3,182				3,182				0
Amortization	10,418	1,718	3,791	748					4,161
Total Operating Expenses	147,480	1,718	9,202	970	5,433	5,477			124,680
Earnings (loss) from operations	(22,206)	(1,718)	(9,202)	(970)	(5,433)	(5,781)	0	0	898
Foreign exchange gain	3,326						3,326		0
Other income	(196)								(196)
Total other income	3,130	0	0	0	0	0	3,326	0	(196)
Earnings (loss) before income taxes	(19,076)	(1,718)	(9,202)	(970)	(5,433)	(5,781)	3,326	0	702
Income tax expense (recovery)	(14,874)				(863)		187	(15,344)	1,146
Net earnings (loss) from continuing operations	(4,202)	(1,718)	(9,202)	(970)	(4,570)	(5,781)	3,139	15,344	(444)
Net earnings from discontinuing operations	31,401				(1,463)	(932)			33,796
Net earnings	27,199	(1,718)	(9,202)	(970)	(6,033)	(6,713)	3,139	15,344	33,352
Diluted earnings (loss) per share:									
Continuing operations	(0.14)								(0.01)
Discontinued operations	1.02								1.09
	0.88								1.08
Weighted average diluted shares	30,788								30,788

Summary Results of Operations – GAAP

Quarterly Information for 2011 and 2012

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

GAAP	2012					2011				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Revenue	\$ 397,321	\$ 109,405	\$ 100,183	\$ 95,398	\$ 92,335	\$ 333,175	\$ 82,391	\$ 85,363	\$ 85,863	\$ 79,558
Cost of goods sold	272,047	73,172	69,097	65,317	64,461	231,435	57,206	57,855	60,713	55,661
Gross margin	125,274	36,233	31,086	30,081	27,874	101,740	25,185	27,508	25,150	23,897
<i>Gross margin %</i>	31.5%	33.1%	31.0%	31.5%	30.2%	30.5%	30.6%	32.2%	29.3%	30.0%
Expenses										
Sales and marketing	37,067	10,176	8,572	8,998	9,321	37,188	8,886	9,082	9,318	9,902
Research and development	61,785	16,294	15,886	14,674	14,931	60,903	14,801	15,528	14,873	15,701
Administration	32,777	7,743	8,013	8,562	8,459	33,716	7,694	8,346	8,635	9,041
Restructuring costs	2,251	42	498	1,531	180	837	(19)	881	(350)	325
Integration costs	-	-	-	-	-	1,426	-	121	765	540
Acquisition costs	3,182	387	2,196	599	-	-	-	-	-	-
Amortization of intangible asset	-	-	-	-	-	11,214	11,214	-	-	-
Amortization	10,418	3,107	2,649	2,275	2,387	10,709	2,620	2,447	2,794	2,848
	147,480	37,749	37,814	36,639	35,278	155,993	45,196	36,405	36,035	38,357
Operating Income (loss) from continuing operations	(22,206)	(1,516)	(6,728)	(6,558)	(7,404)	(54,253)	(20,011)	(8,897)	(10,885)	(14,460)
Foreign exchange gain (loss)	3,326	1,608	1,176	336	206	(460)	(507)	(154)	(221)	422
Other income (expense)	(196)	35	(70)	10	(171)	35	20	68	(13)	(40)
Earnings (loss) from continuing operations before income tax	(19,076)	127	(5,622)	(6,212)	(7,369)	(54,678)	(20,498)	(8,983)	(11,119)	(14,078)
Income tax expense (recovery)	(14,874)	(15,396)	(2,010)	2,656	(124)	(3,968)	(68)	(1,632)	(327)	(1,941)
Net earnings (loss) from continuing operations	(4,202)	15,523	(3,612)	(8,868)	(7,245)	(50,710)	(20,430)	(7,351)	(10,792)	(12,137)
Net earnings (loss) from discontinued operations	31,401	4,083	7,279	12,449	7,590	21,338	6,668	6,353	4,013	4,304
Net earnings (loss)	27,199	19,606	3,667	3,581	345	(29,372)	(13,762)	(998)	(6,779)	(7,833)
Non-controlling interest	-	-	-	-	-	(57)	-	-	(13)	(44)
Net earnings (loss) attributable to the Company	\$ 27,199	\$ 19,606	\$ 3,667	\$ 3,581	\$ 345	\$ (29,315)	\$ (13,762)	\$ (998)	\$ (6,766)	\$ (7,789)
Earnings (loss) per share - GAAP in dollars										
Basic	\$ 0.88	\$ 0.64	\$ 0.12	\$ 0.12	\$ 0.01	\$ (0.94)	\$ (0.44)	\$ (0.03)	\$ (0.22)	\$ (0.25)
Diluted	\$ 0.88	\$ 0.64	\$ 0.12	\$ 0.12	\$ 0.01	\$ (0.94)	\$ (0.44)	\$ (0.03)	\$ (0.22)	\$ (0.25)
Weighted average number of shares (in thousands)										
Basic	30,788	30,591	30,573	30,817	31,175	31,275	31,298	31,297	31,267	31,237
Diluted	30,788	30,774	30,573	30,817	31,175	31,275	31,298	31,297	31,267	31,237

Summary Results of Operations – Non-GAAP

Quarterly Information for 2011 and 2012

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

Non-GAAP	2012					2011				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Revenue	\$ 397,321	\$ 109,405	\$ 100,183	\$ 95,398	\$ 92,335	\$ 333,175	\$ 82,391	\$ 85,363	\$ 85,863	\$ 79,558
Cost of goods sold	271,743	73,111	69,015	65,239	64,378	231,050	57,120	57,766	60,616	55,548
Gross margin	125,578	36,294	31,168	30,159	27,957	102,125	25,271	27,597	25,247	24,010
<i>Gross margin %</i>	31.6%	33.2%	31.1%	31.6%	30.3%	30.7%	30.7%	32.3%	29.4%	30.2%
Expenses										
Sales and marketing	35,918	9,870	8,277	8,721	9,050	36,111	8,626	8,837	9,018	9,630
Research and development	54,811	14,611	14,253	12,927	13,020	52,902	12,841	13,515	12,721	13,825
Administration	29,790	6,982	7,264	7,842	7,702	30,791	7,023	7,588	7,870	8,310
Amortization	4,161	1,110	1,040	1,029	982	4,711	1,199	999	1,338	1,175
	124,680	32,573	30,834	30,519	30,754	124,515	29,689	30,939	30,947	32,940
Operating income (loss) from continuing operations	898	3,721	334	(360)	(2,797)	(22,390)	(4,418)	(3,342)	(5,700)	(8,930)
Foreign exchange gain (loss)	0	0	0	0	0	0	0	0	0	0
Other income (expense)	(196)	35	(70)	10	(171)	35	20	68	(13)	(40)
Earnings from continuing operations before income tax	702	3,756	264	(350)	(2,968)	(22,355)	(4,398)	(3,274)	(5,713)	(8,970)
Income tax expense (recovery)	1,146	(734)	(987)	3,025	(158)	(3,674)	12	(1,295)	(423)	(1,968)
Net earnings (loss) from continuing operations	(444)	4,490	1,251	(3,375)	(2,810)	(18,681)	(4,410)	(1,979)	(5,290)	(7,002)
Net earnings (loss) from discontinued operations	33,796	5,779	7,512	12,682	7,823	22,289	6,893	6,585	4,253	4,558
Net earnings (loss)	33,352	10,269	8,763	9,307	5,013	3,608	2,483	4,606	(1,037)	(2,444)
Net earnings attributable to non-controlling interest	0	0	0	0	0	(25)	0	0	(13)	(12)
Net earnings (loss) attributable to the Company	33,352	10,269	8,763	9,307	5,013	3,633	2,483	4,606	(1,024)	(2,432)
Earnings (loss) per share - GAAP in dollars										
Basic	\$ 1.08	\$ 0.33	\$ 0.29	\$ 0.30	\$ 0.16	\$ 0.12	\$ 0.08	\$ 0.15	\$ (0.03)	\$ (0.08)
Diluted	\$ 1.08	\$ 0.33	\$ 0.29	\$ 0.30	\$ 0.16	\$ 0.12	\$ 0.08	\$ 0.15	\$ (0.03)	\$ (0.08)
Weighted average number of shares (in thousands)										
Basic	30,788	30,591	30,573	30,817	31,175	31,275	31,298	31,297	31,267	31,237
Diluted	30,788	30,774	30,573	30,817	31,175	31,275	31,298	31,297	31,267	31,237

Reconciliation of GAAP to Non-GAAP Results

Quarterly Information for 2012 and 2011

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

	2012					2011				
	YTD	Q4	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Revenue - GAAP and Non-GAAP	<u>\$397,321</u>	\$ 109,405	\$100,183	\$ 95,398	\$ 92,335	<u>\$ 333,175</u>	\$ 82,391	\$ 85,363	\$ 85,863	\$ 79,558
Gross Margin - GAAP	<u>\$125,274</u>	\$ 36,233	\$ 31,086	\$ 30,081	\$ 27,874	\$ 101,740	\$ 25,185	\$ 27,508	\$ 25,150	\$ 23,897
Stock-based compensation	<u>304</u>	61	82	78	83	<u>385</u>	86	89	97	113
Gross Margin - Non-GAAP	<u>\$125,578</u>	\$ 36,294	\$ 31,168	\$ 30,159	\$ 27,957	<u>\$ 102,125</u>	\$ 25,271	\$ 27,597	\$ 25,247	\$ 24,010
Loss from operations - GAAP	<u>\$ (22,206)</u>	\$ (1,516)	\$ (6,728)	\$ (6,558)	\$ (7,404)	<u>\$ (54,253)</u>	\$ (20,011)	\$ (8,897)	\$ (10,885)	\$ (14,460)
Stock-based compensation	<u>5,781</u>	1,470	1,462	1,403	1,446	<u>5,498</u>	1,308	1,355	1,458	1,377
Acquisition	<u>3,182</u>	387	2,196	599	-	<u>-</u>	-	-	-	-
Restructuring	<u>2,251</u>	42	498	1,531	180	<u>837</u>	(19)	881	(350)	325
Integration	<u>-</u>	-	-	-	-	<u>1,426</u>	-	121	765	540
Impairment of intangible asset	<u>-</u>	-	-	-	-	<u>11,214</u>	11,214	-	-	-
Acquisition related amortization	<u>11,890</u>	3,338	2,906	2,665	2,981	<u>12,888</u>	3,090	3,198	3,312	3,288
Earnings (loss) from operations - Non-GAAP	<u>\$ 898</u>	\$ 3,721	\$ 334	\$ (360)	\$ (2,797)	<u>\$ (22,390)</u>	\$ (4,418)	\$ (3,342)	\$ (5,700)	\$ (8,930)
Net Earnings (loss) from continuing operations - GAAP	<u>\$ (4,202)</u>	\$ 15,523	\$ (3,612)	\$ (8,868)	\$ (7,245)	<u>\$ (50,653)</u>	\$ (20,430)	\$ (7,351)	\$ (10,779)	\$ (12,093)
Stock-based compensation, restructuring and other, integration, and acquisition related amortization, net of tax	<u>22,241</u>	5,162	6,885	5,658	4,536	<u>31,762</u>	15,690	5,338	5,263	5,471
Unrealized foreign exchange loss (gain)	<u>(3,139)</u>	(1,655)	(1,218)	(165)	(101)	<u>267</u>	330	34	238	(335)
Income tax adjustments	<u>(15,344)</u>	(14,540)	(804)	-	-	<u>-</u>	-	-	-	-
Non-controlling interest	<u>-</u>	-	-	-	-	<u>(32)</u>	-	-	-	(32)
Net earnings (loss) from continuing operations - Non-GAAP	<u>\$ (444)</u>	\$ 4,490	\$ 1,251	\$ (3,375)	\$ (2,810)	<u>\$ (18,656)</u>	\$ (4,410)	\$ (1,979)	\$ (5,278)	\$ (6,989)
Net Earnings from discontinued operations - GAAP	<u>\$ 31,401</u>	\$ 4,083	\$ 7,279	\$ 12,449	\$ 7,590	<u>\$ 21,338</u>	\$ 6,668	\$ 6,353	\$ 4,013	\$ 4,304
Stock-based compensation and disposition costs	<u>2,395</u>	1,696	233	233	233	<u>951</u>	225	232	240	254
Net earnings from discontinued operations - Non-GAAP	<u>\$ 33,796</u>	\$ 5,779	\$ 7,512	\$ 12,682	\$ 7,823	<u>\$ 22,289</u>	\$ 6,893	\$ 6,585	\$ 4,253	\$ 4,558
Net earnings (loss) - GAAP	<u>\$ 27,199</u>	\$ 19,606	\$ 3,667	\$ 3,581	\$ 345	<u>\$ (29,315)</u>	\$ (13,762)	\$ (998)	\$ (6,766)	\$ (7,789)
Net earnings (loss) - Non-GAAP	<u>33,352</u>	10,269	8,763	9,307	5,013	<u>3,633</u>	2,483	4,606	(1,025)	(2,431)
Diluted earnings (loss) from continuing operations per share										
GAAP - (in dollars)	<u>\$ (0.14)</u>	\$ 0.50	\$ (0.12)	\$ (0.29)	\$ (0.23)	<u>\$ (1.62)</u>	\$ (0.65)	\$ (0.23)	\$ (0.34)	\$ (0.39)
Non-GAAP - (in dollars)	<u>\$ (0.01)</u>	\$ 0.15	\$ 0.04	\$ (0.11)	\$ (0.09)	<u>\$ (0.60)</u>	\$ (0.14)	\$ (0.06)	\$ (0.17)	\$ (0.22)