



Wireless Matrix Announces Second Quarter Fiscal 2012 Results

Surpasses 100,000 Subscriber Mark

HERNDON, VA (December 13, 2011) – Wireless Matrix Corporation (TSX: WRX), the leading provider of service chain performance management solutions targeting field service organizations, today announced financial and operating results for the three and six months ended October 31, 2011.

All currency is expressed in U.S. dollars.

Second Quarter 2012 Highlights

- Ended the quarter with 103,231 total subscribers, up 18,125 from 85,106 subscribers three months earlier.
- Application-related subscribers increased by 18,149 during the quarter to 79,453.
- Completed the acquisition of certain assets of SkyGuard, LLC, adding over 16,000 subscribers and \$2 million in annualized revenue, and strengthening the Corporation's position in certain key vertical markets.
- Application-related revenue was \$3.4 million, compared to \$3.3 million in the prior quarter.
- Service gross margin was 78%, with application services achieving 84% gross margin, resulting in overall gross margin of 64%.
- Proforma Adjusted EBITDA of \$682,000 . Adjusted EBITDA* for Q2 2012 was \$286,000 which includes the impact of \$396,000 of costs related to the acquisition of certain assets of SkyGuard, LLC and litigation related expenses.
- Proforma net loss of \$310,000 in the second quarter of 2012, compared to a \$1,297,000 in Q2 2011. Net loss was \$706,000 or \$0.01 per share, which includes the impact of \$396,000 of costs related to the acquisition of certain assets of SkyGuard, LLC and litigation related expenses.
- Subsequent to quarter end, the Corporation announced the release of FleetOutlook® 7.0, with new elements including: Mobile Supervisor, a mobile application for the iPhone and iPad; FleetOutlook Express, a fleet tracking solution for small and medium sized businesses (SMBs); and key enhancements to the TechConnect and TechDirect modules.

"We enter the second half of the fiscal year with solid momentum in our business," said J. Richard Carlson, president and chief executive officer of Wireless Matrix. "Through a combination of organic growth and the SkyGuard acquisition, we recently surpassed our long-standing goal of 100,000 subscribers. We've had great results in the small to medium-sized business segment and expect to soon exceed 10,000 subscribers in this segment. And last month's FleetOutlook 7.0 product launch was the most successful in the Company's history, providing our sales team with an even stronger set of tools to help sign new customers."

Financial Highlights

All currency in thousands except per share and ARPU data.	Three months ended			Six months ended October 31	
	October 31, 2011	July 31, 2011	October 31, 2010	2011	2010
Application-related revenue	\$3,407	\$3,288	\$3,459	\$6,695	\$7,072
Satellite-related revenue	2,570	2,634	2,664	5,204	5,842
Total service revenue	5,973	5,922	6,123	11,899	12,914
Hardware and license revenue	1,656	2,322	2,580	3,978	5,268
Total revenue	7,633	8,244	8,703	15,877	18,182
Gross margin*	4,911	5,178	5,428	10,089	11,366
Operating expenses	4,610	3,978	4,552	8,856	9,312
Litigation expenses	15	508	--	255	--
Proforma adjusted EBITDA*	682	1,200	--	1,862	--
Adjusted EBITDA*	286	692	876	978	2,054
Net loss	\$(706)	\$(674)	\$(1,297)	\$(1,380)	\$(1,713)
Weighted average number of shares outstanding	83,760,075	83,348,264	82,850,078	83,631,877	82,761,853
Basic and diluted income (loss) per share:	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.02)
Cash balance	\$8,687	\$10,629	\$12,102	\$8,687	\$12,102
Working Capital	\$10,304	\$12,898	\$12,192	\$10,304	\$12,192
Total subscribers	103,231	85,106	83,883	103,231	83,883
Average Revenue Per Unit (ARPU)*	\$20.92	\$23.35	\$23.85	\$21.61	\$24.60

* See Non-GAAP Measures below

Financial and Operating Review

Wireless Matrix added 18,125 net subscribers during the second quarter, reaching 103,231 subscribers on October 31, 2011. This compares to 85,106 subscribers at the end of Q1 2012, and 83,833 one year ago. The Corporation added 16,246 gross subscribers through the acquisition of certain assets of SkyGuard LLC, and a further 4,346 gross subscribers through organic growth efforts.

Application-related service revenue was \$3.4 million in the second quarter of fiscal 2012, an increase of 4% over \$3.3 million in Q1 2012, but down 2% compared to \$3.5 million in Q2 2011 due to net subscriber losses experienced throughout fiscal 2011, a trend that has been reversed in fiscal 2012. The Corporation has been transitioning historic satellite communication subscribers to higher gross margin, lower cost application related services over the past several years; as a result, Q2 2012 satellite-related services revenues of \$2.36 million were down flat from \$2.6 million the previous quarter and down from \$2.7 million in Q2 2011. In conjunction with the transition to SaaS-based application and cellular services, hardware and license revenues have declined over time to \$1.7 million as the mix of hardware units sold has shifted from primarily higher priced satellite units to lower priced wireless communication devices and due to a higher percentage of lease transactions. Total revenues in the second quarter of fiscal 2012 were \$7.6 million, down from \$8.2 million in Q1 2012 and \$8.7 million in Q2 2011 due primarily to the hardware revenue decline.

Gross margin percentage of 64% in the second quarter of fiscal 2012 was consistent with the prior quarter and an improvement of 2% from a year earlier. The year-over-year improvement, despite reduced revenues, resulted from service revenues comprising a larger proportion of high margin service revenues.

Pro forma Adjusted EBITDA* was \$682,000 in Q2 2012. Adjusted EBITDA of \$286,000 for Q2 2012 was negatively affected by \$227,000 of litigation-related expenses and \$169,000 in Skyguard related operating expenses anticipated to be eliminated by the fourth quarter of this fiscal year. These expenses coupled with the decrease in revenue and gross profit more than offset the impact of over \$350,000 of reductions in operating expenses achieved this quarter.

Wireless Matrix had a cash balance of \$8.7 million at October 31, 2011, compared to \$10.6 million at July 31, 2011. The Corporation has no debt, and its \$4 million line of credit remains unused.

Outlook

"The ongoing organic growth of our applications business combined with the recent acquisition of SkyGuard's fleet business positions us well for the second half of the year," said Maria C. Izurieta, chief financial officer of Wireless Matrix. "In the second quarter we recognized \$169,000 of costs that will be eliminated within the next several months associated with the acquisition, and only one full month of revenues, which are expected to be approximately \$2 million annually. As we work through the integration, we now anticipate that the transaction will be accretive within six-nine months from the date of purchase, at least a quarter ahead of our initial estimates. While most of the integration costs will be borne in the third quarter, we expect to see improvements to both our revenue and EBITDA for the remainder of the year."

Conference Call

Wireless Matrix has scheduled a conference call to begin at 10:00 a.m. ET on Tuesday, December 13, 2011, to discuss these results. The conference call dial-in number is 800.671.2810. A replay of the conference call will be available on the Company's website at www.wirelessmatrix.com or by dialing 800.558.5253 (code #21548374), shortly after the completion of the conference call until 11:59 p.m. ET on December 15, 2011.

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About Wireless Matrix

Wireless Matrix Corporation (TSX: WRX) is a leader in mobile resource management providing service chain execution solutions to enterprises with service fleets. Our solutions provide location intelligence for managing, measuring and monitoring service execution, while at the same time increasing productivity and reducing operating expenses within service fleet operations. The Wireless Matrix solution suite includes FleetOutlook®, a web-based platform that provides management and fleet operators complete visibility into their operations, enabled by real-time wireless data communication services and hardware devices. Wireless Matrix is headquartered in Herndon, Va.

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Non-GAAP measures

In addition to providing measures in accordance with International Financial Reporting Standards, Wireless Matrix presents certain supplemental measures that are used by Management to manage and measure operations. These are gross margin, operating expenses, adjusted EBITDA, proforma adjusted EBITDA, current liabilities before deferred product revenue, ARPU, and churn rates. These measures do not have any standardized meaning prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Investors are urged to refer to the “Supplemental Non-GAAP measures” section in our Management Discussion and Analysis for more details.

Forward Looking Statements

General information regarding the Corporation set forth in this document, including management’s assessment of the Corporation’s future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond the Corporation’s and management’s control, including but not limited to, the impact of general economic conditions, industry conditions, market demand, dependence on key customers, and their contract renewals at existing ARPU and with the number of their subscribers on our services, financial conditions and wherewithal of customers, non-infringement on third-party technology, ability to grow through acquisition, technological aptitude and scalability and reliability of products, intellectual property rights, inventory management, fluctuation of commodity prices, fluctuation of foreign exchange rates, imperfection of estimates, industry competition, availability of qualified personnel and management, ability for sales and marketing investments to garner intended results, stock market volatility, timely and cost-effective access to sufficient capital from internal and external sources, ability to integrate and realize anticipated benefits from acquisitions, ability to procure, utilize and resell third party network communications and hardware at favorable rates, ability to successfully transition satellite wireless data communications subscribers to our other service offerings including potentially a next generation broadband satellite offering, ability to successfully defend ourselves in legal proceedings, and ability to realize cost savings and margin improvements from restructuring initiatives and outsourcing activities and to effectively manage growth. The Corporation’s actual results, performance or achievement could differ materially from those expressed in or implied by, these forward-looking statements and accordingly, no assurance can be given that any of the events anticipated to occur or transpire from the forward-looking statements will provide what, if any, benefits to the Corporation. All data presented herein should be read in conjunction with the Corporation’s regulatory filings, with the appropriate Securities Commission and SEDAR. These filings, including the Corporation’s AIF, are located at www.sedar.com.