

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

MTI WIRELESS EDGE LTD

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

MTI Wireless Edge Ltd., (ticker: MWE) ('MTI' or the 'Company'), a market leader in the manufacture of flat panel antennas for fixed wireless broadband, today announces its unaudited results for the six months ended 30 June 2010.

Highlights

- Revenues for H1 of US\$6.15m (H1 2009: US\$6.87m)
- Revenues for Q2 (US\$3.3m) up 19% compared to Q1 2010 (US\$2.8m)
- H1 loss before tax of US\$552k (H1 2009: profit US\$119k)
- US\$2.2m contract win for military application during the period
- US\$700k contract win from an existing client for fixed broadband wireless antennas, post period end
- Net cash and equivalents at 30 June 2010 of US\$12.3m representing 15p per share

Dov Feiner, Chief Executive Officer, commented:

'Whilst the first six months of 2010 have been a difficult period for the Company, we are encouraged by the recent second quarter performance which shows a healthy improvement on the first quarter. Our continued investment in R & D and Marketing has resulted in a revenue increase of 19% for this quarter and a return to operational profitability in the second quarter.

Our key market of fixed broadband showed improvement in the second quarter of the year compared to the first quarter, and the product launch for our 60-90GHZ antennas for short range backhaul communications remain on schedule for the second half of 2010. The good demand for our military division's products, reported last year, has continued and resulted in a US\$2.2m contract win in June of which \$0.5m is likely to be recognized as revenue in 2010, maintaining the Company's military order book going forward. Our RFID operations also show an on going healthy growth. Overall therefore our order book so far this quarter continues the improved trend of the second quarter.

During the period, management has continued its rigorous control on costs, whilst maintaining the Company's position as market leaders. This makes us very well-placed to benefit from any upturn in the market. The sector continues to be challenging but the Company continues to retain a strong balance sheet and we remain confident in the long term prospects.'

MTI Wireless Edge

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About MTI Wireless Edge Ltd.

MTI is engaged in the development, production and marketing of High Quality, Low Cost, Flat Panel Antennas for Commercial & for Military applications. Commercial applications such as: WiMAX, Wireless Networking, RFID readers &, Broadband Wireless Access. With over 40 years experience, supplying antennas 100KHz to 90GHz including directional antennas and Omni directional for outdoor and indoor deployments including Smart Antennas for WiMAX, Wi-Fi, Public Safety, RFID and for Base Stations and Terminals – Utility Market. Military applications includes a wide range of broadband, tactical and specialized communications antennas, antenna systems and DF arrays installed on numerous airborne, ground and naval, including submarine, platforms worldwide.

MTI WIRELESS EDGE LTD.

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**INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME (LOSS)**

	Six months ended June 30,		Year ended December 31,
	2010	2009	2009
	U.S. \$ in thousands		
	Unaudited		Audited
Revenues	6,145	6,865	13,453
Cost of sales	4,064	4,560	8,756
Gross profit	2,081	2,305	4,697
Research and development expenses	678	486	1,114
Selling and marketing expenses	1,060	960	2,050
General and administrative expenses	807	746	1,469
Profit (loss) from operations	(464)	113	64
Finance expense	102	111	128
Finance income	14	117	110
Profit (loss) before tax	(552)	119	46
Tax expense (income)	(17)	126	34
Net and comprehensive Income (loss)	(535)	(7)	12
Attributable to:			
Owners of the parent	(529)	(2)	17
Non-controlling interest	(6)	(5)	(5)
	(535)	(7)	12
Earnings per share			
Basic and Diluted (dollars per share)	(0.0103)	(0.0001)	0.0003
Weighted average number of shares outstanding			
Basic and Diluted	51,571,990	51,571,990	51,571,990

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended June 30, 2010:

	Attributed to owners of the parent				Total	Non-controlling interest	Total equity
	Share capital	Additional paid-in capital	Employee equity benefits reserve	Retained earnings			
U.S. \$ in thousands							
Unaudited							
Balance at January 1, 2010 (Audited)	109	14,945	88	4,433	19,575	-	19,575
Changes during the three months ended June 30, 2010:							
Total comprehensive loss for the period	-	-	-	(529)	(529)	(6)	(535)
Share based payment	-	-	21	-	21	-	21
Balance at June 30, 2010	<u>109</u>	<u>14,945</u>	<u>109</u>	<u>3,904</u>	<u>19,067</u>	<u>(6)</u>	<u>19,061</u>

The accompanying notes form an integral part of the financial statements.

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2009:

	Attributed to owners of the parent				Total	Non- controlling interest	Total equity
	Share capital	Additional paid-in capital	Employee equity benefits reserve	Retained earnings			
U.S. \$ in thousands							
Unaudited							
Balance at January 1, 2009 (Audited)	109	14,945	29	5,014	20,097	-	20,097
Changes during the six months ended June 30, 2009:							
loss for the period	-	-	-	(2)	(2)	(5)	(7)
Total comprehensive loss for the period	-	-	-	(2)	(2)	(5)	(7)
Issue of capital to non-controlling interest in subsidiary	-	-	-	-	-	5	5
Dividends	-	-	-	(598)	(598)	-	(598)
Share based payment	-	-	30	-	30	-	30
Balance at June 30, 2009	109	14,945	59	4,414	19,527	-	19,527

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2009:

	Attributed to owners of the parent				Total	Non-controlling interest	Total equity
	Share capital	Additional paid-in capital	Employee equity benefits reserve	Retained earnings			
U.S. \$ in thousands							
Audited							
Balance at January 1, 2009	109	14,945	29	5,014	20,097	-	20,097
Changes during 2009:							
Total comprehensive loss for the year	-	-	-	17	17	(5)	12
Issue of capital to minority in subsidiary	-	-	-	-	-	5	5
Dividends	-	-	-	(598)	(598)	-	(598)
Share based payment	-	-	59	-	59	-	59
Balance at December 31, 2009	<u>109</u>	<u>14,945</u>	<u>88</u>	<u>4,433</u>	<u>19,575</u>	<u>-</u>	<u>19,575</u>

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.**(An Israeli Corporation)****INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<u>30.6.2010</u>	<u>30.6.2009</u>	<u>31.12.2009</u>
	<u>U.S. \$ in thousands</u>		
	<u>Unaudited</u>		<u>Audited</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	12,295	3,080	3,212
Other financial assets	-	10,420	10,346
Trade receivables	4,653	4,939	4,405
Other receivables	404	144	198
Current taxes receivables	9	-	-
Inventories	<u>2,702</u>	<u>2,236</u>	<u>2,318</u>
Total current assets	<u>20,063</u>	<u>20,819</u>	<u>20,479</u>
LONG TERM PREPAID EXPENSES	<u>63</u>	<u>44</u>	<u>51</u>
PROPERTY AND EQUIPMENT, NET	<u>1,567</u>	<u>1,674</u>	<u>1,621</u>
GOODWILL	<u>406</u>	<u>406</u>	<u>406</u>
DEFERRED TAX ASSETS	<u>138</u>	<u>108</u>	<u>121</u>
	<u>22,237</u>	<u>23,051</u>	<u>22,678</u>

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>30.6.2010</u>	<u>30.6.2009</u>	<u>31.12.2009</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>	<u>Audited</u>	
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade payables	2,025	2,070	1,974
Other accounts payables	789	791	633
Other financial liabilities	35	-	-
Tax liability	-	368	173
Total current liabilities	<u>2,849</u>	<u>3,229</u>	<u>2,780</u>
NON- CURRENT LIABILITIES:			
Employee benefits	248	217	243
Provisions	79	78	80
Total non-current liabilities	<u>327</u>	<u>295</u>	<u>323</u>
EQUITY			
Share capital	109	109	109
Additional paid-in capital	14,945	14,945	14,945
Employee equity benefits reserve	109	59	88
Retained earnings	3,904	4,414	4,433
Equity attributable to owners of the parent	<u>19,067</u>	<u>19,527</u>	<u>19,575</u>
Non-controlling interest	(6)	-	-
Total equity	<u>19,061</u>	<u>19,527</u>	<u>19,575</u>
	<u>22,237</u>	<u>23,051</u>	<u>22,678</u>

August 5, 2010

Date of approval of
financial statements

Moshe Borovitz
Finance Director

Dov Feiner
Chief Executive Officer

Zvi Borovitz
Non-executive Chairman

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

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INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Year ended December 31,
	2010	2009	2009
	U.S. \$ in thousands		
	Unaudited	Unaudited	Audited
Cash Flows from Operating Activities:			
Net profit (loss)	(535)	(7)	12
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	184	184	374
Loss (gain) from short-term investments	40	(156)	(71)
Equity settled share-based payment expense	21	30	59
Tax expense (Income)	(17)	126	34
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	(384)	335	253
Decrease (increase) in trade receivables	(248)	959	1,493
Decrease (increase) in other accounts receivables for short and long term	(218)	78	17
Increase (decrease) in trade payables	47	(482)	(905)
Increase (decrease) in other accounts payables	156	(176)	-
Increase (decrease) in provisions	(1)	51	11
Increase (decrease) in employee benefits	5	(14)	50
Income tax paid	(182)	(123)	(239)
Net cash (used in) provided by operating activities	(1,132)	805	1,088

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

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INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Year ended December 31,
	2010	2009	2009
U.S. \$ in thousands			
	Unaudited		Audited
Cash Flows From Investing Activities:			
Sale (purchase) of short-term investment, net	10,341	(737)	(748)
Purchase of property and equipment	<u>(126)</u>	<u>(201)</u>	<u>(341)</u>
Net cash (used in) provided by investing activities	<u>10,215</u>	<u>(938)</u>	<u>(1,089)</u>
Cash Flows From Financing Activities:			
Dividend paid to the owners of the parent	-	(598)	(598)
Issue of capital to minority in subsidiary	<u>-</u>	<u>5</u>	<u>5</u>
Net cash used in financing activities	<u>-</u>	<u>(593)</u>	<u>(593)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,083	(726)	(594)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>3,212</u>	<u>3,806</u>	<u>3,806</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>12,295</u>	<u>3,080</u>	<u>3,212</u>

Appendix A - Non-cash activities:

	Six months ended June 30,		Year ended December 31,
	2010	2009	2009
U.S. \$ in thousands			
	Unaudited		Audited
Purchase of property and equipment against trade payables	<u>11</u>	<u>10</u>	<u>7</u>

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL:

M.T.I Wireless Edge Ltd. (hereafter - the Company) is an Israeli corporation. It was incorporated under the Companies Act in Israel on December 30, 1998 as a wholly- owned subsidiary of M.T.I Computers and Software Services (1982) Ltd. (hereafter - the Parent Company) and commenced operations on July 1, 2000 and since March 2006, the Company's shares have been traded on the AIM Stock Exchange.

The formal address of the company is 11 Hamelacha Street, Afek industrial Park, Rosh-Ha'Ayin, Israel.

The Company is engaged in the development, design, manufacture and marketing of antennas and accessories.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Financial Reporting Standard IAS 34 ("Interim Financial Reporting").

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2009 are applied consistently in these interim consolidated financial statements, except for the impact of the adoption of the Standards and Interpretations described below.

- IFRS 3 (Revised) - Business Combinations and IAS 27 (Revised) - Consolidated and Separate Financial Statements:

These standards have been applied prospectively from 1 January 2010. The implementation of these standards will affect future acquisitions and transactions with non-controlling interests.

The principal changes following the adoption of these Standards are:

- (a) IFRS 3 previously prescribes that goodwill, as opposed to the acquiree's other identifiable assets and liabilities, should be measured as the excess of the cost of the acquisition over the acquirer's share in the fair value of the identifiable assets, net on the acquisition date. According to the Revised Standards, goodwill can be measured at its full fair value and not only based on the acquired part, this in respect of each business combination transaction measured separately.
- (b) A contingent consideration in a business combination is measured at fair value and changes in the fair value of the contingent consideration, which do not represent adjustments to the acquisition cost in the measurement period, should not be simultaneously recognized as goodwill adjustment. Normally, the contingent consideration is considered a financial derivative within the scope of IAS 39 and presented at fair value through profit or loss.
- (c) Direct acquisition costs attributed to a business combination transaction is recognized in the comprehensive income statement as incurred as opposed to the previous requirement of carrying them as part of the consideration of the cost of the business combination, which has been removed.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

- IFRS 3 (Revised) - Business Combinations and IAS 27 (Revised) - Consolidated and Separate Financial Statements (Cont.):

- (d) A minority transaction, whether a sale or an acquisition, will be accounted for as an equity transaction and will therefore not be recognized in the statement of income or have any effect on the amount of goodwill, respectively.
- (e) A subsidiary's losses, although resulting in the subsidiary's deficiency, is allocated between the parent company and non-controlling interests, even if the non-controlling interests has not guaranteed or has no contractual obligation of sustaining the subsidiary or carrying out another investment.
- (f) On the loss of control of a subsidiary, the remaining investment in the subsidiary, if any, is revalued to fair value against gain and loss from the sale and this fair value will represent the cost basis for the purpose of subsequent treatment.

- Amendments to IFRS 2 - Group Cash-settled Share-based Payment Transactions

In June 2009 the International Accounting Standards Board amended IFRS 2 to clarify its scope and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share based payment transaction. The amendments also incorporate the guidance contained in the following Interpretations:

- IFRIC 8 Scope of IFRS 2
- IFRIC 11 IFRS 2—Group and Treasury Share Transactions.

The implementation of Amendments to IFRS 2 has had no impact on the reported results or financial position of the Company.

- Improvements to International Financial Reporting Standards 2009

- **IAS 7 – Statement of Cash Flows:** Explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities.
- **IAS 36 - Impairment of Assets:** The amendment to IAS 36 defines the required accounting unit to which goodwill will be allocated for impairment testing of goodwill. Pursuant to the amendment, the largest unit permitted for impairment testing of goodwill acquired in a business combination is an operating segment as defined in IFRS 8, "Operating Segments" before the aggregation for reporting purposes.

The initial adoption of these Standards did not have any material effect on the consolidated financial statements.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- **IFRS 9, 'Financial instruments'**, In November 2009, the IASB issued IFRS 9, "Financial Instruments", which represents the first phase of a project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 focuses mainly on the classification and measurement of financial assets and it applies to all financial assets within the scope of IAS 39.

According to IFRS 9, upon initial recognition, all the financial assets (including hybrid contracts with financial asset hosts) will be measured at fair value. In subsequent periods, debt instruments can be measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of all other debt instruments and financial assets will be at fair value.

Financial assets that are equity instruments will be measured in subsequent periods at fair value and the changes will be recognized in the statement of income or in other comprehensive income (loss), in accordance with the election of the accounting policy on an instrument-by-instrument basis. Nevertheless, if the equity instruments are held for trading, they must be measured at fair value through profit or loss. This election is final and irrevocable. When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets. In all other circumstances, reclassification of financial instruments is not permitted.

The Standard will be effective starting January 1, 2013. Earlier application is permitted. Early adoption will be made with a retrospective restatement of comparative figures, subject to the reliefs set out in the Standard.

The Company is evaluating the possible effect of the adoption of the new Standard on the consolidated financial statements but is presently unable to assess such effect, if any.

- **Revised IAS 24, 'Related party disclosures'**, issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.
- **'Classification of rights issues' (Amendment to IAS 32)**, issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted(Cont.):

classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted.

NOTE 3 – SEGMENTS:

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2010 and 2009, respectively.

Six months ended June 30, 2010 (Unaudited)

	Commercial	Military	Total
	\$'000		
<i>Revenue</i>			
External	<u>4,824</u>	<u>1,321</u>	<u>6,145</u>
Total	<u>4,824</u>	<u>1,321</u>	<u>6,145</u>
<i>Results</i>			
Segment Profit (loss) from operations	<u>(522)</u>	<u>58</u>	<u>(464)</u>
<i>Other</i>			
Depreciation and other non-cash expenses	<u>120</u>	<u>64</u>	<u>184</u>

Six months ended June 30, 2009 (Unaudited)

	Commercial	Military	Total
	\$'000		
<i>Revenue</i>			
External	<u>5,227</u>	<u>1,638</u>	<u>6,865</u>
Total	<u>5,227</u>	<u>1,638</u>	<u>6,865</u>
<i>Results</i>			
Segment Profit (loss) from operations	<u>61</u>	<u>52</u>	<u>113</u>
<i>Other</i>			
Depreciation and other non-cash expenses	<u>120</u>	<u>64</u>	<u>184</u>

(*) The Group cannot distinguish between Commercial and Military assets and liabilities, due to the fact that some of the assets and liabilities are used by both segments.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 –TRANSACTIONS WITH RELATED PARTIES:

The Parent Group and other related party provides certain services to the Group as follows:

	Six months ended		Year ended
	June 30,		December 31,
	2010	2009	2009
	U.S. \$ in thousands		
	Unaudited		Audited
Purchased Goods	100	76	127
Management Fee	115	108	227
Services Fee	80	80	160
Lease	172	159	317
Total	467	423	831

All Transactions are made on market value.

As of June 30, 2010 the parent group and related party owes to the Group US \$229,000. On 30 June 2009 the Group owed to the parent group and related party US \$142,000.