

MTI WIRELESS EDGE LTD
FINANCIAL RESULTS FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2008

MTI Wireless Edge Ltd., (ticker: MWE) ('MTI' or 'the Company'), a market leader in the manufacture of flat panel antennas for fixed wireless broadband, announces its unaudited results for the nine months ended 30 September 2008.

Highlights

- Revenues slightly down on last year to \$13.6m (2007: \$14.3m)
- Within this, third quarter revenues flat on second quarter 2008 and slightly higher than third quarter 2007
- Gross Profit reduced to \$4.9m (2007: \$6.2m)
- Strong cash and cash equivalents together with financial assets at \$13.7m (Q3 2007: \$13.9m)

Dov Feiner, Chief Executive Officer, commented:

“The Company maintained its revenue performance compared to the second quarter of the year, but comparatives with last year continue to suffer from the strength of the Israeli Shekel against the US Dollar, which is reflected in the results for the year to date. In addition to the various adverse external conditions, the Company has borne some start-up costs associated with its Indian production facility, which is due to begin commercial shipments before the end of 2008. As previously advised, the Board expects that the profits for the year end 31 December 2008 will be significantly below those reported for the last financial year. Looking forward, the current order book is consistent with current levels of revenue and continues to be from good quality customers. Starting in 2009 the Indian manufacturing facility is expected to help reduce manufacturing costs as well as provide some additional marketing opportunities. The Company continues to be in a strong financial position to take advantage of future growth opportunities.”

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About MTI Wireless Edge

MTI designs and manufactures flat panel antennas, largely supplied to international OEMs of fixed broadband wireless access systems. With over 30 years of technical 'know-how', flexible high volume manufacturing capabilities and low failure rates, MTI's antennas now comprise approximately 25% of the global fixed broadband wireless antenna market. In addition, the Company has successfully developed products for new commercial applications as wireless systems become increasingly prevalent in new markets.

Consolidated Profit and Loss Statement

	For the nine months ended September 30		Year ended December 31
	2008	2007	2007
	U.S. \$ in thousands		
	Unaudited	Audited	
Revenues	13,605	14,283	19,035
Cost of sales	8,693	8,108	10,605
Gross profit	4,912	6,175	8,430
Research and development expenses	1,030	1,076	1,415
Selling and marketing expenses	1,788	1,402	1,946
General and administrative expenses	1,360	948	1,340
Profit from operations	734	2,749	3,729
Finance expense	166	71	94
Finance income	631	828	1,369
Profit before tax	1,199	3,506	5,004
Tax expense (income)	(247)	200	364
Net profit	1,446	3,306	4,640
 Earnings per share:			
Basic (dollars per share)	0.0274	0.0615	0.0863
Diluted (dollars per share)	0.0274	0.0607	0.0853
 Weighted average number of shares outstanding:			
Basic	52,729,640	53,779,998	53,779,998
Diluted	52,729,640	54,493,586	54,405,033

CONSOLIDATED BALANCE SHEETS

	30.9.2008	30.9.2007	31.12.2007
	U.S. \$ In thousands		
	Unaudited	Unaudited	Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3,764	1,597	3,370
Other financial assets	9,974	12,281	11,203
Trade receivables	6,323	5,706	6,248
Other receivables	276	178	121
Inventories	<u>2,466</u>	<u>2,163</u>	<u>2,253</u>
Total current assets	<u>22,803</u>	<u>21,925</u>	<u>23,195</u>
LONG TERM PREPAID EXPENSES	<u>54</u>	<u>49</u>	<u>55</u>
PROPERTY AND EQUIPMENT, NET	<u>1,677</u>	<u>1,522</u>	<u>1,522</u>
GOODWILL	<u>406</u>	<u>406</u>	<u>406</u>
DEFERRED TAX ASSETS	<u>395</u>	<u>97</u>	<u>95</u>
	<u>25,335</u>	<u>23,999</u>	<u>25,273</u>

	<u>30.9.2008</u>	<u>30.9.2007</u>	<u>31.12.2007</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>	<u>Audited</u>	
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Financial liabilities	-	43	22
Trade payables	3,363	2,281	2,625
Other accounts payables	901	677	597
Tax liability	171	332	494
Liabilities due to warrants	<u>2</u>	<u>729</u>	<u>298</u>
Total current liabilities	<u>4,437</u>	<u>4,062</u>	<u>4,036</u>
LONG-TERM LIABILITIES:			
Employee benefits	<u>318</u>	<u>300</u>	<u>266</u>
SHAREHOLDERS' EQUITY			
Share capital	109	115	115
Additional paid-in capital	14,960	14,945	14,945
Retained earnings	<u>5,511</u>	<u>4,577</u>	<u>5,911</u>
Total shareholders' equity	<u>20,580</u>	<u>19,637</u>	<u>20,971</u>
	<u>25,335</u>	<u>23,999</u>	<u>25,273</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2008:

	Share capital	Additional paid-in capital	Retained earnings (accumulated deficit)	Total
U.S. \$ in thousands				
Unaudited				
Balance at January 1, 2008(Audited)	115	14,945	5,911	20,971
Changes during the nine months ended September 30, 2008:				
Net profit	-	-	1,446	1,446
Total recognized income for the period	-	-	1,446	1,446
Dividend distributed	-	-	(979)	(979)
Buyback purchase of stock (*)	(6)	-	(867)	(873)
Share based payment (**)	-	15	-	15
Balance at September 30, 2008	<u>109</u>	<u>14,960</u>	<u>5,511</u>	<u>20,580</u>

(*) see note 3

(**) see note 4

For the nine months ended September 30, 2007:

	Share capital	Additional paid-in capital	Retained earnings	Total
U.S. \$ in thousands				
Unaudited				
Balance at January 1, 2007(Audited)	115	14,945	2,169	17,229
Changes during the nine months ended September 30, 2007:				
Net profit	-	-	3,306	3,306
Total recognized income for the period	-	-	3,306	3,306
Dividend distributed	-	-	(898)	(898)
Balance at September 30, 2007	<u>115</u>	<u>14,945</u>	<u>4,577</u>	<u>19,637</u>

For the year ended December 31, 2007:

	Share capital	Additional paid-in capital	Retained earnings (accumulated deficit)	Total
	U.S. \$ in thousands			
	Audited			
Balance at January 1, 2007	115	14,945	2,169	17,229
Changes during 2007:				
Net profit	-	-	4,640	4,640
Total recognized income for the year	-	-	4,640	4,640
Dividend distributed	-	-	(898)	(898)
Balance at December 31, 2007	<u>115</u>	<u>14,945</u>	<u>5,911</u>	<u>20,971</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine months ended September 30		Year ended December 31,
	2008	2007	2007
	U.S. \$ in thousands		
	Unaudited		Audited
Cash Flows from Operating Activities:			
Net profit	1,446	3,306	4,640
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	246	229	309
Gain from short-term investments	(307)	(290)	(104)
Deferred tax assets	(300)	(28)	(26)
Equity settled share-based payment expense	15	-	-
Decrease in fair value of liabilities due to warrants	(296)	(512)	(942)
Changes in operating assets and liabilities:			
Increase in inventories	(213)	(439)	(529)
Increase in trade receivables	(75)	(552)	(1,094)
Decrease (increase) in other accounts receivables for short and long term	(154)	10	62
Increase (decrease) in trade payables	752	(152)	180
Increase (decrease) in other accounts payables	304	(123)	(200)
Increase (decrease) in tax liability	(323)	82	244
Increase in employee benefits	52	69	35
Net cash provided by operating activities	1,147	1,600	2,575

Consolidated Statement of Cash Flows (cont..)

	For the nine months ended September 30		Year ended December 31,
	2008	2007	2007
U.S. \$ in thousands			
	Unaudited		Audited
Cash Flows From Investing Activities:			
Sale(Purchase) of short-term investment, net	1,536	(858)	34
Purchase of property and equipment	(415)	(348)	(421)
Net cash (used in) provided by investing activities	<u>1,121</u>	<u>(1,206)</u>	<u>(387)</u>
Cash Flows From Financing Activities:			
Dividend distributed	(979)	(898)	(898)
Buyback purchase of stock	(873)	-	-
Repayment of bank borrowing	(22)	(66)	(87)
Net cash used in by financing activities	<u>(1,874)</u>	<u>(964)</u>	<u>(985)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	394	(570)	1,203
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>3,370</u>	<u>2,167</u>	<u>2,167</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>3,764</u>	<u>1,597</u>	<u>3,370</u>

Appendix A - Non-cash activities:

	For the nine months ended September 30		Year ended December 31,
	2008	2007	2007
U.S. \$ in thousands			
	Unaudited		Audited
Purchase of property and equipment against trade payables	<u>27</u>	<u>47</u>	<u>41</u>

Appendix B - Additional Information:

	For the nine months ended September 30		Year ended December 31,
	2008	2007	2007
U.S. \$ in thousands			
	Unaudited		Audited
Income tax	<u>420</u>	<u>152</u>	<u>181</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - GENERAL:

MTI wireless Edge Ltd. (hereafter - the Company) is an Israeli corporation. It was incorporated on December 30, 1998 as a wholly - owned subsidiary of M.T.I. Computers & 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 Company is engaged in the development, design, manufacture and marketing of antennas.

On March 2008, the company has invested in establishing of a wholly owned subsidiary Switzerland based ADVANT COM Sarl, (hereinafter called AdvantCom). AdvantCom is engaged in selling and distributing of antennas and accessories and in manufacturing through an Indian subsidiary.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2007 are applied consistently in these interim consolidated financial statements.

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") .

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary.

The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

NOTE 3 – SHAREHOLDERS’ EQUITY:

A. Further to the US\$1.5 million share buyback program announced with the full year results, during the period under review the Company purchased for cancellation 1,928,008 ordinary shares for total of \$873 thousand.

Following the above transaction the Company has 51,851,990 ordinary shares in issue.

B. On April 4, 2008 the company paid a dividend of 1.85 cents per share totaling US\$ 978,594.

NOTE 4 – EMPLOYEE STOCK OPTION PLAN:

A new option scheme for key Directors and Employees was approved at the company’s Annual General Meeting on May 15, 2008. Under the plan, options for 1.5 million shares were granted on July 15, 2008. This represents approximately 2.89% of the Company’s current issued and voting share capital. Among those options 275,000 options (0.53%) were granted to each of Dov Feiner and Moni Borovitz, with a vesting date of 1st April 2011 and an exercise price of 30 pence (representing approximately 60 cents) per share. The fair value for each option, according to the Black and Scholes option pricing method which was used, is 5 pence (approximately 11 cents).

The options were granted as part of a plan that was adopted in accordance with the provision of section 102 of the Israeli Income Tax Ordinance.