

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**MTI WIRELESS EDGE LTD**

**FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

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 2009.

**Highlights**

- Revenues for H1 were US\$6.9m (H1 2008: \$8.9m)
- Benefit of nearly \$600K overhead reduction from H1 2008
- Operating profit for H1 US\$117k (H1 2008: \$520k)
- Net cash and equivalents at 30 June 2009 of US\$13.5m representing 15p per share

Dov Feiner, Chief Executive Officer, commented:

'Trading in the second half has remained challenging as the Company operates in difficult market conditions. However, the management has continued its rigorous control on costs which has enabled the Company to remain profitable during this period on lower revenue levels.

'This prudent level of cost management together with maintaining our leadership in our market should enable the Company to benefit from an up turn in market fortunes as and when this should occur. Whilst we do not see significant near term improvement in our market, we are witnessing encouraging signs that our market will not decline any further

'As outlined at the Q1 results, we have witnessed a modest performance in our key market of Fixed Broadband, however, we have seen strong demand in our military division as well as ongoing growth in our RFID operations.

'We must expect short term trading conditions to continue to be difficult. However we remain confident in the long term prospects and believe that MTI is well positioned to grow profitably as our markets improve. We have a strong balance sheet and will continue to manage our cash position prudently.'

**MTI Wireless Edge**

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Dov Feiner, CEO

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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.

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

	Six months ended June 30		Year ended December 31
	2009	2008	2008
	U.S. \$ in thousands		
	Unaudited		Audited
Revenues	6,865	8,903	17,923
Cost of sales	4,560	5,576	11,523
<b>Gross profit</b>	2,305	3,327	6,400
Research and development expenses	486	714	1,329
Selling and marketing expenses	960	1,212	2,374
General and administrative expenses	746	881	1,824
<b>Profit from operations</b>	113	520	873
Finance expense	111	174	266
Finance income	117	547	640
<b>Profit before tax</b>	119	893	1,247
Tax expense (income)	126	(269)	254
<b>Net and comprehensive Income (loss)</b>	(7)	1,162	993
 <b>Attributable to:</b>			
Equity holders of the parent	(2)	-	-
Minority interest	(5)	-	-
	(7)	-	-
 <b>Earnings (loss) per share</b>			
Basic and Diluted (dollars per share)	(0.0001)	0.0218	0.0189
 <b>Weighted average number of shares outstanding</b>			
Basic and Diluted	51,571,990	53,218,971	52,480,041

The accompanying notes form an integral part of the financial statements.  
INTERIM CONSOLIDATED FINANCIAL POSITION

**MTI WIRELESS EDGE LTD.**  
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	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
	<b>U.S. \$ In thousands</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3,080	3,437	3,806
Other financial assets	10,420	10,181	9,527
Trade receivables	4,939	6,301	5,898
Other receivables	144	235	217
Inventories	2,236	2,269	2,571
<b>Total current assets</b>	<b>20,819</b>	<b>22,423</b>	<b>22,019</b>
<b>LONG TERM PREPAID EXPENSES</b>	44	61	49
<b>PROPERTY AND EQUIPMENT, NET</b>	1,674	1,546	1,671
<b>GOODWILL</b>	406	406	406
<b>DEFERRED TAX ASSETS</b>	108	416	117
	<b>23,051</b>	<b>24,852</b>	<b>24,262</b>

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

**INTERIM CONSOLIDATED FINANCIAL POSITION**

**MTI WIRELESS EDGE LTD.**

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	<u>30.6.2009</u>	<u>30.6.2008</u>	<u>31.12.2008</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables	2,070	2,903	2,565
Other accounts payables	791	*938	* 964
Tax liability	368	218	374
Liabilities due to warrants	-	28	-
<b>Total current liabilities</b>	<u>3,229</u>	<u>4,087</u>	<u>3,903</u>
<b>LONG-TERM LIABILITIES:</b>			
Employee benefits	217	318	232
Provisions	78	* 30	* 30
<b>Total non-current liabilities</b>	<u>295</u>	<u>348</u>	<u>262</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	109	110	109
Additional paid-in capital	14,945	14,945	14,945
Employee equity benefits reserve	59	-	29
Retained earnings	4,414	5,362	5,014
<b>Total shareholders' equity</b>	<u>19,527</u>	<u>20,417</u>	<u>20,097</u>
Minority interests	-	-	-
<b>Total equity</b>	<u>19,527</u>	<u>20,417</u>	<u>20,097</u>
	<u>23,051</u>	<u>24,852</u>	<u>24,262</u>

July 29, 2009			
Date of approval of financial statements	Moshe Borovitz Finance Director	Dov Feiner Chief Executive Officer	Zvi Borovitz Non-executive Chairman

(\*) Reclassified

**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 SHAREHOLDERS' EQUITY**

**For the six months ended June 30, 2009:**

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

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

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**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the six months ended June 30, 2008:**

	Attributed to equity holders of the company						
	Share capital	Additional paid-in capital	Employee equity benefits reserve	Retained earnings	Total	Minority interest	Total equity
U.S. \$ in thousands							
Unaudited							
<b>Balance at January 1, 2008(Audited)</b>	115	14,945	-	5,911	20,971	-	20,971
<b>Changes during the six months ended June 30, 2008:</b>							
Profit for the period	-	-	-	1,162	1,162	-	1,162
<b>Total comprehensive income for the period</b>	-	-	-	1,162	1,162	-	1,162
Dividends	-	-	-	(979)	(979)	-	(979)
Buy back purchase of stock	(5)	-	-	(732)	(737)	-	(737)
<b>Balance at December 31, 2008</b>	<u>110</u>	<u>14,945</u>	<u>-</u>	<u>5,362</u>	<u>20,417</u>	<u>-</u>	<u>20,417</u>

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 SHAREHOLDERS' EQUITY**

**For the year ended December 31, 2008:**

	Attributed to equity holders of the company						
	Share capital	Additional paid-in capital	Employee equity benefits reserve	Retained earnings	Total	Minority interest	Total equity
U.S. \$ in thousands							
Audited							
<b>Balance at January 1, 2008</b>	115	14,945	-	5,911	20,971	-	20,971
<b>Changes during 2008:</b>							
Profit for the year	-	-	-	993	993	-	993
<b>Total comprehensive income for the year</b>	-	-	-	993	993	-	993
Dividends	-	-	-	(979)	(979)	-	(979)
Buy back purchase of stock	(6)	-	-	(911)	(917)	-	(917)
Share based payment	-	-	29	-	29	-	29
<b>Balance at December 31, 2008</b>	<u>109</u>	<u>14,945</u>	<u>29</u>	<u>5,014</u>	<u>20,097</u>	<u>-</u>	<u>20,097</u>

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,
	2009	2008	2008
	U.S. \$ in thousands		
	Unaudited		Audited
<b>Cash Flows from Operating Activities:</b>			
Net profit (loss)	(7)	1,162	993
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	184	164	332
Gain from short-term investments	(156)	(259)	(6)
Equity settled share-based payment expense	30	-	29
Decrease in fair value of liabilities due to warrants	-	(270)	(298)
Tax expense (Income)	126	(269)	254
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	335	(16)	(318)
Decrease (Increase) in trade receivables	959	(53)	350
Decrease (increase) in other accounts receivables for short and long term	78	(120)	(90)
Increase (decrease) in trade payables	(482)	306	(43)
Increase (decrease) in other accounts payables	(176)	367	397
Increase in provisions	51	4	-
Increase (decrease) in employee benefits	(14)	52	(34)
Income tax paid	(123)	(328)	(396)
<b>Net cash provided by     operating activities</b>	<b>805</b>	<b>740</b>	<b>1,170</b>

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**

	<b>Six months ended</b>		<b>Year ended</b>
	<b>June 30</b>		<b>December 31,</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>
<b>U.S. \$ in thousands</b>			
	<b>Unaudited</b>	<b>Audited</b>	
<b>Cash Flows From Investing Activities:</b>			
Sale(Purchase) of short-term investment, net	(737)	1,281	1,682
Purchase of property and equipment	(201)	(216)	(498)
<b>Net cash (used in) provided by investing activities</b>	<b>(938)</b>	<b>1,065</b>	<b>1,184</b>
<b>Cash Flows From Financing Activities:</b>			
Dividend distributed	(598)	(979)	(979)
Issue of capital to minority in subsidiary	5	-	-
Buyback purchase of stock	-	(737)	(917)
Repayment of bank borrowing	-	(22)	(22)
<b>Net cash used in by financing activities</b>	<b>(593)</b>	<b>(1,738)</b>	<b>(1,918)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(726)</b>	<b>67</b>	<b>436</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,806</b>	<b>3,370</b>	<b>3,370</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,080</b>	<b>3,437</b>	<b>3,806</b>

**Appendix A - Non-cash activities:**

	<b>Six months ended</b>		<b>Year ended</b>
	<b>June 30</b>		<b>December 31,</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>
<b>U.S. \$ in thousands</b>			
	<b>Unaudited</b>	<b>Audited</b>	
Purchase of property and equipment against trade payables	10	13	24

**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 & 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.

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

On February 2009, pursuant to the founder's agreement, 20 percent of the issued and outstanding share capital of GlobalWave Technologies PVT Ltd(formerly a wholly owned Indian based subsidiary of AdvantCom) were allotted to investors in return to approximately \$5,000

#### **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, 2008 are applied consistently in these interim consolidated financial statements, except for the impact of the adoption of the Standards and Interpretations described below.

##### **- IFRS 8 - Operating Segments:**

IFRS 8 ("the Standard") discusses operating segments and replaces IAS 14. The Standard applies to companies whose securities are traded or are in the process of filing with any securities stock exchange. The Standard is effective for annual financial statements for periods beginning after January 1, 2009. Earlier application is permitted. The provisions of the Standard will be applied retrospectively, by restatement, unless the necessary information is not available or impractical to obtain.

The Standard determines that an entity will adopt a management approach in reporting on the financial performance of the operating segments. The segment information would be the information that is internally used by management in order to assess its performance and allocate resources to the operating segments.

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**- IFRS 8 - Operating Segments (Cont.):**

Furthermore, information is required to be disclosed about the products or services (or group of products and similar services) from which the entity derives its revenues, the countries in which these revenues or assets are derived and major customers, irrespective of whether management uses this information for making operating decisions.

The implementation of the new Standard had no impact on the Company's reportable operating segments.

**- IAS 1 (Revised) - Presentation of Financial Statements:**

IAS 1 (Revised) requires entities to present a second statement, a separate "statement of comprehensive income" displaying , other than the net income taken from the statement of income, all the items carried in the reported period directly to equity that do not result from transactions with the shareholders in their capacity as shareholders (other comprehensive income) such as adjustments arising from translating the financial statements of foreign operations, fair value adjustments of available-for-sale financial assets, changes in revaluation surplus of fixed assets and such and the tax effect of these items carried directly to equity, while properly allocated between the Company and the minority interests. Alternatively, the items of other comprehensive income may be displayed along with the items of the statement of income in a single statement entitled "statement of comprehensive income" which replaces the statement of income, while properly allocated between the Company and the minority interests. Items carried to equity resulting from transactions with the shareholders in their capacity as shareholders (such as capital issues, dividend distribution etc.) will be disclosed in the statement of changes in equity as will the summary line carried forward from the statement of comprehensive income, while properly allocated between the Company and the minority interests.

IAS 1 (Revised) also prescribes that in cases of restatement of comparative figures as a result of the retroactive adoption of a change in accounting policy, the entity must include an opening balance sheet disclosing the restated comparative figures.

IAS 1 (Revised) is effective for annual financial statements for periods beginning after January 1, 2009. Earlier application is permitted.

The Company initially implemented IAS 1 (Revised) as of January 1, 2009 by disclosing the comparative figures of income statement according IAS 1 (Revised) (Statements of Comprehensive Income).

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**- IFRS 2 (Revised) - Share-based Payment:**

Pursuant to the IFRS 2 (Revised) ("the revised Standard"), the definition of vesting terms will only include service conditions and performance conditions and the settlement of a grant that includes non-vesting conditions by the Company or the counterparty, will be accounted for by way of vesting acceleration and not by forfeiture. The Standard will be applied retrospectively for financial statements for periods beginning on January 1, 2009. Earlier application is permitted.

Vesting conditions include service conditions which require the counterparty to complete a specified period of service and performance conditions which require specified performance targets to be met. Conditions that are other than service and performance conditions will be viewed as non-vesting conditions and must therefore be taken into account when estimating the fair value of the instrument granted.

The implementation of IAS 2 (Revised) has had no impact on the reported results or financial position of the Company.

**- The Project for the improvement of the International Financial Reporting Standards 2008:**

In May 2008, the IASB published 35 amendments for its International Financial Reporting Standards. The amendments were performed for the Project for the improvement of the International Financial Reporting Standards 2008. Some of the amendments refer only to definitions and editing and some refer to recognition, measurement, disclosure and presentation and could affect current accounting policy. Most of the amendments are on annual reports for periods beginning on 1 January, 2009 or after. The amendments can be adopted early, subject to certain conditions.

The implementation of these amendments has had no impact on the reported results or financial position of the Company.

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Impact of recently issued accounting standards:**

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

IFRS 3 (Revised) and IAS 27 (Revised) ("the Standards") will be effective for annual financial statements for periods beginning on January 1, 2010. The combined early adoption of the two Standards is permitted from the financial statements for periods beginning on January 1, 2008.

The principal changes expected to take place following the adoption of the Standards are:

- (a) IFRS 3 currently prescribes that goodwill, as opposed to the acquiree's other identifiable assets and liabilities, will 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 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 will be 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, will not be simultaneously recognized as goodwill adjustment. Normally, the contingent consideration will be considered a financial derivative within the scope of IAS 39 and will be presented at fair value through profit or loss.
- (c) Direct acquisition costs attributed to a business combination transaction will be recognized in the statement of income 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.
- (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, will be allocated between the parent company and minority interests, even if the minority has not guaranteed or has no contractual obligation of sustaining the subsidiary or carrying out another investment.

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Impact of recently issued accounting standards (Cont.):**

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

(f) On the loss of control of a subsidiary, the remaining investment in the subsidiary, if any, will be 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.

The Company believes that the effect of the revised Standards on its reported results or financial position is not expected to be material.

**- 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 Company believes that the revised Standard will have no effect on its reported results or financial position.

**NOTE 3 – SIGNIFICANT EVENTS:**

1. On March 16, 2009, Warrants granted prior to the IPO, to certain investors and service providers were expired.
2. On April 6, 2009 the company paid a dividend of 1.16 cents per share totaling approximately \$598,000.