



**MTI WIRELESS EDGE LTD**  
**FINANCIAL RESULTS FOR THE NINE MONTHS ENDED**  
**SEPTEMBER 30, 2006**

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 interim results for the nine months ended 30 September 2006, its fifteenth consecutive quarter of revenue growth.

**Highlights**

- Revenue increased by 40% year on year to US\$11.8m (Q3 2005: US\$8.4m)
- Gross profit up 51% to US\$5.2m (Q3 2005: US\$3.4m) with gross margin of 44.2% (Q3 2005: 40.8%)
- Net profits improved by 94% to US\$ 2.4m (Q3 2005: US\$1.2m) with net margin increased to 20.4% (Q3 2005: 14.7%)
- Basic earnings per share up 28% to 5.0c (Q3 2005: 3.9c)
- Intention to pay out approximately 25 per cent. of net profit as dividend for the full financial year

**Dov Feiner, Chief Executive Officer**, commented: “The third quarter of the year has seen MTI build and improve upon the excellent growth announced at the half year. With three months of the year remaining, we have already surpassed our performance for the whole of 2005 at a revenue, gross profit and net profit level, with continued margin improvement. Our contracted but as yet unfulfilled order book remains healthy giving further confidence of a very successful result for our first full year as a public limited company.

“The fixed wireless broadband market continues to grow and importantly, some 30% of our units sold in the first nine months of the year have been WiMax compliant antennas. Research suggests that there will continue to be strong growth in both our key markets of broadband wireless and radio frequency identification and therefore MTI is well placed for continued profitable growth.”

**Contacts:**

<b>MTI Wireless Edge</b>	+972 3 900 8900
Dov Feiner, CEO	
Moni Borovitz, Financial Director	
<b>Corporate Synergy Plc</b>	+44 20 7448 4400
Luke Ahern	
David Seal	
<b>Threadneedle Communications</b>	+44 207 936 9605
Graham Herring	
Josh Royston	



## **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.



## PROFIT AND LOSS STATEMENT

	<b>For the nine months ended September 30</b>		<b>Year ended December 31</b>
	<b>2006</b>	<b>2005</b>	<b>2005</b>
	<b>U.S. \$ in thousands</b>		
Revenues	11,757	8,423	11,694
Cost of sales	6,559	4,989	6,780
Gross profit	5,198	3,434	4,914
Research and development expenses	875	636	855
Selling and marketing expenses	1,291	914	1,237
General and administrative expenses	798	594	779
Operating profit	2,234	1,290	2,043
Financial expenses (income), net	(274)	(12)	164
Profit before taxation	2,508	1,302	1,879
Tax on profit	106	65	130
Net profit	2,402	1,237	1,749
 <b>Earnings per share:</b>			
Basic	0.0503	* 0.0393	*0.0556
Diluted	0.0480	* 0.0326	*0.0461
 <b>Weighted average number of shares outstanding:</b>			
Basic	47,734,124	* 31,470,000	*31,470,000
Diluted	50,029,108	* 37,932,000	*37,932,000

\* Restated due to split of the company's ordinary share in a ratio of 3000 new shares for each 1 ordinary share, prior of the IPO in the AIM.



**BALANCE SHEET**

	<b>At 30 September 2006</b>	<b>At 30 September 2005</b>	<b>At 31 December 2005</b>
<b>U.S. \$ In thousands</b>			
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	2,266	3,548	3,980
Short-term investments	10,902	-	-
Trade receivables	4,455	3,240	3,405
Other receivables	213	145	265
Inventories	<u>1,598</u>	<u>1,187</u>	<u>1,008</u>
<b>Total current assets</b>	<u>19,434</u>	<u>8,120</u>	<u>8,658</u>
 <b>LONG TERM PREPAID EXPENSES</b>	 <u>28</u>	 <u>30</u>	 <u>26</u>
 <b>PROPERTY AND EQUIPMENT, NET</b>	 <u>1,401</u>	 <u>1,424</u>	 <u>1,441</u>
 <b>OTHER ASSETS, NET</b>	 <u>462</u>	 <u>406</u>	 <u>450</u>
	 <u><u>21,325</u></u>	 <u><u>9,980</u></u>	 <u><u>10,575</u></u>



	<b>At 30 September 2006</b>	<b>At 30 September 2005</b>	<b>At 31 December 2005</b>
	<b>U.S. \$ In thousands</b>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term loans	85	87	87
Trade payables	2,712	1,865	1,669
Other accounts payables	1,013	304	599
<b>Total current liabilities</b>	<u>3,810</u>	<u>10,375</u>	<u>2,355</u>
<b>LONG-TERM LIABILITIES:</b>			
Liabilities to banks	46	130	109
Accrued severance pay	221	169	174
	<u>267</u>	<u>299</u>	<u>283</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	115	2	2
Additional paid-in capital	16,357	7,561	7,561
Retained earnings	776	(138)	374
<b>Total shareholders' equity</b>	<u>17,248</u>	<u>7,245</u>	<u>7,937</u>
	<u>21,325</u>	<u>9,980</u>	<u>10,575</u>

## STATEMENTS OF CASH FLOWS

	<b>For the nine months ended September 30</b>	<b>Year ended December 31</b>
	<b>2006</b>	<b>2005</b>
	<b>U.S. \$ in thousands</b>	
<b>Cash Flows from Operating Activities:</b>		
Net profit	2,402	1,237
Adjustments to reconcile net income to net cash provided by operating activities:		
Compensation expenses resulting from options granted to employees	-	73
Depreciation and amortization	207	206
Gain from short-term investments	(313)	(509)
Deferred taxes	(14)	-
Severance pay, net	47	7
Issuance of share capital	79	-
Changes in operating assets and liabilities:		
Decrease (increase) in inventories	(590)	130
Increase in trade receivables	(1,050)	(1,013)
Decrease (increase) in other accounts receivables for short and long term	52	88
Increase (decrease) in trade payables	1,051	104
Increase (decrease) in other accounts payables	414	(174)
<b>Net cash provided by (used in) operating activities</b>	<b>2,285</b>	<b>599</b>
	<b>1,749</b>	<b>1,100</b>

**STATEMENTS OF CASH FLOWS**

	<b>For the nine months ended September 30</b>	<b>Year ended December 31</b>
	<b>2006</b>	<b>2005</b>
	<b>U.S. \$ in thousands</b>	
<b>Cash Flows From Investing Activities:</b>		
Sale (purchase) of short-term investment	(10,589)	2,095
Purchase of property and equipment	<u>(175)</u>	<u>(64)</u>
<b>Net cash (used in) provided by investing activities</b>	<u>(10,764)</u>	<u>1,983</u>
<b>Cash Flows From Financing Activities:</b>		
Dividend distributed	(2,000)	-
Additional capital raised in Aim Listing, net	8,830	-
Repayment of long-term loans	<u>(65)</u>	<u>(87)</u>
<b>Net cash used in financing activities</b>	<u>6,765</u>	<u>(87)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(714)	2,996
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>3,980</u>	<u>984</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>2,266</u></u>	<u><u>3,980</u></u>