

**MTI WIRELESS EDGE LTD**  
**FINANCIAL RESULTS FOR THE SIX MONTHS ENDED**  
**30 JUNE 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, today announces its unaudited results for the six months ended 30 June 2008.

**Highlights**

- Revenues for Q2 increased by 12% to US\$4.7m over Q1 (\$4.2m), but for H1 as a whole are down 8% year on year to US\$8.9m (H1 2007: \$9.7m)
- Operating profit for Q2 increased by 50% to \$0.3m over Q1 (0.2m), but for H1 as a whole is down 72% year on year to US\$0.5m (H1 2007: \$1.9m)
- Net cash and equivalents at 30 June 2008 of \$13.6m representing 13p per share
- Cash flow from operating activities of \$0.7m
- Share buyback policy still in force
- Strong backlog for the remainder of 2008 – stands at \$5M as of today

**Dov Feiner, Chief Executive Officer, commented:**

“The second quarter of the year saw revenue improvement over the first quarter but, with the result of the first quarter, still resulted in a weaker half year performance compared to the first half of 2007, our strongest half year to date. Operating profitability for the half year is down to 7% (excluding the investment in our India facility) of revenues, as the Group continues to be affected by the weakness of the US dollar against the Israeli Shekel.

“As outlined in our Q1 statement, appreciation of the Shekel against the Dollar has a negative effect on the Group’s profit margins because the majority of our orders are invoiced in Dollars, while our fixed cost base is mostly in Shekels. In the first half of 2008 the Shekel appreciated 13% (6% in Q2) completing 22% appreciation from 30 June 2007. Whilst the Shekel / Dollar rate continues at its current rate, the directors believe it would be difficult for the Group’s operating profits to be above 10% of revenues in the remainder of this year.

“Our new Indian facility will commence production in the current quarter, which will not only improve our supply to the increasingly important Asian market, but in future years will also help to mitigate the importance of the Shekel / Dollar exchange rate.

“Whilst the financial performance for the first half of 2008 has been disappointing, the prospects for the future remain solid, reinforced by our expansion into India. Our order book remains strong, especially in our military business which secured its largest single order to date, in May 2008, worth \$1.8m. The Group has also maintained its market leading position and, with a very strong financial position, is well placed to take full advantage of growth in its chosen sectors.”

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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 six months ended June 30		Year ended December 31
	2008	2007	2007
	U.S. \$ in thousands		
	Unaudited	Audited	
Revenues	8,903	9,731	19,035
Cost of sales	5,576	5,587	10,605
Gross profit	3,327	4,144	8,430
Research and development expenses	714	700	1,415
Selling and marketing expenses	1,212	968	1,946
General and administrative expenses	881	600	1,340
Profit from operations	520	1,876	3,729
Finance expense	174	43	94
Finance income	547	634	1,369
Profit before tax	893	2,467	5,004
Tax expense (income)	(269)	249	364
Net profit	1,162	2,218	4,640
 <b>Earnings per share:</b>			
Basic (dollars per share)	0.0218	0.0412	0.0863
Diluted (dollars per share)	0.0218	0.0406	0.0853
 <b>Weighted average number of shares outstanding:</b>			
Basic	53,218,971	53,779,998	53,779,998
Diluted	53,218,971	54,598,079	54,405,033

## Consolidated Balance Sheets

	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>31.12.2007</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	3,437	1,241	3,370
Other financial assets	10,181	12,076	11,203
Trade receivables	6,301	5,680	6,248
Other receivables	235	169	121
Inventories	<u>2,269</u>	<u>2,034</u>	<u>2,253</u>
<b>Total current assets</b>	<u>22,423</u>	<u>21,200</u>	<u>23,195</u>
<b>LONG TERM PREPAID EXPENSES</b>	<u>61</u>	<u>60</u>	<u>55</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>1,546</u>	<u>1,541</u>	<u>1,522</u>
<b>GOODWILL</b>	<u>406</u>	<u>406</u>	<u>406</u>
<b>DEFERRED TAX ASSETS</b>	<u>416</u>	<u>101</u>	<u>95</u>
	<u>24,852</u>	<u>23,308</u>	<u>25,273</u>

	<u>30.6.2008</u>	<u>30.6.2007</u>	<u>31.12.2007</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>	<u>Audited</u>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Financial liabilities	-	65	22
Trade payables	2,903	2,298	2,625
Other accounts payables	968	784	597
Tax liability	218	428	494
Liabilities due to warrants	<u>28</u>	<u>907</u>	<u>298</u>
<b>Total current liabilities</b>	<u>4,117</u>	<u>4,482</u>	<u>4,036</u>
<b>LONG-TERM LIABILITIES:</b>			
Employee benefits	<u>318</u>	<u>277</u>	<u>266</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	110	115	115
Additional paid-in capital	14,945	14,945	14,945
Retained earnings	<u>5,362</u>	<u>3,489</u>	<u>5,911</u>
<b>Total shareholders' equity</b>	<u>20,417</u>	<u>18,549</u>	<u>20,971</u>
	<u>24,852</u>	<u>23,308</u>	<u>25,273</u>

## Statement of changes in Shareholders' Equity

For the six months ended June 30, 2008:

	Share capital	Additional paid-in capital	Retained earnings (accumulated deficit)	Total
U.S. \$ in thousands				
Unaudited				
<b>Balance at January 1, 2008(Audited)</b>	115	14,945	5,911	20,971
<b>Changes during the six months ended June 30, 2008:</b>				
Net profit	-	-	1,162	1,162
<b>Total recognized income for the period</b>	-	-	1,162	1,162
Dividend distributed	-	-	(979)	(979)
Buyback purchase of stock (*)	(5)	-	(732)	(737)
<b>Balance at June 30, 2008</b>	<u>110</u>	<u>14,945</u>	<u>5,362</u>	<u>20,417</u>

(\*) see note 3

For the six months ended June 30, 2007:

	Share capital	Additional paid-in capital	Retained earnings	Total
U.S. \$ in thousands				
Unaudited				
<b>Balance at January 1, 2007(Audited)</b>	115	14,945	2,169	17,229
<b>Changes during the six months ended June 30, 2007:</b>				
Net profit	-	-	2,218	2,218
<b>Total recognized income for the period</b>	-	-	2,218	2,218
Dividend distributed	-	-	(898)	(898)
<b>Balance at June 30, 2007</b>	<u>115</u>	<u>14,945</u>	<u>3,489</u>	<u>18,549</u>

For the year ended December 31, 2007:

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

### Consolidated Statement of Cash Flows

	For the six months ended June 30		Year ended December 31
	2007	2006	2006
	U.S. \$ in thousands		
<b>Cash Flows from Operating Activities:</b>			
Net profit	1,885	1,392	3,623
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	151	138	281
Gain from short-term investments	(173)	(149)	(340)
Deferred taxes	(32)	(8)	(13)
Issuance of share capital	-	79	79
Changes in operating assets and liabilities:			
(Increase) in inventories	(310)	(279)	(716)
(Increase) in trade receivables	(526)	(763)	(1,749)
Decrease in other accounts receivables for short and long term	9	82	43
Increase (decrease) in trade payables	(130)	563	789
Increase in other accounts payables	165	284	446
Severance pay, net	46	34	57
<b>Net cash provided by (used in) operating activities</b>	<u>1,085</u>	<u>1,373</u>	<u>2,500</u>

Consolidated Statement of Cash Flows (cont..)

	For the six months ended June 30		Year ended December 31,
	2008	2007	2007
	U.S. \$ in thousands		
	Unaudited		Audited
<b>Cash Flows From Investing Activities:</b>			
Sale(Purchase) of short-term investment, net	1,281	(770)	34
Purchase of property and equipment	(216)	(299)	(421)
<b>Net cash (used in) provided by investing activities</b>	<u>1,065</u>	<u>(1,069)</u>	<u>(387)</u>
<b>Cash Flows From Financing Activities:</b>			
Dividend distributed	(979)	(898)	(898)
Buyback purchase of stock	(737)	-	-
Repayment of bank borrowing	(22)	(44)	(87)
<b>Net cash used in by financing activities</b>	<u>(1,738)</u>	<u>(942)</u>	<u>(985)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	67	(926)	1,203
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>3,370</u>	<u>2,167</u>	<u>2,167</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>3,437</u></u>	<u><u>1,241</u></u>	<u><u>3,370</u></u>

Appendix A - Non-cash activities:

	For the six months ended June 30		Year ended December 31,
	2008	2007	2007
	U.S. \$ in thousands		
	Unaudited		Audited
Purchase of property and equipment against trade payables	<u>13</u>	<u>24</u>	<u>41</u>

Appendix B - Additional Information:

	For the six months ended June 30		Year ended December 31,
	2008	2007	2007
	U.S. \$ in thousands		
	Unaudited		Audited
Income tax	<u>146</u>	<u>136</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 market of the London 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.

On 30 May, 2008 AdvantCom and third party signed an agreement upon which the third party will become a shareholder in the Indian subsidiary owning 20,000 shares which reflects 20 percent in shareholding.

Until June 30, 2008 third party did not pay the amount needed and shares were not issued.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 1,533,008 ordinary shares for total of \$737 thousand.

Following the above transaction the Company has 52,246,990 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<sup>th</sup>, 2008. Under the plan, options for 1.5 million shares were granted on July 15, 2008. This represents approximately 2.87% of the Company's current issued and voting share capital. Among those options 275,000 options (0.52%) 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 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.