



**Source:** Mitec Telecom Inc.  
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## **MITEC TELECOM ANNOUNCES YEAR-END AND FOURTH QUARTER RESULTS FOR FISCAL 2011**

**MONTREAL, July 28, 2011** - Mitec Telecom (TSX: MTM) today announced its year-end and fourth quarter results for the 2011 fiscal year, which ended April 30, 2011.

### Annual Results

Annual sales from continuing operations in fiscal 2011 were \$15.7 million, compared with \$19.2 million in fiscal 2010. The Corporation's net loss from continuing operations for the year was \$4.7 million, or \$0.02 per share compared with a net loss from continuing operations of \$9.3 million, or \$0.05 per share in the previous year, an improvement of \$4.6 million. Mitec recorded a gain on the sale of its China facility during the year. Including this gain and the loss from discontinued operations, Mitec's net loss for the year was reduced to \$3.4 million or \$.01 per share, compared with \$11.4 million or \$0.05 per share in fiscal 2010.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") for fiscal 2011 from continuing operations was negative \$2.8 million, compared with negative \$4.2 million for fiscal 2010, an improvement of \$1.4 million.

### Fourth Quarter Results

Sales from continuing operations for the fourth quarter of fiscal 2011 were \$4.5 million, which compared with \$4.5 million in fiscal 2010.

The net loss for the quarter was \$365,000, or \$0.01 per share compared with a net loss of \$5.2 million, or \$0.02 in the fourth quarter of 2010.

EBITDA for the quarter was negative \$1.3 million compared to negative \$1.1 million during the fourth quarter of fiscal 2010.

### Management Commentary

Mitec's strategy of streamlining product lines to service niche markets and shifting its focus away from supplying generic components in what continues to be a highly competitive marketplace demonstrated significantly improved financial performance for fiscal 2011 compared with 2010.

Mitec's initiative to separate its various business divisions provided a mechanism to extract shareholder value which resulted in the sale of Mitec's RF conditioning business in Suzhou, China generating \$4.1 million cash proceeds in fiscal 2011 and an additional \$2.9 million proceeds from the sale of some of Mitec's satcom assets in Q1, fiscal 2012.

"Mitec will continue to evaluate its remaining business divisions to ensure that we are allocating our resources, including our significant cash position, knowledge base and infrastructure into areas of wireless growth which provide lucrative returns and will continue to develop ways to protect our position in these markets so that we can achieve our objective of long-term sustained profitability. We are currently assessing various options which will help us

achieve this objective and we hope to be able to provide our shareholders with more detail as soon as we are able”, commented Jeffrey Mandel, Mitec’s President and CEO.

**About Mitec Telecom**

Mitec is a leading designer and provider of radio frequency (RF) products and solutions for the telecommunications and satellite communications industries, as well as a variety of other sectors. Mitec sells its products worldwide to network providers for incorporation into high-performing wireless networks used in voice and data/internet communications, enabling end-user communications around the world. Headquartered in Montreal, Canada, Mitec also operates facilities in California. Mitec is listed on the Toronto Stock Exchange under the symbol MTM. On-line information about Mitec is available at [www.mitectelecom.com](http://www.mitectelecom.com).



**MITEC TELECOM INC.****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(in thousands of Canadian dollars, except per share data and number of shares)

	<i>Unaudited</i>		<i>Audited</i>	
	For the three months ended	For the three months ended	For the twelve months ended	For the twelve months ended
	April 30,	April 30,	April 30,	April 30,
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Sales</b>	<b>4,464</b>	4,456	<b>15,690</b>	19,218
Cost of sales	<b>3,668</b>	3,351	<b>11,900</b>	15,226
<b>Gross profit</b>	<b>796</b>	1,105	<b>3,790</b>	3,992
<b>Expenses</b>				
Research and development	<b>22</b>	659	<b>1,716</b>	2,888
Selling and administrative	<b>1,397</b>	1,538	<b>4,802</b>	5,615
Financial expenses	<b>192</b>	299	<b>821</b>	834
Foreign exchange loss	<b>797</b>	252	<b>807</b>	915
Loss on disposal and impairment of property, plant and equipment	<b>140</b>	33	<b>82</b>	8
Loss on disposal and impairment of intangible assets	<b>92</b>	724	<b>162</b>	724
Impairment of goodwill	—	1,991	—	1,991
Impairment of investments	<b>25</b>	—	<b>25</b>	—
Stock-based compensation	<b>7</b>	44	<b>79</b>	193
	<b>2,672</b>	5,540	<b>8,494</b>	13,168
<b>Loss from continuing operations before income taxes</b>	<b>(1,876)</b>	(4,435)	<b>(4,704)</b>	(9,176)
Income tax expense - future	—	242	—	125
Net loss from continuing operations for the period	<b>(1,876)</b>	(4,677)	<b>(4,704)</b>	(9,301)
Gain (loss) from discontinued operations, net of income taxes	<b>13</b>	(560)	<b>(166)</b>	(2,146)
Gain on disposal of the discontinued operations, net of income taxes	<b>1,498</b>	—	<b>1,498</b>	—
Earnings (loss) from discontinued operations	<b>1,511</b>	(560)	<b>1,332</b>	(2,146)
<b>Net loss for the period</b>	<b>(365)</b>	(5,237)	<b>(3,372)</b>	(11,447)
Net change in the unrealized loss on translating financial statements of self-sustaining foreign operations	<b>106</b>	83	<b>136</b>	248
Net change in the unrealized gain (loss) on translating financial statements of discontinued operations	<b>(39)</b>	(105)	<b>19</b>	(652)
Unrealized cumulative translation loss on disposition of self-sustaining foreign operations transferred to earnings during the period	<b>793</b>	—	<b>793</b>	—
Other comprehensive gain (loss)	<b>860</b>	(22)	<b>948</b>	(404)
<b>Comprehensive gain (loss) for the period</b>	<b>495</b>	(5,259)	<b>(2,424)</b>	(11,851)
<b>Basic and diluted loss per outstanding common share</b>				
- continuing operations	<b>(0.01)</b>	(0.02)	<b>(0.02)</b>	(0.04)
- discontinued operations	<b>0.01</b>	0.00	<b>0.01</b>	(0.01)
- net loss	<b>0.00</b>	(0.02)	<b>(0.01)</b>	(0.05)
<b>Weighted average number of outstanding common shares</b>	<b>276,666,756</b>	220,666,756	<b>246,002,829</b>	220,666,756

**MITEC TELECOM INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

(in thousands of Canadian dollars, except for number of shares)

*Audited*

	Common shares		Warrants		Equity component of convertible debentures	Contributed surplus	Deficit	Accumulated other comprehensive (loss) gain	Shareholders' equity
	# (000)	\$	# (000)	\$	\$	\$	\$	\$	\$
Balance, April 30, 2009	220,667	132,142	37,829	1,925	14	9,836	(119,980)	(280)	23,657
Issued under a convertible debenture financing	—	—	—	—	754	—	—	—	754
Expired warrants	—	—	(14,226)	(773)	—	773	—	—	—
Stock-based compensation	—	—	—	—	—	193	—	—	193
Other comprehensive loss for the year	—	—	—	—	—	—	—	(404)	(404)
Net loss for the year	—	—	—	—	—	—	(11,447)	—	(11,447)
Balance, April 30, 2010	220,667	132,142	23,603	1,152	768	10,802	(131,427)	(684)	12,753
Issued for cash (net of issue costs of \$94)	55,167	693	—	—	—	—	—	—	693
Issued under a convertible debenture financing	833	61	—	—	18	—	—	—	79
Expired warrants	—	—	(23,603)	(1,152)	—	1,152	—	—	—
Stock-based compensation	—	—	—	—	—	79	—	—	79
Other comprehensive gain for the year	—	—	—	—	—	—	—	948	948
Net loss for the year	—	—	—	—	—	—	(3,372)	—	(3,372)
<b>Balance, April 30, 2011</b>	<b>276,667</b>	<b>132,896</b>	<b>—</b>	<b>—</b>	<b>786</b>	<b>12,033</b>	<b>(134,799)</b>	<b>264</b>	<b>11,180</b>

**MITEC TELECOM INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of Canadian dollars)

	<i>Unaudited</i>		<i>Audited</i>	
	For the three months ended		For the twelve months ended	
	2011	April 30, 2010	2011	April 30, 2010
	\$	\$	\$	\$
<b>CASH FLOW OPERATING ACTIVITIES</b>				
Net loss from continuing operations for the period	(1,876)	(4,678)	(4,704)	(9,301)
Items not affecting cash				
Amortization	114	326	845	1,420
Loss on disposal and impairment of property, plant and equipment	84	34	82	8
Loss on disposal and Impairment of intangibles assets	162	724	162	724
Impairment of investment	25		25	—
Impairment of goodwill	—	1,991	—	1,991
Future income tax charge	—	241	—	125
Unrealized cumulative translation loss on disposal of self-sustaining foreign operations	793	—	793	—
Unrealized exchange loss	—	—	—	290
Stock-based compensation	7	44	79	193
Accretion expense	128	140	501	448
	(563)	(1,178)	(2,217)	(4,102)
Changes in non-cash working capital balances related to operating activities	(261)	428	(668)	2,193
	(824)	(750)	(2,885)	(1,909)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Net proceeds on disposal of the discontinued operations, net of cash and incremental costs	3,067	—	3,067	—
Cash held in escrow	(339)	—	(339)	—
Additions to property, plant and equipment	(6)	(12)	(18)	(107)
Proceeds on disposal of property, plant and equipment	—	—	3	26
Purchases of short-term investment	(183)	(181)	(364)	(181)
Sales of short-term investments	182	181	363	181
	2,721	(12)	2,712	(81)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Convertible debentures issued	—	—	—	1,678
Issuance of shares	—		693	—
Repayment of long-term debt	(536)	733	—	(1,400)
Credit facility	—		(733)	733
Issuance of term loan	—	—	500	—
Repayment of term loan	(450)		(500)	—
	(986)	733	(40)	1,011
Discontinued operations	569	(102)	335	(1,612)
(Loss) gain on foreign cash held	(6)	19	(8)	(8)
<b>Net decrease in cash</b>	<b>1,474</b>	<b>(150)</b>	<b>114</b>	<b>(2,599)</b>
<b>Cash</b> , beginning of period related to discontinued operations	<b>100</b>	<b>334</b>	<b>334</b>	<b>1,946</b>
<b>Cash</b> , beginning of period	<b>426</b>	<b>1,600</b>	<b>1,552</b>	<b>2,539</b>
<b>Cash</b> , end of the period	<b>2,000</b>	<b>1,532</b>	<b>2,000</b>	<b>1,552</b>
<b>Cash</b> , end of the period related to discontinued operations	<b>—</b>	<b>334</b>	<b>—</b>	<b>334</b>