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MITEC REPORTS SECOND QUARTER RESULTS

- Revenues up to \$16.3 million; net loss of \$0.03 per share before restructuring and inventory write-off
- Satcom revenues up 25% from previous quarter to \$6.7 million
- \$1 million Satcom order for Asia announced for Q3
- Approximately \$1.5 million in Q2 revenue deferred to Q3 due to receiving delays in customer contracts

Montreal, December 14, 2004 — Mitec Telecom Inc. (TSX: MTM) today reported its results for the second quarter of its 2005 fiscal year ended October 31, 2004.

Mitec's sales for the second quarter in fiscal 2005 were \$16.3, a decline of \$4.1 million or 20.1% from the same period last year. Gross profit for the second quarter was down by \$1.7 to \$2.5 million due to the low volume recorded in the Telecom segment. The Company also recorded an inventory provision of approximately \$1.0 million for slow moving and obsolete products. The net loss for the second quarter of fiscal 2005 was \$4.7 million, or \$0.07 per share, compared to a net loss of \$2.8 million, or \$0.06 per share in the corresponding period last year.

"Our key objective for the second quarter was to recover from unexpectedly low revenues in the previous quarter, and to return Mitec to traditional levels of business. As we look ahead, despite timing variances and continuing softness in certain markets, we expect to see continued revenue growth and improved bottom line performance in the third and fourth quarter," said Rajiv Pancholy, President and CEO of Mitec. "The performance of our Satcom business is particularly gratifying, and I am pleased to announce today a \$1 million order for our next-generation Solid State Power Amplifier product that will be used in a network of an Asian aviation authority. This is the first order for our next-generation SSPA, a product we believe will position us to become the leading supplier of SSPAs to the satellite communications industry in the coming years"

The Telecom segment, which contributed 58.9% of total revenues, declined \$7.7 million to \$9.6 million, or 44.4% as compared to the second quarter of fiscal 2004 mainly because of a decline in the North American GSM market. The Satcom segment, which contributed 41.1% of total revenues, continues its upward momentum with an increase of 114.2% as compared to the same quarter of fiscal 2004.

SELECT FINANCIAL INFORMATION

(in thousands of CAN dollars)

	Three months ended October 31		Year to date	
	2004	2003	2004	2003
Sales				
Telecommunications	9,597	17,256	15,675	33,569
Satcom	6,686	3,121	12,035	5,589
Total	16,283	20,377	27,710	39,158
Gross profit	2,464	4,182	2,313	8,706
R&D	2,229	1,096	4,169	2,751
SG&A	2,911	3,029	5,881	5,507
Net interest expense	21	451	28	935
Amortization	2,458	1,381	3,985	2,606
Net loss from continuing activities	(4,724)	(1,809)	(10,574)	(2,652)
Results from discontinued activities	(20)	(990)	126	(1,165)
Net loss	(4,744)	(2,799)	(10,448)	(3,727)
EBITDA* from continuing operations	(2,278)	18	(6,619)	1,020

* EBITDA is defined as earnings before provisions for interest expense, income taxes, amortization, write-downs, and non-controlling interests. EBITDA is not a measure of performance under Canadian generally accepted accounting principles; however, management uses this performance measure to assess the operating performance of its assets.

“Despite a challenging telecommunications market and a limited product portfolio, Mitec was able to deliver a solid level of business in the second quarter even though revenues were slightly lower than expected,” said Keith Findlay, Mitec’s Executive Vice President, Finance and CFO. “Our performance for the quarter must be considered in the context of the changes to our balance sheet, in particular the non-cash and one-time restructuring charges that amounted to \$2.3 million in the quarter.”

SECOND QUARTER HIGHLIGHTS

- On September 21 Mitec announced that it had begun shipping a range of new RF subsystems, including filters, diplexers and power amplifiers, to a major European network equipment supplier. These products support a new generation of Base Transceiver Station (BTS) and will operate initially in the North American and Asian frequency bands. The first deliveries of the new products have already commenced. Volume shipments will occur in the third quarter of Mitec’s current fiscal year and will extend over the next 18-24 months.
- On October 1 Mitec announced the market introduction of a new generation integrated multi carrier tower mounted booster (TMB) amplifier for UMTS applications at 2.1 GHz. This 30W unit brings Mitec one step closer to having a CPRI compliant TMB for base station hotelling applications. Wireless operators in Europe and Asia will use these units for network trials.
- On October 21 Mitec announced the consolidation of its research and development (R&D) activities into two sites from the existing four. Specifically, all R&D activities at the Matawan, New Jersey and Dunstable, United Kingdom centers will be migrated to Mitec’s principal facility in Montreal, Quebec, and its Asian center in Suzhou, China. Under this new arrangement, there will be no net change to the number of R&D resources in Mitec. About 25 employees

globally will be affected by the transition. The availability of technical talent and an attractive R&D tax credit regime in Canada were two of the reasons for re-affirming Montreal as Mitec's main R&D center. Mitec expects 10 to 15 new high skill jobs will be created in Montreal as a result of this consolidation.

- On October 27 Mitec announced that the Company had received a go-ahead from a global OEM customer to begin commercialization of Mitec's newest generation of RF products based on its unique, patent-pending technology called LMR architecture. Volume shipments of this family of products will start in the first quarter of calendar year 2005.

SUBSEQUENT EVENTS

- On November 25 Mitec announced that it had signed a new supply agreement with a global wireless OEM based in Europe. The agreement calls for Mitec to supply a range of radio frequency (RF) conditioning and amplifier subsystems, including high power amplifiers, filters and diplexers. In addition to the currently approved list of products, Mitec will develop and supply new products that operate at multiple frequency bands. These Mitec designed subsystems will address multiple types of base stations, and will be typically used in mobile telecommunication networks.
- In early November Mitec hired a Senior Director of Engineering to oversee Mitec's realignment of its core engineering activities around new product development.

OUTLOOK

Mitec expects to see quarter over quarter growth in revenue and an improvement in bottom line performance for the rest of the fiscal year. Mitec is awaiting a more precise view of spending in calendar year 2005 from its major customers as well as clarity on possible M&A activities amongst wireless operators. In calendar year 2004 wireless operators diverted budgeted CAPEX that was applied towards mergers, and acquisitions of non-network assets. Mitec expects to have better visibility of spending trends by January of 2005.

While Mitec will continue to see organic growth over the next few quarters, the Company is also in discussion with two companies with the intent of forging strategic relationships or pursuing M&A activity.

CONFERENCE CALL

A conference call will be held on Tuesday, December 14, 2004 at 10:00 A.M. (Eastern Time) to discuss this announcement. Interested parties can join the call by dialling (514) 807-8791 (Montreal or overseas) or (800) 814-4857 (elsewhere in North America). The conference call can also be accessed via live webcast at www.newswire.ca or www.q1234.com. Participants will require Windows Media Player™ to listen to the webcast.

If you are unable to call in at this time, you may access a tape recording of the meeting by calling (877) 289-8525 and entering the pass code 21102948# on your phone. This tape recording will be available on Tuesday, December 14 as of 12:00 P.M. until 11:59 P.M. on Tuesday, December 21.

About Mitec Telecom

Mitec Telecom is a leading designer and provider of radio frequency (RF) products for the telecommunications, satellite communications, defence, as well as a variety of other industries. The Company sells its products worldwide to network providers for incorporation into high-performing wireless networks used in voice and data/Internet communications. Headquartered in Montreal, Canada, the Company also operates facilities in the United States, the United Kingdom and China.

Mitec Telecom Inc. is listed on the Toronto Stock Exchange under the symbol MTM. On-line information about Mitec is available at www.mitectelecom.com.

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

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UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

As at October 31, 2004

(In thousands of Canadian dollars)

Unaudited

	As at October 31, 2004	As at April 30, 2004
	\$	\$

ASSETS**Current**

Cash and cash equivalents	12,510	5,255
Short term investments	4,999	13,000
Trade receivables	15,082	22,550
Other receivables	1,599	2,521
Income taxes recoverable	1,246	1,019
Inventories	14,293	12,718
Prepaid expenses	1,715	2,081
Future income tax assets	-	88
Current assets related to discontinued operations	23	94
Total current assets	51,467	59,326

Capital assets	11,734	13,617
Future income tax assets	-	220
Intangible assets	7,923	8,997
Deferred charges	3,453	4,149
Goodwill	44	44
Note receivable	-	291
Long term assets related to discontinued operations	5,395	5,531
	80,016	92,175

LIABILITIES AND SHAREHOLDERS' EQUITY**Current**

Bank indebtedness	3,215	-
Accounts payable and accrued liabilities	14,647	18,535
Current portion of long-term debt	708	673
Current portion of obligations under capital lease	213	505
Current liabilities related to discontinued operations	221	298
Total current liabilities	19,004	20,011

Long-term debt	2,264	2,618
Obligations under capital lease	-	27
Long term liabilities related to discontinued operations	4,314	4,654
	25,582	27,310

Shareholders' equity

Common shares	113,683	112,860
Warrants	1,357	4,332
Contributed surplus	5,094	1,531
Deficit	(64,027)	(53,176)
Cumulative translation adjustment	(1,673)	(682)
Total shareholders' equity	54,434	64,865
	80,016	92,175

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Periods ended October 31

(In thousands of Canadian dollars)

Unaudited

	For the three months ended October 31,		For the six months ended October 31,	
	2004	2003	2004	2003
	\$	\$		\$
Sales	16,283	20,377	27,710	39,158
Cost of sales	13,819	16,195	25,397	30,452
Gross profit	2,464	4,182	2,313	8,706
	15.1%	20.5%	8.3%	22.2%
Expenses				
Selling and administrative	2,911	3,029	5,881	5,507
Research and development	2,229	1,096	4,169	2,751
Interest expense	99	451	203	935
Financial expenses	65	201	106	251
Foreign exchange loss (gain)	(59)	381	30	464
Interest income	(78)	-	(175)	-
Loss on sale of building	-	312	-	312
Amortization of intangibles	552	526	1,103	1,007
Services paid by the issuance of stock options	179	-	305	-
Restructuring expenses	1,323	-	1,323	-
	7,221	5,996	12,945	11,227
Loss before income taxes	(4,757)	(1,814)	(10,632)	(2,521)
Income tax expense (recovery)	(33)	(5)	(58)	41
Loss from continuing activities	(4,724)	(1,809)	(10,574)	(2,562)
Discontinued activities	20	990	(126)	1,165
Net loss for the period	(4,744)	(2,799)	(10,448)	(3,727)
Basic and diluted loss per common share				
Loss from continuing activities	(0.07)	(0.04)	(0.15)	(0.06)
Net loss	(0.07)	(0.06)	(0.15)	(0.08)
Weighted average number of outstanding common shares – basic	72,021,445	45,172,873	71,569,283	44,180,101

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF DEFICIT

As at October 31, 2004

(In thousands of Canadian dollars)

Unaudited

	For the three months ended October 31,		For the six months ended October 31,	
	2004	2003	2004	2003
	\$	\$		\$
Deficit beginning of the period	(59,283)	(47,102)	(53,176)	(46,174)
Loss for the period	(4,744)	(2,799)	(10,448)	(3,727)
Transitional adjustment for stock-based compensation	-	-	(403)	-
Deficit at the end of the period	(64,027)	(49,901)	(64,027)	(49,901)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended October 31

(In thousands of Canadian dollars)

Unaudited	For the three months ended		For the six months ended	
	2004	October 31, 2003	2004 \$	2003 \$
OPERATING ACTIVITIES				
Loss from continuing activities	(4,724)	(1,809)	(10,574)	(2,562)
Add items not affecting cash:				
Amortization and write-down of property, plant and equipment, intangible assets and deferred charges	2,458	1,381	3,985	2,606
Loss (gain) on disposal and write-down of property, plant and equipment	(2)	312	(2)	312
Future income tax	(49)	-	(40)	-
Services paid by the issuance of stock options	179	-	305	-
Write-down of recognized non-refundable investment tax credit	348	-	348	-
Other	-	-	-	(111)
	(1,790)	(116)	(5,978)	245
Changes in non-cash working capital balances related to operations	(115)	592	3,357	(626)
Cash flows relating to operating activities	(1,905)	476	(2,621)	(381)
INVESTING ACTIVITIES				
Additions to property, plant and equipments and intangible assets	(276)	(517)	(481)	(647)
Proceeds on disposal of property, plant and equipment	36	3,315	36	3,486
Proceeds from sale of a division (net of cash disposed)	-	-	-	132
Business acquisition – Wavesat	-	(750)	-	(750)
CTA release on sale of subsidiary	-	-	-	(915)
Variation of short-term investment	8,001	-	8,001	-
Increase in deferred charges	(1)	(621)	(2)	(644)
Cash flows relating to investing activities	7,760	1,427	7,554	662
FINANCING ACTIVITIES				
Increase in bank indebtedness	2,968	4,979	3,215	5,600
Repayment of bank indebtedness	-	(11,773)	-	(13,329)
Increase in long-term debt	-	-	-	2,083
Repayment of long-term debt	(177)	(3,402)	(319)	(4,256)
Repayment of obligations under capital lease	(148)	(298)	(307)	(632)
Issuance of common shares and warrants	301	9,519	704	9,530
Cash flows relating to financing activities	2,944	(975)	3,293	(1,004)
Cash flows relating to discontinued activities	(61)	(1,048)	(284)	(395)
Effect of exchange rate fluctuations changes on cash	(585)	64	(687)	264
Net increase (decrease) in cash and cash equivalents	8,153	(56)	7,255	(854)
Cash and cash equivalents, beginning of the period	4,357	1,055	5,255	1,853
Cash and cash equivalents, end of the period	12,510	999	12,510	999