



Source: Mitec Telecom Inc.
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MITEC REPORTS FIRST QUARTER RESULTS

Montreal, September 14, 2006 – Mitec Telecom Inc. (TSX: MTM) today announced the results for the three months period ended July 31, 2006, the first quarter of its 2007 fiscal year.

Sales for the first quarter were \$8.7 million, a decrease of 35% compared to the \$13.3 million reported in the first quarter of fiscal 2006. Gross profit for the quarter decreased to \$0.2 million, versus a gross profit of \$1.7 million reported in the same period last year. Operating expenses for the first quarter of fiscal 2007 totalled \$4.0 million, compared to operating expenses of \$4.4 million in the prior period. The net loss for the first quarter of fiscal 2007 was \$4.4 million, or \$0.06 per share, as compared to \$5.3 million, or \$0.07 per share, in the first quarter of fiscal 2006.

For the Telecom segment, sales for the first quarter of fiscal 2007 totalled \$4.1, compared to \$8.4 million reported in the first quarter of the prior year. The gross margin in the first quarter was negative 22.8% compared to a gross margin of 2.6% in the previous comparable quarter. For the Satcom segment, sales were \$4.6 million, compared to \$4.9 million in the corresponding period in fiscal 2006 and the gross margin was 24.3% versus 29.3% in the same quarter last year. The decrease in sales is due to fluctuations in customer purchasing trends related to their current requirements for our products.

In light of reduced sales which led to lesser gross profit in aggregate, Mitec's cost containment efforts nevertheless resulted in a reduced net loss quarter over quarter.

For the current fiscal year, Mitec will continue to enhance its product and technology portfolio and will pursue further diversification of its customer and revenue base, primarily through the penetration of operator-centric markets worldwide. The announced rights offering will enable the Company to complete its strategic products development which will allow the Company to focus its business on the existing and new opportunities emanating from the Telecommunication Industry.

SELECT FINANCIAL INFORMATION

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

	For the three months ended	
	2006	July 31
	\$	\$
Sales		
Telecom	4,071	8,362
Satcom	4,605	4,930
Total	8,676	13,292
Gross profit	188	1,660
R&D	2,022	1,843
SG&A	2,023	2,567
Net financial expense	117	398
Amortization of intangible assets	497	525
Stock-based compensation	64	569
Restructuring and other expenses	-	1,086
Net loss from continuing operations	(4,421)	(5,179)
)Net loss from discontinued operations	(8)	(83)
Net loss	(4,429)	(5,262)
Loss per share – basic and diluted		
- Continuing operations	(0.06)	(0.07)
- Net loss	(0.06)	(0.07)
EBITDA* from continuing operations	(3,357)	(3,974)

* 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.

About Mitec Telecom

Mitec Telecom is a leading designer and provider of radio frequency (RF) products for the telecommunications and satellite communications industries, as well as a variety of other sectors. 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 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.

MITEC TELECOM INC.
INTERIM CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

Unaudited

	As at July 31, 2006 \$	As at April 30, 2006 \$
ASSETS		
Current		
Cash and cash equivalents	3,388	1,468
Short-term investments	597	10,089
Trade receivables	7,999	10,849
Other receivables	992	632
Income tax recoverable	887	1,075
Inventories	7,909	7,546
Prepaid expenses and other	754	491
Current assets related to discontinued operations	—	278
Total current assets	22,526	32,428
Property, plant and equipment	8,283	8,564
Intangible assets	3,364	3,851
Deferred charges	1,913	2,129
	36,086	46,972
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	—	6,016
Accounts payable and accrued liabilities	11,641	11,912
Current portion of long-term debt	901	953
Current liabilities related to discontinued operations	—	63
Total current liabilities	12,542	18,944
Long-term debt	833	958
	13,375	19,902
Shareholders' equity		
Common shares	116,357	116,357
Contributed surplus	8,190	8,126
Deficit	(100,109)	(95,680)
Cumulative translation adjustment	(1,727)	(1,733)
Total shareholders' equity	22,711	27,070
	36,086	46,972

MITEC TELECOM INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(In thousands of Canadian dollars, except per share data and number of shares)
Unaudited

	For the three months ended	
	2006	July 31, 2005
	\$	\$
Sales	8,676	13,292
Cost of sales	8,488	11,632
Gross profit	188	1,660
Expenses		
Selling and administrative	2,023	2,567
Research and development	2,022	1,843
Amortization of intangible assets	497	525
Financial expenses	168	530
Interest income	(51)	(132)
Stock-based compensation	64	569
Restructuring and other expenses	—	1,086
	4,723	6,988
Loss from continuing operations before income taxes	(4,535)	(5,328)
Income tax recovery	(114)	(149)
Loss from continuing operations	(4,421)	(5,179)
Loss from discontinued operations	(8)	(83)
Net loss for the period	(4,429)	(5,262)
Deficit, beginning of the period	(95,680)	(78,517)
Deficit, end of the period	(100,109)	(83,779)
Basic and diluted loss per common share from continuing operations	(0.06)	(0.07)
Basic and diluted loss per common share from discontinued operations	(0.00)	(0.00)
Basic and diluted loss per common share	(0.06)	(0.07)
Weighted average number of outstanding common shares	76,405,263	76,405,263

MITEC TELECOM INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars)
Unaudited

For the three months ended

	2006	July 31, 2005
	\$	\$
OPERATING ACTIVITIES		
Loss from continuing operations	(4,421)	(5,179)
Add items not affecting cash		
Amortization of property, plant and equipment, intangible assets and deferred charges	1,112	1,369
Loss on disposal of property, plant and equipment	2	—
Stock-based compensation	64	569
	(3,243)	(3,241)
Changes in non-cash working capital balances related to continuing operations	1,781	2,973
Cash flows used in operating activities	(1,462)	(268)
INVESTING ACTIVITIES		
Additions to property, plant and equipment and intangible assets	(107)	(87)
Proceeds on disposal of property, plant and equipment	—	13
Sales of short-term investments	9,492	—
Cash flows provided (used) in investing activities	9,385	(74)
FINANCING ACTIVITIES		
Increase in bank indebtedness	349	1,034
Repayment of bank indebtedness	(6,365)	(659)
Repayment of long-term debt	(177)	(177)
Repayment of obligations under capital lease	—	(19)
Cash flows provided (used) by financing activities	(6,193)	179
Effect of exchange rate fluctuations changes on cash and cash equivalents	226	(83)
Net increase (decrease) in cash and cash equivalents from continuing operations	1,956	(246)
Cash flows used in discontinued activities	(36)	(347)
Cash and cash equivalents, beginning of the period	1,468	5,569
Cash and cash equivalents, end of the period	3,388	4,976