

On behalf of the Board of Directors, I am pleased to report that Mitec Telecom is entering fiscal year 2001 with sales of \$12.2 million for its first quarter, a 25% increase over the same period last year. Net income for the first quarter topped \$21 thousand, in comparison to \$54 thousand for the prior year. These results are in line with our strategy of delivering solid internal growth while maintaining corporate health.

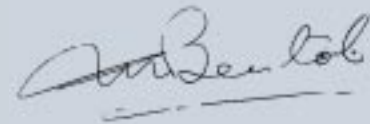
Sales of satcom products continued to firm up during the first quarter, increasing 42% compared to the same period last year, amounting to \$5.4 million. Wireless product sales increased by 15% to \$6.8 million from last year's first quarter. Soft growth in the wireless segment resulted from the anticipated slowdown in the delivery of second-generation products. Higher wireless product sales are expected during the second quarter as customer forecasts increase and new products are introduced in the market place.

We continue to execute our strategic development of next generation's wireless equipment products for network providers. Our latest development agreement with Nokia represents the achievement of a critical milestone. In cooperation, and for the very first time with Nokia, Mitec is developing technology for the 2.5G-wideband wireless markets. This contract positions Mitec as one of the two strategic suppliers of Masthead Amplifiers to Nokia's Ultrasite™ base stations. It also opens up the GSM market for Mitec, the worldwide largest wireless infrastructure market by standard.

Our efforts of the past year in R&D augur well for the foreseeable future. At the end of this month of September, Mitec will demonstrate its first MCPA (Multi Carrier Power Amplifier) product at the PCIA trade show in Chicago. This new product addresses the growing demand from network providers for power amplifiers used in digital wideband applications such as e-mails over mobile phones and micro web browsing.

Mitec's mission statement was revealed at our Annual General Meeting and it reads as follows: "Mitec Telecom is committed to be a partner of choice, providing innovative radio frequency products that enhance wireless networks worldwide".

In closing, I wish to thank you all for your continued support. The outlook for the balance of fiscal 2001 is very positive as recent developments on both customer and product fronts are expected to increase the current sales growth.



Myer Bentob (signed)
Chairman and Chief Executive Officer
September 18, 2000

CONSOLIDATED BALANCE SHEETS

Mitec Telecom Inc.

Unaudited
(In thousands of CDN dollars)

	as at July 31,	
	2000	1999
ASSETS		
Current		
Cash and term deposits	\$ 567	\$ 513
Marketable securities at cost, which approximates market value	-	6,480
Trade receivables	11,078	9,408
Income tax receivable	1,373	270
Inventories	10,574	5,189
Prepaid expenses and other	511	400
Deferred income taxes	608	630
Total current assets	24,711	22,890
Capital assets		
Long-term investment	1,087	-
Deferred income taxes	1,157	77
Goodwill	906	1,059
	\$ 49,775	\$ 44,620
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 6,483	\$ 7,436
Accounts payable and accrued liabilities	6,825	6,005
Current portion of long term-debt	592	-
Total current liabilities	13,900	13,441
Long-term debt	5,086	-
Obligation under capital lease	278	-
Deferred income taxes	1,870	1,366
	7,234	1,366
SHAREHOLDERS' EQUITY		
Capital stock	20,702	20,738
Retained earnings	8,550	9,186
Cumulative translation adjustment	(611)	(111)
Total shareholders' equity	28,641	29,813
	\$ 49,775	\$ 44,620

CONSOLIDATED STATEMENTS OF INCOME

Mitec Telecom Inc.

Unaudited

(In thousands of CDN dollars,
except per share data)

	3 months ended July 31,	
	2000	1999
Sales	\$ 12,195	\$ 9,680
Cost of sales	8,512	6,878
Gross profit	3,683	2,802
Expenses		
Selling and administrative	1,736	1,551
Research and development	1,567	1,310
Financial expenses (income)	7	(100)
Interest expenses (income)	144	(93)
	3,454	2,668
Income before income taxes and goodwill amortization	229	134
Income taxes		
Current	242	15
Deferred	(87)	27
	155	42
Income before goodwill amortization	74	92
Goodwill amortization	53	38
Net income for the period	\$ 21	\$ 54
Average number of shares outstanding ('000)	9,419	9,445
Basic and fully diluted earnings per common share		
Before goodwill amortization	\$ 0.00	\$ 0.01
After goodwill amortization	\$ 0.00	\$ 0.01

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mitec Telecom Inc.

Unaudited

(In thousands of CDN dollars)

	3 months ended July 31,	
	2000	1999
OPERATING ACTIVITIES		
Net income for the period	\$ 21	\$ 54
Add items not affecting cash:		
Amortization of capital assets and goodwill	804	610
Deferred income taxes	(87)	27
Other	0	0
	738	691
Changes in non-cash working capital balances related to operations	(5,707)	(3,455)
Cash flows related to operating activities	(4,969)	(2,764)
INVESTING ACTIVITIES		
Decrease (increase) in marketable securities	0	0
Additions to capital assets	(740)	(4,644)
Proceeds on disposal of capital assets	0	0
Acquisition of long-term investments	0	0
Translation adjustment	85	74
Cash flows related to investing activities	(655)	(4,570)
FINANCING ACTIVITIES		
Increase in bank indebtedness	4,054	177
Increase (repayment) of long-term debt	(118)	0
Increase (decrease) in obligations under capital lease	(5)	0
Cancelled shares under normal course issue bid	0	12
Issuance of common shares	13	0
Share issue costs and other	0	(90)
Cash flows related to financing activities	3,944	99
Net decrease in cash and cash equivalents	(1,680)	(7,235)
Cash and cash equivalents, beginning of year	588	1,748
Cash and cash equivalents, end of year	(1,092)	(5,487)
Cash and cash equivalents consist of:		
Cash and term deposits	567	513
Bank overdraft	(1,659)	(6,000)
	\$ (1,092)	\$ (5,487)

INVESTOR INFORMATION

The common shares of Mitec Telecom Inc. are traded on the Toronto Stock Exchange under the symbol MTM.

For information or assistance regarding individual stock records, transactions or stock certificates, contact: CIBC Mellon Trust
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CORPORATE HEADQUARTERS

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