



Source: Mitec Telecom Inc.
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MITEC TELECOM REPORTS FIRST QUARTER, FISCAL 2010 RESULTS, PROVIDES UPDATE ON MARKET OPPORTUNITIES, MERGERS AND ACQUISITIONS COMMITTEE ACTIVIES AND DATE OF ANNUAL GENERAL MEETING

Montreal, September 14, 2009 - Mitec Telecom Inc. ("Mitec") (TSX: MTM), a leading designer and manufacturer of mobile wireless, fixed wireless, broadcast and satellite components, announced today its results for the first quarter of fiscal 2010, the three-month period ended July 31, 2009.

Sales were \$6.7 million, which is a decrease of 3% over the previous quarter and 55% in comparison to the first quarter of fiscal 2009 when delivery of a large wireless order was accelerated to accommodate customer demand. A net loss of \$2.1 million, or \$0.01 per share was also reported, compared with a net loss of \$3.1 million or \$0.01 per share in the previous quarter, and a net profit of \$55,000 or nil per share in the first quarter of fiscal 2009.

Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization) from operating activities net of stock-based compensation and foreign exchange was negative \$1.1 million compared to negative \$1.8 million in the previous quarter and positive \$925,000 in the first quarter of fiscal 2009. Almost 30 % of the reported EBITDA was negatively impacted by foreign exchange related charges.

"Q1 is historically our weakest quarter but, we're encouraged by recent signs of economic recovery. Several global infrastructure programs that had been put on hold have resumed, generating orders for preferred suppliers including Mitec," said President and Chief Executive Officer Daniel Piergentili. "If you eliminate the effect of foreign exchange fluctuation, which had a dramatic impact on all manufacturing businesses, Mitec hit its quarterly budget numbers. And, that's despite our having to defer revenue from the first part of a major telecom contract that came in after the quarter ended which was in our first quarter budget."

Year-over-year satcom revenue remained stable at \$4.5 million. Telecom revenue was significantly lower in the first quarter of fiscal 2010. "The halt in infrastructure build-outs impacted our telecom business last quarter. In addition, Q1 '09 telecom revenue was exceptionally high due to the acceleration of a product order which resolved a major network problem for one of our larger customers," said Bruno Dumais, VP Finance and Chief Financial Officer.

Market Opportunities

As part of its growth strategy Mitec is actively pursuing several large niche market opportunities. This includes an exciting, new approach that helps small telecom operators improve network bandwidth and overcome coverage loss challenges at a reduced cost. "While promising, new initiatives require some expenditure to ensure they are positioned effectively, we are investing in them conservatively. I am very pleased with the results we have achieved in the wireless, satcom and military segments and confident that each these markets will generate significant future returns," said Piergentili.

Mergers and Acquisitions Committee

Earlier in 2009, a Mergers and Acquisitions Committee was formed and given a mandate to review buy and sell-side opportunities that would result in increased shareholder value through a transformative transaction that would ensure Mitec's ongoing future profitability. Opportunities may involve joint ventures, acquisitions, mergers and, under certain

circumstances, the divestiture of various divisions of Mitec. Due to the confidential nature of these initiatives and to regulatory requirements, additional information cannot be provided at this time, however the Corporation is actively involved in several initiatives and some of them are more advanced than others.

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Annual General Meeting Date

The Corporation's Annual General Meeting will take place on Tuesday, October 20, 2009 at 11:00 a.m. EST. The meeting will be accessible by webcast. For details, please visit www.mitectelecom.com.

Please note: Due to confidentiality provisions, Mitec is generally not able to disclose the names of its major customers or the financial data related to sales transactions.

About Mitec Telecom Inc.

Mitec 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. Mitec 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, Mitec also operates facilities in China and California. Mitec is listed on the Toronto Stock Exchange under the symbol MTM. On-line information about Mitec is available at www.mitectelecom.com.

Certain statements in this release, including statements regarding future results and performance, are forward-looking statements based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for Mitec's products, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors listed in Mitec's public filings with the appropriate securities regulatory authorities.

MITEC TELECOM INC.
INTERIM CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

	As at July 31, 2009 \$	As at April 30, 2009 \$
	<i>Unaudited</i>	<i>Audited</i>
ASSETS		
Current		
Cash and cash equivalents	3,344	4,485
Short-term investments	181	181
Trade receivables	5,758	5,592
Other receivables	690	126
Income tax recoverable	353	323
Inventories	7,402	8,088
Prepaid expenses and other	935	629
Total current assets	18,663	19,424
Property, plant and equipment	5,215	5,493
Intangible assets	3,060	3,263
Goodwill	1,991	1,991
Investments	25	25
Future income tax	164	125
	29,118	30,321
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	6,506	5,449
Current portion of long-term debt	1,316	1,215
Total current liabilities	7,822	6,664
Shareholders' equity		
Common shares	132,142	132,142
Warrants	1,925	1,925
Equity component of convertible debentures	7	14
Contributed surplus	9,895	9,836
Deficit	(122,049)	(119,980)
Accumulated other comprehensive loss	(624)	(280)
Total shareholders' equity	21,296	23,657
	29,118	30,321

MITEC TELECOM INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

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

Unaudited

	For the three months ended	
	2009	July 31, 2008
	\$	\$
Sales	6,707	14,931
Cost of sales	5,672	11,765
Gross profit	1,035	3,166
Expenses		
Research and development	1,064	1,013
Selling and administrative	1,210	1,534
Amortization of intangible assets	220	305
Financial expenses	154	179
Foreign exchange	411	(108)
Impairment of property, plant and equipment	25	—
Stock-based compensation	59	202
	3,143	3,125
Profit (loss) before income taxes	(2,108)	41
Income tax recovery	(39)	(14)
Net profit (loss) for the period	(2,069)	55
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	(344)	22
Comprehensive profit (loss) for the period	(2,413)	77
Basic and diluted profit (loss) per common share	(0.01)	0.00
Weighted average number of outstanding common shares	220,666,756	220,343,256

MITEC TELECOM INC.
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

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

Unaudited

	Common shares		Warrants	Equity component of convertible debentures	Contributed surplus	Deficit	Accumulated other comprehensive loss	Shareholders' equity	
	# (000s)	\$							# (000s)
Balance, April 30, 2008	220,312	132,097	38,016	1,931	46	9,223	(115,372)	(894)	27,031
Issued under a convertible debenture financing	354	43	—	—	—	—	—	—	43
Stock-based compensation	—	—	—	—	—	202	—	—	202
Other comprehensive gain for the period	—	—	—	—	—	—	—	22	22
Net profit for the period	—	—	—	—	—	—	55	—	55
Balance, July 31, 2008	220,666	132,140	38,016	1,931	46	9,425	(115,317)	(872)	27,353
Balance, April 30, 2009	220,666	132,142	37,829	1,925	14	9,836	(119,980)	(280)	23,657
Issued upon conversion of convertible debentures	—	—	—	—	(7)	—	—	—	(7)
Stock-based compensation	—	—	—	—	—	59	—	—	59
Other comprehensive loss for the period	—	—	—	—	—	—	—	(344)	(344)
Net loss for the period	—	—	—	—	—	—	(2,069)	—	(2,069)
Balance, July 31, 2009	220,666	132,142	37,829	1,925	7	9,895	(122,049)	(624)	21,296

MITEC TELECOM INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars)

Unaudited

For the three months ended

July 31,

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Net profit (loss) for the period	(2,069)	55
Add items not affecting cash		
Amortization of property, plant and equipment, intangible assets and deferred charges	468	753
Impairment of property, plant and equipment	25	—
Stock-based compensation	59	202
Accretion expense	111	128
Income tax recovery	(39)	(14)
	(1,445)	1,124
Changes in non-cash working capital balances related to operating activities	677	(2,416)
Cash flows used in operating activities	(768)	(1,292)
INVESTING ACTIVITIES		
Additions to property, plant and equipment and intangible assets	(364)	(149)
Purchase of short-term investments	—	(79)
Sale of short-term investments	—	77
Cash flows used in investing activities	(364)	(151)
FINANCING ACTIVITIES		
Repayment of long-term debt	—	(94)
Cash flows used by financing activities	—	(94)
Loss on foreign cash and cash equivalents held	(9)	—
Net decrease in cash and cash equivalents for the period	(1,141)	(1,537)
Cash and cash equivalents, beginning of the period	4,485	4,861
Cash and cash equivalents, end of the period	3,344	3,324