



Source: Mitec Telecom Inc.
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MITEC TELECOM ANNOUNCES FOURTH QUARTER AND YEAR-END RESULTS FOR FISCAL 2008

- Quarterly revenue was \$10.8 million, an increase of 10% over the previous quarter and 40% over the fourth quarter, 2007
- Annual gross profit increased by almost 50% for fiscal 2008
- Yearly net operating loss reduced by 45%
- Adjusted EBITDA for the year grew 89%

MONTREAL, July 30, 2008 - Mitec Telecom (TSX: MTM) today announced its fourth quarter and full year results for the 2008 fiscal year, which ended April 30, 2008.

Sales for the quarter were \$10.8 million, an increase of 10 per cent over the previous quarter and 40 per cent over sales reported in the fourth quarter of 2007. A net loss of \$1.8 million, or \$.01 per share was also reported for the quarter, compared with \$1.1 million, or \$.01 in the fourth quarter of fiscal 2007. Cash burn was nominal for the quarter.

Almost sixty percent of the fiscal 2008 fourth quarter net loss was related to non-operational expenses, including a write down of a non-core investment and stock-based compensation. EBITDA from continuing operations, net of restructuring expenses and stock-based compensation was negative \$35,000 for the quarter, compared to negative \$607,000 in the fourth quarter of fiscal 2007.

Annual sales reached \$36.2 million in fiscal 2008, versus \$33.8 million in fiscal 2007. The Company's net loss for the year was \$6.4 million, or \$.03 per share compared with \$12.4 million, or \$.10 per share in fiscal 2007. Adjusted EBITDA from continuing operations for the year was negative \$534,000-a significant improvement compared with negative \$4.9 million in fiscal 2007.

"I am pleased to report that Mitec has reached several of the milestones that were set when we began our restructuring almost two years ago," said President and CEO Dan Piergentili. "Our focus on increasing productivity and boosting operational performance has improved gross margins, even as we invest more heavily in R&D to support our product pipeline. In addition, we are delivering solid revenue growth despite high commodity prices and U.S. dollar depreciation, both of which have had a significant impact on many North American manufacturers."

Telecom sector results were particularly notable, with fourth quarter shipments increasing to \$3.3 million, growth of more than 165 per cent compared with the fourth quarter in fiscal 2007. During fiscal 2008, Mitec also announced several new product contracts, an expansion of its China manufacturing facility and the launch of its next-generation amplifier solutions, developed by Keragis Corporation, a California-based company that Mitec acquired in the fall of 2007.

Mitec's wireless division, which operates mainly from its China manufacturing facility, also gained significant traction in fiscal 2008. An order backlog continues to grow, mainly due to large-scale wireless network deployments in developing countries and the Company's popular Coverage Solutions product line.

"Mitec is now well into a growth phase", said Dan Piergentili. "We launched several new products in our main vertical markets. Some have already been selected by our customers as preferred vendor solutions and have potential to generate significant revenue. We are also encouraged by longer term opportunities that are being generated by the disruptive and patented-pending technology developed by Keragis Corporation, which continues to develop opportunities with the defense industry."

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 California 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.

MITEC TELECOM INC.
CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

Audited

	As at April 30, 2008 \$	As at April 30, 2007 \$
ASSETS		
Current		
Cash and cash equivalents	4,784	6,286
Short-term investments	77	75
Trade receivables	10,036	5,064
Other receivables	630	889
Income tax recoverable	839	1,112
Inventories	8,759	7,672
Prepaid expenses and other	580	757
Total current assets	25,705	21,855
Property, plant and equipment	6,110	7,106
Intangible assets	4,284	2,365
Goodwill	3,598	—
Investments	25	750
Deferred charges	321	1,087
	40,043	33,163
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	11,372	6,647
Current portion of long-term debt	382	415
Total current liabilities	11,754	7,062
Long-term debt	742	382
Future Income tax liabilities	515	—
	13,011	7,444
Shareholders' equity		
Common shares	132,097	125,631
Warrants	1,931	1,311
Equity component of convertible debentures	46	—
Contributed surplus	9,223	8,645
Deficit	(115,372)	(108,951)
Accumulated other comprehensive income	(894)	(917)
Total shareholders' equity	27,031	25,719
	40,043	33,163

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

(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,
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	10,766	7,757	36,176	33,807
Cost of sales	8,367	6,162	28,058	28,357
Gross profit	2,399	2,581	8,118	5,450
Expenses				
Research and development	1,300	235	4,477	5,455
Selling and administrative	1,577	1,442	6,229	7,339
Amortization of intangible assets	222	250	1,145	1,394
Financial expenses	110	126	557	419
Foreign exchange	147	625	787	160
Interest income	(28)	(4)	(39)	(74)
Write-down of intangible assets	40	—	40	156
Write-down of property, plant and equipment	104	—	104	85
Write-down of investments	450	—	725	—
Stock-based compensation	325	30	611	519
Restructuring and other expenses	—	196	—	1,728
	4,247	2,900	14,636	17,181
Loss from continuing operations before income taxes	(1,848)	(319)	(6,518)	(11,731)
Income tax expenses (recovery)	(97)	814	(97)	633
Loss from continuing operations	(1,751)	(1,133)	(6,421)	(12,364)
Loss from discontinued operations	—	—	—	(8)
Net loss for the period	(1,751)	(1,133)	(6,421)	(12,372)
Net change in the unrealized gain (loss) on translating financial statements of self-sustaining operations	(125)	148	23	84
Comprehensive loss for the period	(1,876)	(985)	(6,398)	(12,288)
Deficit, beginning of the period	(113,621)	(107,818)	(108,951)	(96,579)
Net loss for the period	(1,751)	(1,133)	(6,421)	(12,372)
Deficit, end of the period	(115,372)	(108,951)	(115,372)	(108,951)
Basic and diluted loss per common share from continuing operations	(0.01)	(0.01)	(0.03)	(0.10)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.03)	(0.10)
Weighted average number of outstanding common shares	217,037,556	167,769,266	197,634,243	121,903,323

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	
	April 30,		April 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss from continuing operations	(1,751)	(1,133)	(6,421)	(12,364)
Add items not affecting cash				
Amortization of property, plant and equipment, intangible assets and deferred charges	734	902	3,276	3,779
Loss on disposal and write-down of property, plant and equipment	205	3	211	97
Write-down of investments	450	—	725	—
Write-down of intangibles assets	40	—	40	156
Income tax expense (recovery)	(97)	—	(97)	633
Recovery of non-refundable tax credits	—	—	—	(814)
Recovery of previously recognized future tax liabilities recorded in research and development	—	—	—	181
Stock-based compensation	325	30	611	519
Accretion expense	14	—	325	114
	(80)	(198)	(1,330)	(7,699)
Changes in non-cash working capital balances related to continuing operations	14	(1,955)	(571)	(185)
Cash flows used in operating activities	(66)	(2,193)	(1,901)	(7,884)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(442)	(47)	(619)	(288)
Additions to intangible assets	(56)	(3)	(64)	(32)
Proceeds on disposal of property, plant and equipment	—	49	48	76
Business acquisition, net of cash acquired of \$14	—	—	(1,231)	—
Purchase of short-term investment	—	(2,520)	(229)	(3,117)
Sale of short-term investments	—	2,446	227	13,131
Purchase of investments	—	(750)	—	(750)
Cash flows provided (used) in investing activities	(498)	(825)	(1,868)	9,020
FINANCING ACTIVITIES				
Increase in bank indebtedness	—	—	—	349
Repayment of bank indebtedness	—	—	—	(6,365)
Repayment of long-term debt	(125)	(125)	(500)	(953)
Issuance of convertible debentures	—	—	2,294	—
Common shares issued upon exercise of warrants	379	—	379	—
Common shares upon exercised of stock options	—	—	40	—
Issuance of common shares and warrants, net of issue costs	—	2,929	—	10,398
Cash flows provided by financing activities	254	2,804	2,213	3,429
Effect of exchange rate fluctuations changes on cash and cash equivalents	7	136	54	46
Net increase (decrease) in cash and cash equivalents from continuing operations	(303)	(78)	(1,502)	4,611
Cash provided in discontinued activities	—	—	—	207
Cash and cash equivalents, beginning of the year	5,087	6,364	6,286	1,468
Cash and cash equivalents, end of the year	4,784	6,286	4,784	6,286