



**Source:** Mitec Telecom Inc.  
**Contact:** Mr. Dan Piergentili  
President and CEO  
Tel.: (514) 694-9000

**Mitec Telecom Inc.**  
**Mr. Bruno Dumais**  
Vice-President, Finance and CFO  
Tel.: (514) 694-9000

---

## MITEC TELECOM REPORTS SECOND QUARTER RESULTS

- **Sales reached \$8.0 million, even after unprecedented rise of the Canadian dollar**
- **Net loss reduced by \$2.0 million from \$4.3 million to \$2.3 million**
- **Traction in new product lines continues**

**Montreal December 14, 2007** – Mitec Telecom (TSX: MTM) today reported its results for the second quarter of fiscal 2008, the three-month period ended October 31, 2007.

Sales reached \$8.0 million compared with \$8.8 million reported in the second quarter of fiscal 2007. Gross profit for the quarter was \$1.7 million, compared with \$1.8 million during the same period last year and operating expenses were \$2.7 million versus \$3.9 million reported in the same period last year.

The net loss for the second quarter was \$2.3 million, or \$0.01 per share, compared with a net loss of \$4.3 million, or \$0.04 per share, in the second quarter of fiscal 2007. Of this loss, \$800,000 is attributable to depreciation of the U.S. dollar compared with a foreign exchange effect of \$100,000 during the second quarter of fiscal 2007.

"I am extremely pleased with Mitec's ongoing strategic focus on building revenue, managing costs and maintaining healthy profit margins" said Dan Piergentili, Mitec's President and CEO. "It is worth noting, that on a U.S. dollar basis our second quarter revenue grew in comparison with revenue during the same period last year. In addition, shipments of products reached their highest levels since my arrival in October 2006, and we continued to maintain a significant backlog in both our Montreal and China facilities."

The U.S. dollar depreciated at an unprecedented rate, during Mitec's fiscal second quarter. Because this is the currency in which its sales are principally denominated, the company's results were negatively affected, as was the case with many Canadian manufacturers. "Mitec is continuously adjusting its business strategy to enable profitable operation in a variety of foreign exchange environments," commented Bruno Dumais, Mitec's Chief Financial Officer.

### **New Products Introduced**

"I am very excited about the three new product lines introduced this quarter. They include distributed antenna systems as well as Keragis' next generation amplifier solutions and the growing wireless line of sight radio market. All are showing promise and achieving significant traction," commented Dan Piergentili.

"Mitec has now been transformed into a dynamic technology company focused on developing new key accounts and launching new technologies to meet current and future market demand," concluded Mr. Piergentili.

### **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 a facility in China and in the United States. 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](http://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 October 31, 2007	As at April 30, 2007
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	4,252	6,286
Short-term investments	77	75
Trade receivables	7,162	5,064
Other receivables	764	889
Income tax recoverable	693	1,112
Inventories	7,611	7,672
Prepaid expenses and other	793	757
<b>Total current assets</b>	<b>21,352</b>	<b>21,855</b>
Property, plant and equipment	6,505	7,106
Intangible assets	9,303	2,365
Investments	1,001	750
Deferred charges	703	1,086
	<b>38,864</b>	<b>33,162</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	8,384	6,647
Current portion of long-term debt	416	416
<b>Total current liabilities</b>	<b>8,800</b>	<b>7,063</b>
Long-term debt	173	380
Convertible debentures	1,523	—
	<b>10,496</b>	<b>7,443</b>
<b>Shareholders' equity</b>		
Common shares	130,945	125,631
Warrants	2,063	1,311
Equity component of convertible debentures	70	—
Contributed surplus	8,828	8,645
Deficit	(112,270)	(108,951)
Accumulated other comprehensive income	(1,268)	(917)
<b>Total shareholders' equity</b>	<b>28,368</b>	<b>25,719</b>
	<b>38,864</b>	<b>33,162</b>

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

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

Unaudited

	For the three months ended		For the six months ended	
	October 31,		October 31,	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Sales</b>	<b>7,978</b>	8,838	<b>15,581</b>	17,514
Cost of sales	<b>6,281</b>	7,058	<b>11,821</b>	15,546
<b>Gross profit</b>	<b>1,697</b>	1,780	<b>3,760</b>	1,968
<b>Expenses</b>				
Research and development	<b>1,129</b>	1,793	<b>2,136</b>	3,815
Selling and administrative	<b>1,603</b>	2,078	<b>3,089</b>	4,101
Amortization of intangible assets	<b>283</b>	398	<b>510</b>	895
Financial expenses	<b>96</b>	55	<b>127</b>	190
Foreign exchange	<b>768</b>	77	<b>1,013</b>	110
Interest income	<b>(3)</b>	(9)	<b>(6)</b>	(60)
Stock-based compensation	<b>162</b>	368	<b>210</b>	432
Restructuring and other expenses	—	1,342	—	1,342
	<b>4,038</b>	6,102	<b>7,079</b>	10,825
Loss from continuing operations before income taxes	<b>(2,341)</b>	(4,322)	<b>(3,319)</b>	(8,857)
Income tax expenses (recovery)	—	(67)	—	(181)
Loss from continuing operations	<b>(2,341)</b>	(4,255)	<b>(3,319)</b>	(8,676)
Loss from discontinued operations	—	—	—	(8)
<b>Net loss for the period</b>	<b>(2,341)</b>	(4,255)	<b>(3,319)</b>	(8,684)
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	<b>(284)</b>	4	<b>(351)</b>	64
<b>Comprehensive loss for the period</b>	<b>(2,625)</b>	(4,251)	<b>(3,670)</b>	(8,620)
Deficit, beginning of the period	<b>(109,929)</b>	(100,109)	<b>(108,951)</b>	(95,680)
Net loss for the period	<b>(2,341)</b>	(4,255)	<b>(3,319)</b>	(8,684)
<b>Deficit, end of the period</b>	<b>(112,270)</b>	(104,364)	<b>(112,270)</b>	(104,364)
<b>Basic and diluted loss per common share from continuing operations</b>	<b>(0.01)</b>	(0.04)	<b>(0.02)</b>	(0.10)
Basic and diluted loss per common share from discontinued operations	<b>(0.00)</b>	(0.00)	<b>(0.00)</b>	(0.00)
<b>Basic and diluted loss per common share</b>	<b>(0.01)</b>	(0.04)	<b>(0.02)</b>	(0.10)
<b>Weighted average number of outstanding common shares</b>	<b>191,963,423</b>	95,683,469	<b>190,181,668</b>	86,044,366

**MITEC TELECOM INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands of Canadian dollars)

Unaudited

	For the three months ended		For the six months ended	
	2007	October 31, 2006	2007	October 31, 2006
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Loss from continuing operations	(2,341)	(4,255)	(3,319)	(8,676)
Add items not affecting cash				
Amortization of property, plant and equipment, intangible assets and deferred charges	823	1,017	1,594	2,129
Loss on disposal of property, plant and equipment	3	—	36	2
Stock-based compensation	162	368	210	432
	(1,353)	(2,870)	(1,479)	(6,113)
Changes in non-cash working capital balances related to continuing operations	1,839	(75)	208	1,706
<b>Cash flows provided (used) in operating activities</b>	<b>486</b>	<b>(2,945)</b>	<b>(1,271)</b>	<b>(4,407)</b>
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment	(182)	(99)	(214)	(206)
Additions to intangible assets	(7,449)	—	(7,449)	—
Proceeds on disposal of property, plant and equipment	—	4	14	4
Purchase of short-term investment	(77)	—	(152)	(597)
Sale of short-term investments	75	597	150	10,686
Purchase of investment	(251)	—	(251)	—
<b>Cash flows provided (used) in investing activities</b>	<b>(7,884)</b>	<b>502</b>	<b>(7,902)</b>	<b>9,887</b>
<b>FINANCING ACTIVITIES</b>				
Increase in bank indebtedness	—	—	—	349
Repayment of bank indebtedness	—	—	—	(6,365)
Repayment of long-term debt	(125)	(179)	(252)	(356)
Issuance of convertible debentures, net of issuance costs	2,345	—	2,345	—
Issuance of common shares and warrants	5,287	7,451	5,287	7,451
<b>Cash flows provided by financing activities</b>	<b>7,507</b>	<b>7,272</b>	<b>7,380</b>	<b>1,079</b>
Effect of exchange rate fluctuations changes on cash and cash equivalents	(200)	34	(241)	260
<b>Net increase (decrease) in cash and cash equivalents from continuing operations</b>	<b>(91)</b>	<b>4,863</b>	<b>(2,034)</b>	<b>6,819</b>
<b>Cash provided by (used in) discontinued activities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(36)</b>
Net cash (decrease) in cash and cash equivalents	(91)	4,863	(2,034)	6,783
Cash and cash equivalents, beginning of the period	4,343	3,388	6,286	1,468
<b>Cash and cash equivalents, end of the period</b>	<b>4,252</b>	<b>8,251</b>	<b>4,252</b>	<b>8,251</b>