

2 August 2013

**MTI Wireless Edge Ltd
("MTI" or the "Company")**

Financial results for the six months ended 30th June 2013

MTI Wireless Edge Ltd., (ticker: MWE) ("MTI" or the "Company"), a market leader in the manufacture of flat panel antennas for fixed wireless broadband, today announces its unaudited results for the six months ended 30 June 2013.

Highlights

- Return to net profit compared with loss of US\$457k for same period last year
- Increased operating profit
- Significantly improved cash flow
- Military sector continues to improve
- Good progress in RFID sector
- Revenue for the six months was US\$6.81m (2012: US\$6.49)

Dov Feiner, Chief Executive Officer, commented:

"I am pleased to announce that, following our return to profitability in the first quarter of this year, operating profits have continued to improve, with an operational profit of \$136K in the second quarter of 2013 compared with a profit of US\$20K in the same period last year. Our cash generation from operation in the first half of 2013 was also strong at US\$0.46m compared with use of cash of US\$0.4m in the same period last year.

"These improvements came despite the issues faced by Alvarion, once our biggest customer, for which a receiver was recently appointed by the court. Part of Alvarion's business has already been acquired by third party and orders have resumed. We hope the second part of its business to be sold shortly, and anticipate that this will result in a further increase in orders.

"During the period, the military sector showed an improved gross margin, and it is now generating 20% of revenue. Assuming this growth in military orders continues, we are well positioned to fulfil the demand. The RFID sector (radio frequency identification) also continued to progress well.

"Overall, the Company has continued the good progress reported in the first quarter and the Board anticipates that this trend will continue in the second half of 2013. We remain optimistic and the outlook for the Group remains positive"

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About MTI Wireless Edge

MTI Wireless Edge is a world leader in the development and production of high quality, low cost, antenna solutions including Smart Antennas, MIMO antennas and Dual Polarity for wireless applications such as WiMAX, WiFi, Broadband Wireless Access and RFID. MTI is supplying antennas for both military and commercial applications from 100 KHz to 90 GHz. We offer the most dynamic variety of off-the shelf and customised antennas range including sector, directional and Omni Directional antennas for all broad and narrow band wireless applications in both licensed and unlicensed bands. MTI Military products include a wide range of broadband, tactical and specialized communications antennas, antenna systems and DF arrays installed on numerous airborne, ground and naval, including submarine, platforms worldwide.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2013

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2013

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The amounts are stated in U.S. dollars (\$) in thousands.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

**INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME**

| | Six months ended June 30, | | Year ended December 31, |
|---|------------------------------|------------|----------------------------|
| | 2013 | 2012 | 2012 |
| U.S. \$ in thousands | | | |
| | Unaudited | | Audited |
| Revenues | 6,809 | 6,490 | 12,711 |
| Cost of sales | 4,395 | 4,289 | 8,291 |
| Gross profit | 2,414 | 2,201 | 4,420 |
| Research and development expenses | 582 | 544 | 1,152 |
| Distribution expenses | 950 | 938 | 1,721 |
| General and administrative expenses | 821 | 1,104 | 1,911 |
| income (loss) from operations | 61 | (385) | (364) |
| Finance expense | 82 | 105 | 186 |
| Finance income | 18 | 89 | 229 |
| Loss before income tax | (3) | (401) | (321) |
| Income tax (tax benefit) | (76) | 56 | (75) |
| Net income (loss) | 73 | (457) | (246) |
| Other comprehensive income (net of tax): | | | |
| Items not to be reclassified to profit or loss in subsequent periods: | | | |
| Re-measurement of defined benefit plans | - | - | 53 |
| Total comprehensive income (loss) | 73 | (457) | (193) |
| Net income (loss) Attributable to: | | | |
| Owners of the parent | 49 | (524) | (365) |
| Non-controlling interest | 24 | 67 | 119 |
| | 73 | (457) | (246) |
| Total comprehensive income (loss) Attributable to: | | | |
| Owners of the parent | 49 | (524) | (312) |
| Non-controlling interest | 24 | 67 | 119 |
| | 73 | (457) | (193) |
| Net Earnings (loss) per share | | | |
| Basic and Diluted (dollars per share) | 0.0010 | (0.0102) | (0.0071) |
| Weighted average number of shares outstanding | | | |
| Basic and Diluted | 51,571,990 | 51,571,990 | 51,571,990 |

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.
(An Israeli Corporation)
INTERIM CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the Six months period ended June 30, 2013:

| | Attributed to owners of the parent | | | | | | Total equity |
|--|------------------------------------|----------------------------------|---|----------------------|---|---------------------------------|-----------------|
| | Share capital | Additional paid-in capital | Capital Reserve for share-based payment transactions | Retained earnings | Total attributable to owners of the parent | Non- controlling interest | |
| U.S. \$ in thousands | | | | | | | |
| Balance at January 1, 2013 (Audited) | 109 | 14,945 | 220 | 2,313 | 17,587 | 156 | 17,743 |
| Changes during the Six months period ended June 30, 2013 (Unaudited): | | | | | | | |
| Comprehensive income for the period | - | - | - | 49 | 49 | 24 | 73 |
| Dividend paid | - | - | - | (299) | (299) | - | (299) |
| Share based payment | - | - | 22 | - | 22 | - | 22 |
| Balance at June 30, 2013 (Unaudited) | 109 | 14,945 | 242 | 2,063 | 17,359 | 180 | 17,539 |

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.
(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the Six months period ended June 30, 2012:

| | Attributed to owners of the parent | | | | | | Total equity |
|--|------------------------------------|----------------------------------|---|----------------------|---|---------------------------------|-----------------|
| | Share capital | Additional paid-in capital | Capital Reserve for share-based payment transactions | Retained earnings | Total attributable to owners of the parent | Non- controlling interest | |
| U.S. \$ in thousands | | | | | | | |
| Balance at January 1, 2012 (Audited) | 109 | 14,945 | 176 | 2,625 | 17,855 | 37 | 17,892 |
| Changes during the Six months period ended June 30, 2012 (Unaudited): | | | | | | | |
| Comprehensive income (loss) for the period | - | - | - | (524) | (524) | 67 | (457) |
| Share based payment | - | - | 22 | - | 22 | - | 22 |
| Balance at June 30, 2012 (Unaudited) | 109 | 14,945 | 198 | 2,101 | 17,353 | 104 | 17,457 |

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

**INTERIM CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

For the year ended December 31, 2012:

| | Attributable to owners of the parent | | | | | | Total equity |
|--|--------------------------------------|----------------------------|--|-------------------|--|--------------------------|---------------|
| | Share capital | Additional paid-in capital | Capital Reserve for share-based payment transactions | Retained earnings | Total attributable to owners of the parent | Non-controlling interest | |
| U.S. \$ in thousands | | | | | | | |
| Audited | | | | | | | |
| Balance at January 1, 2012 | 109 | 14,945 | 176 | 2,625 | 17,855 | 37 | 17,892 |
| Changes during 2012: | | | | | | | |
| Net Loss for the year | - | - | - | (365) | (365) | 119 | (246) |
| Other comprehensive income | - | - | - | 53 | 53 | - | 53 |
| Total comprehensive income (loss) for the year | - | - | - | (312) | (312) | 119 | (193) |
| Share based payment | - | - | 44 | - | 44 | - | 44 |
| Balance at December 31, 2012 | <u>109</u> | <u>14,945</u> | <u>220</u> | <u>2,313</u> | <u>17,587</u> | <u>156</u> | <u>17,743</u> |

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.**(An Israeli Corporation)****INTERIM CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

| | <u>30.6.2013</u> | <u>30.6.2012</u> | <u>31.12.2012</u> |
|--------------------------------|-----------------------------|------------------|-------------------|
| | <u>U.S. \$ in thousands</u> | | |
| | <u>Unaudited</u> | | <u>Audited</u> |
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 1,793 | 752 | 4,648 |
| Other current financial assets | 5,251 | 6,350 | 2,503 |
| Trade receivables | 4,203 | 4,898 | 4,373 |
| Other receivables | 832 | 847 | 520 |
| Inventories | <u>2,949</u> | <u>3,169</u> | <u>2,947</u> |
| | <u>15,028</u> | <u>16,016</u> | <u>14,991</u> |
| NON-CURRENT ASSETS: | | | |
| Long term prepaid expenses | 34 | 40 | 45 |
| Property, plant and equipment | 5,403 | 5,487 | 5,478 |
| Investment property | 1,292 | 1,328 | 1,310 |
| Deferred tax assets | 225 | 268 | 220 |
| Goodwill | <u>406</u> | <u>406</u> | <u>406</u> |
| | <u>7,360</u> | <u>7,529</u> | <u>7,459</u> |
| Total assets | <u>22,388</u> | <u>23,545</u> | <u>22,450</u> |

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

**INTERIM CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

| | <u>30.6.2013</u> | <u>30.6.2012</u> | <u>31.12.2012</u> |
|---|-----------------------------|------------------|-------------------|
| | <u>U.S. \$ In thousands</u> | | |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Audited</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Short-term bank credit | 250 | 612 | 250 |
| Trade payables | 1,500 | 2,028 | 1,404 |
| Other accounts payables | 672 | 681 | 603 |
| Current tax payables | 277 | 185 | 209 |
| | <u>2,699</u> | <u>3,506</u> | <u>2,466</u> |
| NON- CURRENT LIABILITIES: | | | |
| Loans from banks | 1,688 | 1,938 | 1,813 |
| Employee benefits | 290 | 268 | 256 |
| Provisions | 172 | 376 | 172 |
| | <u>2,150</u> | <u>2,582</u> | <u>2,241</u> |
| Total liabilities | <u>4,849</u> | <u>6,088</u> | <u>4,707</u> |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 109 | 109 | 109 |
| Additional paid-in capital | 14,945 | 14,945 | 14,945 |
| Capital reserve from share-based payment transactions | 242 | 198 | 220 |
| Retained earnings | 2,063 | 2,101 | 2,313 |
| | <u>17,359</u> | <u>17,353</u> | <u>17,587</u> |
| Non-controlling interest | 180 | 104 | 156 |
| Total equity | <u>17,539</u> | <u>17,457</u> | <u>17,743</u> |
| Total equity and liabilities | <u>22,388</u> | <u>23,545</u> | <u>22,450</u> |

August 1, 2013

Date of approval of
financial statements

Moshe Borovitz
Finance Director

Dov Feiner
Chief Executive Officer

Zvi Borovitz
Non-executive Chairman

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

**INTERIM CONSOLIDATED STATEMENTS OF
CASH FLOWS**

| | Six months ended June 30, | | Year ended December 31, |
|--|--------------------------------------|----------------|------------------------------------|
| | 2013 | 2012 | 2012 |
| | U.S. \$ in thousands | | |
| | Unaudited | Audited | |
| Cash Flows from Operating Activities: | | | |
| Net income (loss) for the period | 73 | (457) | (193) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 215 | 235 | 482 |
| Loss (gain) from other current financial assets | 19 | (56) | (210) |
| Equity settled share-based payment expense | 22 | 22 | 44 |
| Finance expenses | 51 | 57 | 111 |
| Income tax | (76) | 56 | (75) |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in inventories | (2) | (173) | 49 |
| Increase in trade receivables | 170 | 376 | 901 |
| Increase in other accounts receivables and prepaid expenses | (301) | (355) | (33) |
| Increase (decrease) in trade and other accounts payables | 167 | (366) | (894) |
| Increase in provisions | - | 280 | 76 |
| Increase (decrease) in employee benefits, net | 34 | 3 | (9) |
| Interest paid | (51) | (57) | (111) |
| Income tax received | 139 | 41 | 244 |
| Net cash provided by (used) in operating activities | 460 | (394) | 382 |

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENTS OF

CASH FLOWS

| | Six months ended June 30, | | Year ended December 31, |
|---|--------------------------------------|-------------|------------------------------------|
| | 2013 | 2012 | 2012 |
| U.S. \$ in thousands | | | |
| | Unaudited | | Audited |
| Cash Flows From Investing Activities: | | | |
| Sale (purchase) of short-term investment, net | (2,767) | 357 | 4,358 |
| Purchase of property, plant and equipment | (124) | (73) | (467) |
| Net cash provided by (used in) investing activities | (2,891) | 284 | 3,891 |
| Cash Flows From Financing Activities: | | | |
| Receipt of short-term loan from banks | - | 362 | - |
| Dividend paid to the holders of the parent | (299) | - | - |
| Repayment of long-term loan from banks | (125) | (125) | (250) |
| Net cash provided by (used in) financing activities | (424) | 237 | (250) |
| Increase in cash and cash equivalents | (2,855) | 127 | 4,023 |
| Cash and cash equivalents at the beginning of the period | 4,648 | 625 | 625 |
| Cash and cash equivalents at the end of the period | 1,793 | 752 | 4,648 |

Appendix A - Non-cash activities:

| | Six months ended June 30, | | Year ended December 31, |
|---|--------------------------------------|-------------|------------------------------------|
| | 2013 | 2012 | 2012 |
| U.S. \$ in thousands | | | |
| | Unaudited | | Audited |
| Purchase of property, plant and equipment with trade payables credit | 7 | 183 | 9 |

The accompanying notes form an integral part of the financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL:

A. Corporate information:

M.T.I Wireless Edge Ltd. (hereafter - the Company) is an Israeli corporation. It was incorporated under the Companies Act in Israel on December 30, 1998 as a wholly- owned subsidiary of M.T.I Computers and Software Services (1982) Ltd. (hereafter - the Parent Company) and commenced operations on July 1, 2000 and since March 2006, the Company's shares have been traded on the AIM Stock Exchange.

The formal address of the company is 11 Hamelacha Street, Afek industrial Park, Rosh-Ha'Ayin, Israel.

The Company is engaged in the development, design, manufacture and marketing of antennas and accessories.

B. Assets and Liabilities in foreign currencies

Henceforth are the details of the foreign currencies of the main currencies and the changes percentage in the reporting period:

| | <u>June 30,</u> | | <u>December 31,</u> |
|---------------------------|--------------------------------------|-------------|------------------------------------|
| | <u>2013</u> | <u>2012</u> | <u>2012</u> |
| NIS (in Dollar per 1 NIS) | 0.276 | 0.255 | 0.268 |
| | <u>Six months ended June 30,</u> | | <u>Year ended December 31,</u> |
| | <u>2013</u> | <u>2012</u> | <u>2012</u> |
| | <u>%</u> | <u>%</u> | <u>%</u> |
| NIS | 3.18 | (2.6) | 2.36 |

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim consolidated financial information set out above does not constitute full year end accounts within the meaning of Israeli Companies Law. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS). Statutory financial information for the financial year ended December 31, 2012 was approved by the board on February 19, 2013. The report of the auditors on those financial statements was unqualified. The interim consolidated financial statements as of June 30, 2013 have not been audited.

The interim consolidated financial information should be read in conjunction with the annual financial statements as of 31 December, 2012 and for the year ended on that date and with the notes thereto,

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2012 are applied consistently in these interim consolidated financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Adoption of New Standards, Amendments and Interpretations Effective for the first time from January 1, 2013:

- IAS 19 (as revised in 2011) *Employee Benefits*:

The revised IAS 19 includes a number of changes to the recognition and measurement of defined benefit plans and termination benefit and to the disclosures for all employee benefits within IAS 19. Set forth below is a summary of the key changes:

- "Actuarial gains and losses" are renamed "re-measurements" and recognized immediately in OCI.
- Past-service costs recognized immediately in the period of a plan amendment including unvested benefits.
- Annual expenses for a funded benefit plan include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability.
- The distinction between short-term and long-term benefits for measurement purposes is based on when payment is expected in full, not when payment can be demanded.
- A clarification that any benefit that has a future-service obligation is not a termination benefit. A liability for a termination benefit is recognized when the entity can no longer withdraw the offer of the termination benefit or recognizes any related restructuring costs.

The amendment is effective for periods beginning on or after 1 January 2013. Earlier application is permitted.

The amendment has been applied retrospectively commencing from the financial statements for periods beginning on January 1, 2013 (see note 3).

- Amendment to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 revised the presentation of other comprehensive income (OCI). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit or loss. The Group has updated the presentation of OCI on the face of the Statement of Comprehensive Income.

The following new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

- IFRS 10 Consolidated Financial Statements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IFRS 7 Financial Instruments: Disclosures: Amendments – Offsetting Financial Assets and Financial Liabilities
- Annual Improvements to IFRSs (2009 - 2011 Cycle)

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – Adoption of New Amendments:

Following the Adoption of the IAS 19 (as revised in 2011) Employee Benefits as described above (note 2), here is the effects of the change on the financial statements:

| | Year ended December 31, 2012 | | |
|---|-------------------------------------|---------------------------|---|
| | \$'000 | | |
| | As previously reported | IAS 19 Audited | As presented in these financial statements |
| General and administrative expenses | 1,858 | 53 | 1,911 |
| Loss before income tax | (268) | (53) | (321) |
| Net loss | (193) | (53) | (246) |
| Re measurement of benefit plans | - | 53 | 53 |
| Total comprehensive loss | (193) | - | (193) |
| Net loss per share Basic and Diluted (dollars per share) | (0.0060) | (0.0011) | (0.0071) |

NOTE 4 – SEGMENTS:

The following table's present revenue and profit information regarding the Group's operating segments for the six months ended June 30, 2013 and 2012, respectively and for the year ended December 31, 2012.

Six months ended June 30, 2013 (Unaudited)

| | Commercial | Military | Total |
|--|-------------------|-----------------|--------------|
| | \$'000 | | |
| <i>Revenue</i> | | | |
| External | 5,466 | 1,343 | 6,809 |
| Total | 5,466 | 1,343 | 6,809 |
| Segment income | 17 | 44 | 61 |
| <i>Unallocated corporate expenses</i> | | | |
| Finance expenses, net | | | 64 |
| Loss before income tax | | | (3) |
| <i>Other</i> | | | |
| Depreciation and other non-cash expenses | 188 | 27 | 215 |

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – SEGMENTS (CONT.):

Six months ended June 30, 2012 (Unaudited)

| | Commercial | Military | Total |
|---------------------------------------|-------------------|-----------------|--------------|
| | \$'000 | | |
| <i>Revenue</i> | | | |
| External | 5,621 | 869 | 6,490 |
| Total | 5,621 | 869 | 6,490 |
| Segment profit (loss) | 129 | (512) | (385) |
| <i>Unallocated corporate expenses</i> | | | |
| Finance expenses, net | | | 16 |
| loss before taxes on income | | | (401) |
| <i>Other</i> | | | |
| Depreciation | 215 | 20 | 235 |

Year ended December 31, 2012 (audited)

| | Commercial | Military | Total |
|--|-------------------|-----------------|--------------|
| | \$'000 | | |
| <i>Revenue</i> | | | |
| External | 10,686 | 2,025 | 12,711 |
| Total | 10,686 | 2,025 | 12,711 |
| Segment income (loss) | 399 | (710) | (311) |
| <i>Unallocated corporate expenses</i> | | | |
| Re-measurement of defined benefit plans | | | (53) |
| Finance income, net | | | 43 |
| loss before income tax | | | (321) |
| <i>Other</i> | | | |
| Depreciation and other non-cash expenses | 434 | 48 | 482 |

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 –TRANSACTIONS WITH RELATED PARTIES:

The Parent Company and other related parties provide certain services to the Group as follows:

| | Six months ended June 30, | | Year ended December 31, |
|-----------------|--------------------------------------|-------------|------------------------------------|
| | 2013 | 2012 | 2012 |
| | U.S. \$ in thousands | | |
| | Unaudited | | Audited |
| Purchased Goods | 170 | 121 | 268 |
| Management Fee | 154 | 142 | 282 |
| Services Fee | 95 | 80 | 160 |
| Lease income | (60) | (60) | (120) |

Compensation of key management personnel of the Group:

| | Six months ended June 30, | | Year ended December 31, |
|---------------------------------|--------------------------------------|-------------|------------------------------------|
| | 2013 | 2012 | 2012 |
| | U.S. \$ in thousands | | |
| | Unaudited | | Audited |
| Short-term employee benefits *) | <u>305</u> | <u>310</u> | <u>605</u> |

*) Including Management fees for the CEO, Directors Executive Management and other related parties

All Transactions are made at market value.

As of June 30, 2013, June 30, 2012 and December 31, 2012 the parent company and related parties owe to the Group US \$103,000, US \$65,000 and US \$30,000 respectively.

NOTE 6 – SIGNIFICANT EVENTS:

On April 4, 2013 the company paid a dividend of 0.58 cents per share totaling approximately \$299,000.

NOTE 7 – SUBSEQUENT EVENTS:

A. Amendment to Service Agreement with controlling shareholder :

Following the receipt of recommendations of both the remuneration committee and the board of directors of the company, an amendment to the service agreement between the Company and the controlling shareholders (via their management company) was approved by a shareholders' meeting held on July 5, 2013. According to the amendment, the agreement shall be in place for 3 years starting July 1st, 2013, after which it will be renewed for periods of 3 years in accordance to the relevant rules and regulations. Nevertheless the agreement can be terminated by either party by providing 90 days notice. The agreement includes remuneration (per month) of:

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – SUBSEQUENT EVENTS (CONT.):

1. 20,000 NIS to Mr. Zvi Borovitz for his service as a chairman of the board of the company in capacity of at least 25% and
2. 60,000 NIS to Mr. Moni Borovitz for his service as a CFO of the company in capacity of at least 80%.

All amounts are prior to VAT which will be added to the invoices and are linked to the increase in the consumer price index.

In addition to the above, and in accordance to the remuneration policy adopted by the company, as required under rule 20 to the Israeli Companies Law, a bonus scheme was granted to each of the managers. The bonus scheme states that Zvi Borovitz and Moni Borovitz will be entitled (each one of them) to a bonus amounting 2.5% of the company's net profit exceeding 250,000 USD per year, prior to any bonuses grant in the Company. In case of a loss in a year (commencing from 2013 as first year for accumulation) the bonus for the next year will be for a net profit exceeding 250,000 USD above the loss made in the previous year. In addition Mr. Moni Borovitz shall be entitled to a bonus equal to one month management fee, based on the meeting of targets specified by the remuneration committee at the beginning of each year. A ceiling to the bonuses was set at 8 months management fees for Mr. Moni Borovitz and 100,000 USD for Mr. Zvi Borovitz.

The agreement also states that the Company shall reimburse the management company for any expense made in performance of the manager's duty. The Company shall also provide each of the managers with a car and phones and will be responsible for all its related expenses, including all relevant taxes.

As part of the new policy the shareholders meeting also approved a change to the share option plan of the Company, subject to the approval of the Israeli Tax Authorities. As part of the new option plan Mr. Zvi Borovitz was granted 200,000 options and Mr. Moni Borovitz was granted 250,000 options. Further details re the new option plan are detailed below.

B. New Option Plan

A new Option Plan was adopted by the Company at the shareholders meeting held on July 5, 2013. Under the new Plan, subject to the approval of the Israeli Tax Authorities, all previous plans shall be cancelled and the new plan shall enter into effect. The new plan includes total of 2 million options to be converted to 2 million shares (approximately 4% of the company's outstanding shares) at a price of 9.5 pence per share. The vesting period of the options shall be: 2 years for 50% of the options, 3 years for additional 25% of the options and 4 years for the remainder of the options.