MTI WIRELESS EDGE LTD

FINANCIAL RESULTS FOR THE YEAR ENDED

31 DECEMBER 2008

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 audited full year results for the year ended 31 December 2008.

2008 Highlights

- Revenues decreased by 6% to $17.9m (2007: $19.0m)
- Gross profits down 24% to $6.4m (2007: $8.4m)
- Operating profit decreased by 76% to $0.9m (2007: $3.7m)
- Net Profit of $1m, representing EPS of 1.89c, a decrease 78% from previous year (2007: $4.6m, 8.63c).
- Net cash generated from continuing operations reached $1.2m; Net cash at the year end of $13.3m, equivalent to 17.9 pence per share;
- 2.2m shares (4.1%) of the company were bought for $0.92m as part of the buy back program announced in March 2008 – plan continues.
- Proposed dividend of 1.16c per share (2007: 1.85c)
- Indian facility became operational during the 4th quarter of 2008 and other cost-reduction measures in train
- First pending order for short range antenna "E Band" backhaul market (operating at 60-90GHz) received.

Dov Feiner, CEO of MTI Wireless Edge, commented:"2008 was a challenging year for the Company which started with the fall of the US dollar against the Israeli Shekel during the first half of the year combined with the well documented global economic situation.

"Whilst we are disappointed that this has impacted our profit levels, the Board is pleased that we were able to remain profitable and cash flow positive by undertaking rigorous cost control, and of course retain a very strong balance sheet. The Company continues to pay a dividend to shareholders as it strongly believes it is in the interest of shareholders to receive a yearly yield on their investment.

"The Company has increased its presence in India, establishing its manufacturing facility in Q4 2008 which will improve our ability to service customers. The Board is confident of the long term success of the fixed broadband market however the current economic climate combined with reduced telecommunications infrastructure spend has reduced the visibility of the forward order book. This will represent a challenging start to the year for the Company but does not reduce our confidence in either our market position or the long-term growth inherent in our major markets."

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About MTI Wireless Edge

MTI designs and manufactures flat panel antennas, largely supplied to international OEMs of fixed broadband wireless access systems. With over 30 years of technical `know-how', flexible high volume manufacturing capabilities and low failure rates, MTI's antennas now comprise approximately 25% of the global fixed broadband wireless antenna market. In addition, the Company has successfully developed products for new commercial applications as wireless systems become increasingly prevalent in new markets.

Chairman's Statement

I'm pleased to report on our results for the financial year ended 31 December 2008 - a challenging year in worldwide macro economic environment. We started the year with the sharp fall of the US dollar against the Israeli Shekel during the first half of the year, impacting our profitability sharply, and the year continued with the world economic crises. Nevertheless we were able to remain profitable, cash flow positive and with a very strong balance sheet.

In 2008 we saw increased competition in the WiMax market, but we were able to maintain our leadership in the market based on the quality of our products and our long term relationships with key customers as well as penetration into new geographical markets, such as India. Having identified India as one of the fastest growing markets in wireless communications, we have established a manufacturing facility in that country which became operational in Q4 of 2008, and also improves our ability to service customers elsewhere in the Far East.

The underlying drivers of our business, such as growth in data usage and subscriber growth, are part of long term trends expected to continue for several years. Meanwhile, we lack short term visibility as customers focus on maintaining flexibility, reducing inventory and conserving cash in response to the spreading global financial crisis. We will manage through this period by staying close to our customers, capitalizing on our strong position, and preparing to take the company to the next level once economic conditions improve.

The Board has decided to distribute a dividend of 1.16 cents per share as we strongly believe it is in the interest of shareholders to receive a yearly yield on their investment, while the company is managing its earning and cash generation. This level of dividend represents a balance between the fall in our earnings and the stability which we like to show our investors. The dividend will be payable on 3 April 2009 to shareholders on the register as of 13 March 2009.

We still believe strongly in the success of the Company and the Board has approved a continuation of the share buyback program announced a year ago. We expect to initiate the stock buyback when our window opens this quarter.

I would like to complement our employees on this achievement and thank each and everyone for their dedication and creativity that had enabled us to maintain our leadership. I further would like to acknowledge with thanks the employees' families for their continued support.

Zvi Borovitz
Non Executive Chairman

Chief Executive's Review

In 2008, WiMAX continued to exhibit strong demand, despite concerns over a spreading global recession and we have seen more deployments of systems in the field coupled with price pressure. We have shipped over 700,000 antennas (15% increase over 2007), maintaining our market leadership. We are certain that the demand for primary broadband connectivity and data usage are both in long term growth trends that require new solutions that improve the total cost of ownership for operators. While decision cycles may lengthen and funding will remain an issue for customers, we believe opportunities for a company our size remain abundant.

Our immediate challenge is to continue to win major deals while supporting existing customers, and to take a larger share of the available business in a very competitive environment. We are, and intend to remain, a leader in the field of antennas for broadband applications that will win the bulk of the WiMAX business in years to come. Meanwhile, we will be stretching farther to be as efficient as possible, including our operating facility in India which has been operating since Q4 of 2008 and output from which is expected to grow.

The Company remains focused on the growth of the business and on expanding its position as a leader in the antenna markets for fixed wireless communication. Towards the end of 2008 we received the first order for development of antenna for the short range point to point backhaul market in the 60 -90 GHz. We believe the market for this application will grow in the coming years and expect to finish the development of such product in 2009 a followed by revenues from 2010. This product line is developed with the support of the Israel-U.S. Bi-national Industrial Research and Development foundation and American customers.

As we have previously stated, although RFID is only in its initial stages, we strongly believe in the potential of this market. Therefore, we have made some important steps to position the Company as a key antenna provider. We foresee 2009 as a next step in the growth of this market and plan to ensure that MTI remains well positioned to enjoy success once this market enters the full deployment stage.

Our military segment showed a 20% decline in 2008 after massive growth (90%) in 2007 but this is still strong growth in sales over the longer term for our solutions, a trend which we expect to continue in 2009 and beyond.

As always, our non-military pipeline reflects the industry norm of placing orders only several weeks in advance. This, coupled with current global financial market condition in which customers focus on risk management and reducing inventory levels, reduces the visibility of our order book, but does not reduce our confidence in either our market position or the long-term growth inherent in our major markets. We have reduced our costs going forward in a number of ways in order to accommodate the more difficult business climate, but I am confident that we have done so without undermining any of the fundamental strengths of the business.

I would like to end my review by thanking the employees and their families for the hard work, dedication and support during such time. It is their creativity, perfectionism and implementation that led MTI to its position in the market and we see them as the key to our ongoing success.

Dov Feiner
Chief Executive Officer

M.T.I Wireless Edge Ltd.

Consolidated income statement for the year ended December 31, 2008

	Notes	Year ended December 31, 2008 $'000	Year ended December 31, 2007 $'000
Revenues	2, 4	17,923	19,035
Cost of sales		11,523	10,605
Gross profit		6,400	8,430
Research and development expenses		1,329	1,415
Distribution costs		2,374	1,946
General and administrative expenses		1,824	1,340
Profit from operations	3	873	3,729
Finance expense	5	266	94
Finance income	5	640	1,369
Profit before tax		1,247	5,004
Tax expense	6	254	364
Profit for the year		993	4,640
Earnings per share			
Basic (dollars per share)	7	0.0189	0.0863
Diluted (dollars per share)	7	0.0189	0.0853

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

M.T.I Wireless Edge Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2008

	Share capital	Additional paid in capital	Retained earnings (accumulated deficit)	Total
	$'000	$'000	$'000	$'000
Balance at January 1, 2007	115	14,945	2,169	17,229
Changes in equity for 2007:				
Profit for the year	-	-	4,640	4,640
Total recognised income and expenses for the year	-	-	4,640	4,640
Dividends			(898)	(898)
Balance at December 31, 2007	115	14,945	5,911	20,971
Changes in equity for 2008:				
Profit for the year	-	-	993	993
Total recognised income and Expense for the year	-	-	993	993
Dividends	-	-	(979)	(979)
Buy back purchase of stock	(6)	-	(911)	(917)
Share based payment	-	29	-	29
Balance at December 31, 2008	109	14,974	5,014	20,097

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

M.T.I Wireless Edge Ltd.

Consolidated balance sheets as of December 31, 2008

	Notes	As at December 31, 2008 $'000	As at December 31, 2008 $'000	As at December 31, 2007 $'000	As at December 31, 2007 $'000
ASSETS					
Non-current assets:					
Property, plant and equipment	9	1,671		1,522	
Goodwill	10	406		406	
Long-term prepaid expenses		49		55	
Deferred tax assets	21	117		95	
Total non-current assets			2,243		2,078
Current assets:					
Inventories	12	2,571		2,253	
Trade and other receivables	13	6,115		6,369	
Other current financial assets	14	9,527		11,203	
Cash and cash equivalents	15	3,806		3,370	
Total current assets			22,019		23,195
TOTAL ASSETS			24,262		25,273
LIABILITIES					
Non-current liabilities:					
Employee benefits	20	232		266	
Total Non-current liabilities			232		266
Current Liabilities:					
Trade and other payables	16	3,559		3,222	
Tax liability		374		494	
Other current financial liabilities	17	-		22	
Liabilities due to warrants	18	-		298	
Total current liabilities			3,933		4,036
Total liabilities			4,165		4,302
TOTAL NET ASSETS			20,097		20,971

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

M.T.I Wireless Edge Ltd.

Consolidated balance sheets as of December 31, 2008 (Cont.)

	Notes	As at December 31, 2008 $'000	As at December 31, 2008 $'000	As at December 31, 2007 $'000	As at December 31, 2007 $'000
Capital and reserves attributable to equity holders of the company	22				
Share capital		109		115	
Additional paid-in capital		14,974		14,945	
Retained earnings		5,014		5,911	
TOTAL EQUITY			20,097		20,971

The financial statements on pages 5 to 37 were approved by the Board of Directors on February 25, 2009, and were signed on its behalf by:

February 25, 2009			
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 these financial statements.

M.T.I Wireless Edge Ltd.

Consolidated cash flow statement for the year ended December 31, 2008

	For the year ended December 31,		For the year ended December 31,	
	2008	**2008**	**2007**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Operating Activities:				
Net profit from ordinary activities	993		4,640	
Adjustments for:				
Depreciation	332		309	
Gain from short-term investments/ Finance income	(6)		(104)	
Deferred tax assets	(22)		(26)	
Equity settled share-based payment expense	29		-	
Decrease in fair value of liabilities due to warrants	(298)		(942)	
Operating profit before changes in working capital and provisions		1,028		3,877
Increase in inventories	(318)		(529)	
Decrease (increase) in trade receivables	350		(1,094)	
Decrease(increase) in other accounts receivables for short and long term	(90)		62	
Increase (decrease) in trade and other payables	354		(20)	
Increase (decrease) in tax liability	(120)		244	
Increase (decrease) in employee benefits	(34)		35	
		142		(1,302)
Cash generated from operations		1,170		2,575

Additional Information

Cash paid during the year for:		
Income tax	423	181

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

M.T.I Wireless Edge Ltd.

Consolidated cash flow statement for the year ended December 31, 2008 (Cont.)

	For the year ended December 31,		For the year ended December 31,	
	2008	2008	2007	2007
	$'000	$'000	$'000	$'000
Cash flows from operating activities brought forward		1,170		2,575
Investing Activities:				
Sale of short-term investment	1,682		34	
Purchase of Property, plant and equipment	(498)		(421)	
		1,184		(387)
Financing Activities:				
Dividend paid to shareholders equity	(979)		(898)	
Buy back purchase of stock	(917)		-	
Repayment of bank borrowing	(22)		(87)	
		(1,918)		(985)
Increase in cash and cash equivalents		436		1,203

	For the year ended December 31,	
	2008	2007
	$'000	$'000
Non-cash activities:		
Purchase of Property and equipment against trade and other payables	24	41

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

The directors of the Company are responsible for the financial information set out below.

1. Accounting policies

General

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 & 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.

On March 2008, the company has invested in establishing of a wholly owned subsidiary Switzerland based AdvantCom Sarl, (hereinafter called AdvantCom). AdvantCom is engaged in selling and distributing of antennas and accessories and in manufacturing through an Indian subsidiary.

Certain rental, operational and administrate services are provided by the Parent Company to the Company.

Definitions

In these financial information:

The Company	-	M.T.I Wireless Edge Ltd
The Group	-	The company and its subsidiaries.
Subsidiaries	-	companies that are controlled by the Company (as defined in IAS 27) and whose accounts are consolidated with those of the Company.
The parent company	-	M.T.I Computers and Software Services Ltd.
Related parties	-	as defined in IAS 24.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

1. Accounting policies (Cont.)

Changes in accounting policies

Disclosure of new IFRS in the period prior to their adoption:

- **IFRS 8 - Operating Segments:**

IFRS 8 ("the Standard") discusses operating segments and replaces IAS 14. The Standard applies to companies whose securities are traded or are in the process of filing with any securities stock exchange. The Standard is effective for annual financial statements for periods beginning after January 1, 2009. Earlier application is permitted. The provisions of the Standard will be applied retrospectively, by restatement, unless the necessary information is not available or impractical to obtain.

The Standard determines that an entity will adopt a management approach in reporting on the financial performance of the operating segments. The segment information would be the information that is internally used by management in order to asses its performance and allocate resources to the operating segments.

Furthermore, information is required to be disclosed about the products or services (or group of products and similar services) from which the entity derives its revenues, the countries in which these revenues or assets are derived and major customers, irrespective of whether management uses this information for making operating decisions.

The Company believes that the effect of the new Standard on the current presentation of segments is not expected to be material.

- **IAS 23 (Revised) - Borrowing Costs:**

In accordance with the revised IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be capitalized. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale and includes fixed assets, investment property and inventories that take a substantial period of time to get ready for sale. The possibility of immediately carrying these costs as an expense has been removed.

The revised Standard is effective for the financial statements for the year beginning January 1, 2009. Earlier application is permitted.

The Company believes that the effect of the revised Standard on its financial condition, results of operations and cash flows is not expected to be material.

1. Accounting policies (Cont.)

- **IAS 1 (Revised) - Presentation of Financial Statements:**

IAS 1 (Revised) requires entities to present a second statement, a separate "statement of comprehensive income" displaying , other than the net income taken from the statement of income, all the items carried in the reported period directly to equity that do not result from transactions with the shareholders in their capacity as shareholders (other comprehensive income) such as adjustments arising from translating the financial statements of foreign operations, fair value adjustments of available-for-sale financial assets, changes in revaluation surplus of fixed assets and such and the tax effect of these items carried directly to equity, while properly allocated between the Company and the minority interests. Alternatively, the items of other comprehensive income may be displayed along with the items of the statement of income in a single statement entitled "statement of comprehensive income" which replaces the statement of income, while properly allocated between the Company and the minority interests. Items carried to equity resulting from transactions with the shareholders in their capacity as shareholders (such as capital issues, dividend distribution etc.) will be disclosed in the statement of changes in equity as will the summary line carried forward from the statement of comprehensive income, while properly allocated between the Company and the minority interests.

IAS 1 (Revised) also prescribes that in cases of restatement of comparative figures as a result of the retroactive adoption of a change in accounting policy, the entity must include an opening balance sheet disclosing the restated comparative figures.

IAS 1 (Revised) is effective for annual financial statements for periods beginning after January 1, 2009. Earlier application is permitted.

The effect of the adoption of IAS 1 (Revised) will require the Company to disclose the above items in the financial statements

- **IFRS 3 (Revised) - Business Combinations and IAS 27 (Revised) - Consolidated and Separate Financial Statements:**

IFRS 3 (Revised) and IAS 27 (Revised) ("the Standards") will be effective for annual financial statements for periods beginning on January 1, 2010. The combined early adoption of the two Standards is permitted from the financial statements for periods beginning on January 1, 2008.

The principal changes expected to take place following the adoption of the Standards are:

(a) IFRS 3 currently prescribes that goodwill, as opposed to the acquiree's other identifiable assets and liabilities, will be measured as the excess of the cost of the acquisition over the acquirer's share in the fair value of the identifiable assets, net on the acquisition date. According to the

1. Accounting policies (Cont.)

Standards, goodwill can be measured at its full fair value and not only based on the acquired part, this in respect of each business combination transaction measured separately

(b) A contingent consideration in a business combination will be measured at fair value and changes in the fair value of the contingent consideration, which do not represent adjustments to the acquisition cost in the measurement period, will not be simultaneously recognized as goodwill adjustment. Normally, the contingent consideration will be considered a financial derivative within the scope of IAS 39 and will be presented at fair value through profit or loss.

(c) Direct acquisition costs attributed to a business combination transaction will be recognized in the statement of income as incurred as opposed to the previous requirement of carrying them as part of the consideration of the cost of the business combination, which has been removed.

(d) A minority transaction, whether a sale or an acquisition, will be accounted for as an equity transaction and will therefore not be recognized in the statement of income or have any effect on the amount of goodwill, respectively.

(e) A subsidiary's losses, although resulting in the subsidiary's deficiency, will be allocated between the parent company and minority interests, even if the minority has not guaranteed or has no contractual obligation of sustaining the subsidiary or carrying out another investment.

(f) On the loss of control of a subsidiary, the remaining investment in the subsidiary, if any, will be revalued to fair value against gain and loss from the sale and this fair value will represent the cost basis for the purpose of subsequent treatment.

The Company believes that the effect of the Standards on its financial condition, results of operations and cash flows is not expected to be material.

- **IFRS 2 (Revised) - Share-based Payment:**

Pursuant to the IFRS 2 (Revised) ("the revised Standard"), the definition of vesting terms will only include service conditions and performance conditions and the settlement of a grant that includes non-vesting conditions by the Company or the counterparty, will be accounted for by way of vesting acceleration and not by forfeiture. The Standard will be applied retrospectively for financial statements for periods beginning on January 1, 2009. Earlier application is permitted.

Vesting conditions include service conditions which require the counterparty to complete a specified period of service and performance conditions which require specified performance targets to be met. Conditions that are other than service and performance conditions will be viewed as non-vesting

1. Accounting policies (Cont.)

conditions and must therefore be taken into account when estimating the fair value of the instrument granted.

The Company believes that the revised Standard will have no effect on its financial position, results of operations and cash flows.

Revenue recognition

1. Revenues from services are recognized as follows:

   In fixed fee contracts - according to International Accounting Standard No. 11 "Construction - Type Contracts pursuant to which revenues and costs are reported by the "percentage of completion" method.

   The percentage of completion is determined by dividing actual completion costs by the anticipated completion costs.

   In cases where a loss from a project is anticipated, a provision is made in the period in which it first becomes evident, for the entire loss anticipated until completion, as assessed by the Group's management.

2. Revenues from sales of products are recognized upon delivery, provided no significant vendor obligations remain.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary.

The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalized as an intangible asset with any impairment in carrying value being charged to the income statement.

From the beginning of the 2005 financial year, the Company adopted the precepts of International Accounting Standard 38 and International Financial Reporting Standard 3. Previously, the Company was amortizing its goodwill over a 10 year period on the straight line basis. The new policy requires that goodwill be tested on an annual basis and written down when impaired.

In accordance with the transitional rules of IFRS3, the Company has applied the revised accounting policy prospectively from the beginning of its first annual period beginning on or after 31 March 2004, i.e. 1 January 2005.

Notes forming part of the financial statements for the year ended December 31, 2008

1. Accounting policies (Cont.)

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually on December 31 or sooner when there are signs of impairment. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest Group's of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of The Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the income statement, except to the extent they reverse gains previously recognized in the statement of recognized income and expense. During the years 2007 and 2008 no impairment charges of non-financial assets were required.

Functional and reporting currency

The majority of the revenues of the Company are generated in U.S. dollars. In addition, a substantial portion of the Company's costs is incurred in U.S. dollars. The Company's management believe that the U.S. dollar is the primary currency of the economic environment in which the Company operates. Thus, the functional and reporting currency of the Company is the U.S. dollar.

Foreign currency

Transactions entered into by the Group in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities. are similarly recognized immediately in the income statement, except for foreign currency borrowings qualifying as a hedge instrument

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises only in marketable securities. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

1. Accounting policies (Cont.)

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and trade receivables, but also incorporate other types of contractual monetary asset. They are carried at amortized cost less any provision for impairment.

Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that The Group's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost, with changes through the income statement. As of December 31, 2008, no such assets are held by the Group.

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise The Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement. As of December 31, 2008, no such assets are held by the Group.

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Financial Liabilities (cont.)

The Group's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises only in cashless options. It is carried in the balance sheet at fair value with changes in fair value recognized in the income statement in finance income or expense line.

Other financial liabilities: Other financial liabilities include the following items:

- Bank borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognized at fair value.

1. Accounting policies (Cont.)

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- The Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalized development costs are amortized over the periods The Company expects to benefit from selling the products developed. The amortization expense is included within the cost of sales line in the income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in the income statement as incurred.

Development costs are recognized in the statement of income seeing as the Group does not meet the abovementioned conditions.As of December 31, 2008 no development costs are capitalized.

Deferred taxation

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortization is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where The Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Taxes on income

Tax-exempt income derived from "approved enterprises" will be subject to tax in the event of distribution of dividends out of such income. Such additional tax has not been provided for in the financial information, since the current policy of the Company is not to distribute dividends incurring additional tax.

1. Accounting policies (Cont.)

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognized within provisions. Depreciation is computed by the straight line method, based on the estimated useful lives of the assets, as follows:

	Rate of depreciation
Machinery and equipment	6 - 20 %
Leasehold improvements	15 %
Computers	10 - 33 %
Office furniture and equipment	6 - 15 %

Leasehold improvements are depreciated over the term of the expected lease including optional extension, or over the estimated useful lives of the improvements, whichever is shorter.

Cash and cash equivalents

Cash equivalents are considered by the Group to be highly-liquid investments, including, inter alia, short-term deposits with banks, the maturity of which did not exceed three months at the time of deposit and which are not restricted.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

1. Accounting policies (Cont.)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Provision for warranty

The Group generally offers up to three years warranties on its products based on past experience, the Group does not record any provision for warranty of its products and services.

Employee benefits

According to Israeli work laws, employment agreements in Israel and the Group's practice, the Group is obligated to pay severance payments to its employees upon dismissal and in some circumstances, even if the employee has resigned or retired. The Group's obligation for severance pay is dealt as a "defined benefit plan".

The severance pay's provision, as shown in the balance sheet, represents the present value of the defined benefit plan as of the balance sheet's date. The provision is calculated by independent actuaries based on the "Projected Unit Credit" method. The provision's present value is determined by the capitalization of future expected cash flows (after taking in consideration future wages growth's rate) on the basis of government bonds' interest rates stated in the same currency as the benefits' payments.

With there occurrence, the Group credits the actuary gains or losses, that have derived as a result of actuary assumptions and as a result of changes between previous assumptions and the actual results, to the income statement.

The Group acquires insurance polices and deposits in severances funds according to its obligation.

The privilege to severance pay by the insurance policies is considered a return of expenses, whereas it is certain that the insurance Group will, fully or partially, return the expenses needed to cover the severance pay obligation.

The return of expenses' right that results from the severance pay funds is presented at fair value, whereas the changes are credited to the P&L report.

Transactions with controlling parties

Transactions with controlling shareholders are disclosed in conformity with the provisions of the International Accounting Standard 24 (related party disclosures and transactions).

Earnings per Share (EPS)

Earnings per Share is determined and presented in accordance with IAS 33.

Basic net earnings per share are computed based on the weighted average number of common shares outstanding during each year. Diluted earnings per share is computed based on the weighted average number of common shares outstanding during each year, plus dilutive potential common shares considered outstanding during the year.

1. Accounting policies (Cont.)

Segment reporting

The principles activities of The Group and its primary segments are:

- Antennas produced for commercial market.
- Antennas produced for the military market.

The secondary segments of The Group are geographic:

- Israel
- North America
- Europe
- Asia
- Other

Segment revenue and segment costs include items that are attributable to the relevant segments and items that can be distributed among segments. Non-distributed items include the Group's financial income and expenses and tax.

2. Revenues

	For the year ended December 31,	
	2008	2007
	$'000	$'000
Revenues arise from:		
Sale of goods	15,304	17,139
Projects	2,619	1,896
	17,923	19,035

Revenues	For the year ended December 31,	
	2008	2007
	$'000	$'000
Customer A	3,694	5,059
Customer B	1,470	697
Customer C	919	850
Customer D	789	955
Others	11,051	11,474
	17,923	19,035

3. Profit from operations

	For the year ended December 31,	
	2008	2007
This has been arrived at after charging:	$'000	$'000
Wages and salaries	5,285	4,039
Depreciation of property, plant and equipment	332	309
Material and subcontractors	8,922	8,518
Operating lease expense	379	379
Plant, Machinery & Usage	721	704
Travel & Exhibition	348	367
Advertising & Commissions	248	300
Consultants	376	376
Others	439	314
	17,050	15,306

4. Segments

1. Segment information

The Group's primary reporting format for reporting segment information is business segments.

	Commercial 2008 $'000	Military 2008 $'000	Total 2008 $'000
Revenue			
External	14,756	3,167	17,923
Total	14,756	3,167	17,923
Profit			
Continuing operations	611	262	873
Total	611	262	873
Other			
Depreciation and other non-cash expenses	211	121	332

	Commercial 2007 $'000	Military 2007 $'000	Total 2007 $'000
Revenue			
External	15,126	3,909	19,035
Total	15,126	3,909	19,035
Profit			
Continuing operations	2,555	1,174	3,729
Total	2,555	1,174	3,729
Other			
Depreciation and other non-cash expenses	195	114	309

(*) The Group can not distinguish between Commercial and Military assets and liabilities, due to the fact that some of the assets and liabilities are used by both segments.

4. Segments (Cont.)

1. Segment information (cont.)

The Group's secondary reporting format for reporting segment information is geographic segments.

	External revenue by location of customers 2008 $'000	External revenue by location of customers 2007 $'000
Israel	8,704	10,012
North America	3,498	4,374
Europe	4,750	3,358
Asia	490	1,172
Other	481	119
	17,923	19,035

5. Finance income and expense

	2008 $'000	2008 $'000	2007 $'000	2007 $'000
Finance expense				
Bank borrowings	-		13	
Foreign currency exchange costs	190		30	
Bank fees	76		51	
		266		94
Finance income				
Interest received on bank deposits	46		120	
Other				
Gains from financial assets Classified as held for trading	296		306	
Gains from warrants	298		943	
		640		1,369
		374		1,275

6. Tax expense

A. Tax Laws in Israel:

1. Law for the Encouragement of Capital Investments, 1959:

Pursuant to the provisions of the said law, the company is eligible for tax benefits resulting from implementation of programs for investment in assets, in accordance with the letters of approval they received ("approved enterprises"), which grant the Group the right to exemption from tax for a period of two year and subsequent to such period - to tax at a reduced rate of 25% on income derived from the approved enterprise, subject to fulfilment of the conditions stipulated in the letter of approval.

The period in which the company will enjoy the tax exemption or reduced tax rate is limited in each letter of approval to seven years from the first year in which taxable income is earned (actual - from the year 2005). If the percentage of a company's share capital held by foreign shareholders exceeds 25%, the company will be entitled to reduced tax rates for a further five years.

If the company distributes dividends out of the exempt income of the approved enterprise, the company will be subject to tax at the rate of 25% on the distributed income.

2. Tax rates:

In July 2005, due to new tax legislation, the reduction in the tax rate for Israeli Companies was accelerated. On July 1, 2004 and in 2005, the Corporate tax rate was reduced to 35% for 2004 tax year, 34% for the 2005 tax year, 31% for the 2006 tax year, 29% for the 2007 tax year , 27% for the 2008 tax year, 26% for the 2009 tax year and 25% for the 2010 tax year and thereafter.

3. Income Tax (Inflationary Adjustments) Law, 1985:

According to the law, until 2007, the results for tax purposes were measured based on the changes in the Israeli CPI.

In February 2008, the "Knesset" (Israeli parliament) passed an amendment to the Income Tax (Inflationary Adjustments) Law, 1985, which limits the scope of the law starting 2008 and thereafter. Starting 2008, the results for tax purposes are measured in nominal values, excluding certain adjustments for changes in the Israeli CPI carried out in the period up to December 31, 2007. The amendment to the law includes, inter alia, the elimination of the inflationary additions and deductions and the additional deduction for depreciation starting 2008.

B. Income tax assessments:

The company has final tax assessments up and including the year 2003.

6. Tax expense (Cont.)

B. Income tax assessments (cont.):

	2008 $'000	2008 $'000	2007 $'000	2007 $'000
Current tax expense				
Israeli income tax on profits for the year	224		390	
Taxes for previous years	52		-	
		276		390
Deferred tax income				
Origination and reversal of temporary differences	22		26	
		22		26
Total tax charge		254		364

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Israel applied to profits for the year are as follows:

	2008 $'000	2007 $'000
Profit before tax	1,247	5,004
Expected tax charge based on the standard rate of corporation tax in Israel of 27% (2007 - 29%)	337	1,451
Expenses not deductible for tax purposes	92	28
Income not subject to tax	(81)	(501)
Losses and temporary differences for which deferred taxes were not recorded	(89)	(300)
Tax benefit ascribed to approved enterprise	-	(329)
Taxes in respect of previous years	52	-
Other	(57)	15
Total tax charge	254	364

7. Earnings per share

	2008 $'000	2007 $'000
Earnings used in basic EPS	993	4,640
Earnings used in diluted EPS	993	4,640
Weighted average number of shares used in basic EPS	52,480,041	53,779,998
Effects of:		
shareholders and underwriters share options	-	625,035
Weighted average number of shares used in diluted EPS	52,480,041	54,405,033
Basic net EPS	0.0189	0.0863
Diluted net EPS	0.0189	0.0853

8. Dividends

	2008 $'000	2007 $'000
Dividend of 1.85 (2007 - 1.67) cents per ordinary share proposed and paid during the year relating to the previous year's results	979	898

9. Property, plant and equipment

	Machinery & equipment $'000	Office furniture & equipment $'000	Leasehold Improvements $'000	Computer equipment $'000	Total $'000
At 31 December 2007					
Cost	3,115	224	279	920	4,538
Accumulated depreciation	1,937	161	126	792	3,016
Net book value	1,178	63	153	128	1,522
At 31 December 2008					
Cost	3,354	251	416	998	5,019
Accumulated depreciation	2,185	172	147	844	3,348
Net book value	1,169	79	269	154	1,671
Year ended 31 December 2007					
Opening net book value	1,205	63	63	104	1,435
Additions	195	10	109	82	396
Depreciation	222	10	19	58	309
Closing net book value	1,178	63	153	128	1,522
Year ended 31 December 2008					
Opening net book value	1,178	63	153	128	1,522
Additions	239	27	137	78	481
Depreciation	248	11	21	52	332
Closing net book value	1,169	79	269	154	1,671

10. Goodwill

	Goodwill $'000
At 31 December 2007	
Cost	678
Accumulated amortization	272
Net book value	406
At 31 December 2008	
Cost	678
Accumulated amortization	272
Net book value	406

11. Subsidiaries:

The principal subsidiaries of M.T.I Wireless Edge Ltd Group, all of which have been included in these consolidated financial statements, are as follows: The figures in the percentage column present the proportion of voting rights and ordinary share capital held as at 31st December 2008.

Name	Country of incorporation	Percentage
AdvantCom Sarl'	Switzerland	100%
Global Wave Technologies Private Limited (India)	India	100% (*)

1. On March 2008, the company has invested in establishing of a wholly owned subsidiary Switzerland based AdvantCom Sarl, a wholly-owned subsidiary engaged in sales and marketing of antenna products.
2. In 2008, AdvantCom Sarl' established Global Wave Technologies Private Limited (India), a wholly-owned subsidiary which specialises in selling and distributing and manufacturing of antennas and accessories.

(*) Third party is entailed to 20% of the shares of GlobalWave Technologies Ltd. Pvt. The allotment of shares has not occurred yet.

12. Inventories

	2008	2007
	$'000	$'000
Raw materials and consumables	1,470	1,431
Work-in-progress	270	33
Finished goods and goods for resale	831	789
	2,571	2,253

13. Trade and other receivables

Trade receivables:

	2008	2007
	$'000	$'000
Trade receivables(*)	5,014	4,879
Unbilled receivables	844	1,354
Checks receivable	40	15
	5,898	6,248

(*) Trade receivables are non-interest bearing. They are generally on 60-90 credit day terms.

13. Trade and other receivables - current (Cont.)

As at 31 December 2008 trade receivables of $1,000 (2007 – $471) were past due but not impaired.

They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2008 $'000	2007 $'000
Up to 3 months	837	415
3 to 6 months	163	56
	1,000	471

Balance as of	2008 $'000	2007 $'000
Customer A	944	1,381
Customer B	187	70
Customer C	353	151
Customer D	62	256
Others	3,468	3,021
	5,014	4,879

Unbilled receivables:

	2008 $'000	2007 $'000
Actual completion costs	1,080	599
Profit earned	1,539	1,297
Billed revenue	(1,775)	(542)
Total Unbilled receivables– Projects	844	1,354

The balance of Unbilled receivables represents undue amounts at balance sheet date (no past due amounts).

Other receivables:

	2008 $'000	2007 $'000
Prepaid expenses	89	31
Advances to suppliers	60	29
Employees (*)	24	22
Other receivables	44	39
	217	121

(*) Balances with employees are linked and bear annual interest of 4%.

14. Other current financial assets

	2008 $'000	2007 $'000
Fair value through profit or loss	9,527	11,203

The other current financial assets consist of marketable securities.

15. Cash and cash equivalents

	2008 $'000	2007 $'000
In New Israeli Shekels		
Cash on hand and in banks	125	19
Deposits	514	34
	639	53
In U.S. dollars		
Deposits with banks	3,167	3,317
Total	3,806	3,370

The deposits are not linked and bear interest up to 1.15% as of December 31, 2008.

16. Trade and other payables - current

	2008 $'000	2007 $'000
Trade payables	2,326	2,294
Employees' wages and other related liabilities	616	544
Other payables	135	19
Accrued expenses	239	331
Government authorities	76	16
Related parties	167	18
	3,559	3,222

17. Other current financial liabilities

	2008 $'000	2007 $'000
Current portion of long-term liabilities to banks	-	22

18. Liabilities due to warrants

Warrants which contain an option to be exercised on a “cashless” basis (allowing the investors to get less shares but with no payment for the exercise, resulting in a lower dilution to existing shareholders). These warrants have been recorded at their fair value as at the balance sheet date, as a liability, according to B&S method. This was calculated with the following parameters:

Annual standard deviation 45% (2007 - 40%), time to maturity 0.2 years (2007 - 1.2), risk-free rate 2.4% (2007 - 4.5%).

As of December 31, 2008 the warrant fair value was negligible.

19. Financial instruments - Risk Management

The Group is exposed through its operations to one or more of the following financial risks:

- Foreign currency risk
- Credit risk

Foreign currency risk

Foreign exchange risk arises when Group operations enter into transactions denominated in a currency other than their functional currency. Management does mitigate that risk by holding cash and cash equivalents and deposit accounts in Israeli NIS.

Credit risks

Financial instruments which have the potential to expose the Group to credit risks are mainly trade receivables, other receivables and long term debts.

The Group holds cash and cash equivalents and deposit accounts at large banks in Israel and in the Switzerland, thereby substantially reducing the risk of loss.

With respect to trade receivables, the Group believes that there is not a material credit risk in light of the fact that the Group's policy to assess the credit risk including the use of insurance instruments of customers before entering contracts.

Moreover, the Group evaluates trade receivables on a day to day basis and adjusts the allowance for doubtful accounts accordingly.

20. Employee benefits

A. **Composition**:

	As at December 31	
	2008	**2007**
	$'000	**$'000**
Present value of the obligations	751	778
Fair value of plan assets	(519)	(512)
	232	266

B. **Movement in plan assets**:

	As at December 31	
	2008	**2007**
	$'000	**$'000**
At beginning of year	512	364
Foreign exchange gains	4	36
Expected return	32	-
Return on plan assets	(16)	13
Benefit paid	-	(10)
Actuarial gain (loss)	(13)	109
	519	512

20. Employee benefits (Cont.)

C. <u>Movement in the liability for benefit obligation</u>:

	As at December 31	
	2008	2007
	$'000	$'000
At beginning of year	778	595
Foreign exchange losses	10	96
Interest cost	47	43
Current service cost	56	-
Benefits paid	(3)	(22)
Actuarial (gain) loss	(137)	66
	751	778

Supplementary information

1. The Group's liabilities for severance pay retirement and pension pursuant to Israeli law and employment agreements are full covered - in part by managers' insurance policies, for which the Group makes monthly payments and accrued amounts in severance pay funds and the rest by the liabilities which are included in the financial statements

2. The amounts accrued in managers' insurance funds are registered under the name of the employees, and therefore such amounts are not stated in the financial information as liability for termination of employee-employer relationships or amounts funded.

3. The amounts funded displayed above include amounts deposited in severance pay funds with the addition of accrued income. According to the Severance Pay Law, the aforementioned amounts may not be withdrawn or mortgaged as long as the employer's obligations have not been fulfilled in compliance with Israeli law.

4. Principal nominal actuarial assumptions:

	As at December 31, 2008	As at December 31, 2008
	2008	2007
	$'000	$'000
Discount rate on plan liabilities	5.3%	6.3%
Expected rate of return on plan assets	5.02%	6%
Expected increase in pensionable salary	0%-3.5%	3.5%-5%

D. The expenses and income in the income statement from employee benefits are included as salary and wage expenses in the relevant clauses.

21. Deferred Tax

Deferred tax is calculated on temporary differences under the liability method using the tax rate at the year the deferred tax assets are recovered.

The movement on the deferred tax account is as shown below:

	2008 $'000	2007 $'000
At 1 January	95	69
Profit and loss charge	22	26
At 31 December	117	95

Deferred tax assets have been recognized in respect of all differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Details of the deferred tax amounts charged to reserves are as follows:

	Charged to reserves 2008 $'000	Charged to reserves 2007 $'000
Accrued severance pay	60	66
Other temporary and deductible differences	57	29
	117	95

22. Share capital

	Authorized			
	2008 Number	2008 NIS	2007 Number	2007 NIS
Ordinary shares of NIS 0.01 each	100,000,000	1,000,000	100,000,000	1,000,000

	Issued and fully paid			
	2008 Number	2008 NIS	2007 Number	2007 NIS
Ordinary shares of NIS 0.01 each at beginning of the year	53,779,998	537,800	53,779,998	537,800
Buy back purchase of shares*	2,208,008	22,080	-	-
At end of the year	51,571,990	515,720	53,779,998	537,800

* During the year under the Company purchased for cancellation 2,208,008 ordinary shares for total of $917 thousand.

23. Share-based payment

A new option scheme for key Directors and Employees was approved at the company's Annual General Meeting on May 15th, 2008. Under the plan, options for 1.5 million shares were granted on July 15, 2008. The vesting date of 1st April 2011 and an exercise price of 30 pence (representing approximately 60 cents at the time of grant, 44 cents as of December 31, 2008) per share. The fair value for each option according Black and Scholes option pricing method which was used is 5 pence (approximately 11 cents at the time of grant, 7 cents as of December 31, 2008).

The options were granted as part of a plan that was adopted in accordance with the provision of section 102 of the Israeli Income Tax Ordinance**.**

	2008 weighed average exercise $	2008 Number
Outstanding at beginning of year	-	-
Granted during the year	0.44	1,500,000
Forfeited during the year	-	-
Exercised during the year	-	-
Lapsed during the year	-	-
Outstanding at the end of the year	0.44	1,500,000

24. Commitments and guarantees

A. Royalty commitments

The Group is committed to pay royalties to the Government of Israel on proceeds from sales of products in the research and development of which the Government participates by way of grants. Under the terms of Group's funding from the Israeli Government, royalties of 2%-3.5% are payable on sales of products developed from a project so funded, up to 100% of the amount of the grant received, including amounts received by the Parent Group through July 1, 2000.

The maximum royalty amount payable by the Group at December 31, 2008 is US$ 470,000.

During the year 2008 the Group did not pay any royalties.

B. Guarantees

The Group has guarantees in favour of customers in the amount of US$ 483,000. The guarantees are mainly to guarantee advances received from customers.

C. Contingent liability

On July 3, 2005, Mars Antenna RF Systems Ltd. ("Mars") filed a complaint (Civil Case No. 05/1867) in the District Court of Tel Aviv-Yafo against the Group, the parent Group and the CEO of the Group.

24. Commitments and guarantees (Cont.)

C. Contingent liability (Cont.)

The lawsuit relates to certain printed circuits in three models of antennas that the Group sells to one of its customers. Mars claims that the printed circuits are an infringement of Mars' rights in its antennas, raising causes of action under copyright, passing off, unjust enrichment, negligence, breach of statutory duty and the Law for Protection of Integrated Circuits.

The lawsuit seeks monetary damages in the nominal sum of 100,000 NIS, (approximately - US$ 26,300 which it reserves the right to modify in the future) and a permanent injunction, collection of the accused antennas, appointment of a receiver and an accounting of profits.

In addition, Mars petitioned for provisional remedies prior to final judgment, including preliminary injunction, temporary receivership, and collection of the accused antenna. The Group answered the claims, stating that Mars does not own the copyright in the relevant circuits, that the Law for Protection of Integrated Circuits does not apply to the antennas, that consumers are not confused by any similarity, and other defences.

On 22 December 2005, the District Court partially granted Mars' petition for Provisional remedies and preliminarily enjoined the Group from manufacturing and selling the relevant antennae. On 26 December 2005, the Group moved for a stay of enforcement of the preliminary injunction until the Supreme Court's decision on the Group's anticipated petition for interlocutory appeal. On 26 October 2006, the Supreme Court acknowledges, in part, the Group's claim and cancelled the petition with regard to a specific client for which the antennas were sold.

In addition, on November 3, 2005, the Group filed a complaint against Mars (Civil Case No. 05/2422) in the District Court of Tel Aviv-Yafo for infringement of the Group's design of its radome covers for antennas and its mounting kit. The lawsuit seeks monetary damages in the nominal sum of 500,000 NIS, (approximately US$ 131,510 which it reserves the right to modify in the future), and a permanent injunction. In its answer, filed January 5, 2006, Mars defended against the Group's claim, itself issuing a counter-claim, stating that the legal action taken by the Group presents improper usage of the legal procedures and therefore is entitled to compensation as a result of damages caused by unfounded claims. On July 2, 2006, the court confirmed the Group's request to combine the two law-suits that were filed. The court also ruled that the hearings will begin on May 9, 2007.

On May 9, 2007 a court hearing in the joint case was held. In the hearing Mars filed a request to enlarge the suit amount to 2M NIS, approximately US$ 526,040, and to order MTI to revile the number of antennas under the case that were sold. Mars request re enlarging the amount was

24. Commitments and guarantees (Cont.)

C. Contingent liability (cont.)

approved and the other request was not answered yet. The next court hearing was set to March 2nd, 2008.

On November 20, 2008 Mars filed an enlargement suit for the total amount of 2M NIS, approximately US$ 526,040, and to order MTI to revile the number of antennas under the case that were sold, claiming that the replacement antennas developed by the Company is infringing Mars rights as well.

The next court hearing was set to April 1st, 2009.

The information usually required by IAS 37 Provisions, contingent liabilities and contingent assets is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

25. Transactions with related parties

The Parent Group and other related party provides certain services to the Group. During 2008, the Group paid $651,000 (2007: $599,000) to the Parent Group and other related party, for these services.
As of December 31, 2008 the Group owes to related party 147 thousand dollars (2007: the company has no balance owing to related party).

26. Subsequent events

The Board of directors has decided to declare a dividend of 1.16 cent per share being approximately $600,000 in total.