



Redknee Solutions Inc.
("Redknee" or the "Company")

Results for the year ended September 30, 2008

Redknee (TSX/AIM: RKN), a leading provider of mission-critical software and services for communications service providers, including end-to-end convergent billing, real-time charging and rating and personalization, today announces its results for the financial year ended September 30, 2008.

Financial Highlights:

- Second half 2008 revenue up 48% to \$26.6 million (2H07 - \$17.9 million)
- 2008 revenue up 31% to \$50.7million (2007 - \$38.6 million)
- Second half gross margin increases to 71% (2H07 – 59%)
- 2008 gross margin increases to 70% (2007 – 67%)
- Basic loss per share of (\$0.08) (2007 – loss per share of (\$0.20))
- Cash and investments at \$15.3 million (March, 30, 2008 - \$16.0 million)

Canadian-based Redknee reports in Canadian dollars but generates a majority of its revenue from US dollar, Euro and UK pound priced and denominated contracts.

Operating Highlights:

- Over 20 new operators in 2008 across APAC, EMEA and Americas (2007 – nine new operators);
- Further enhanced recurring revenue in Redknee's business model:
 - Secured first multi-year revenue share agreement,
 - Integrated interconnect service bureau operation acquired from Argent Networks,
 - Secured first multi-year term-license agreement generating recurring revenues,
- Three new mission-critical solutions introduced during the year;
- Six new patents awarded and eight new patent applications filed;
- US\$10 million credit line obtained from Export Development Canada.

Lucas Skoczowski, CEO for Redknee commented:

"After 12 months of record growth, Redknee enters fiscal 2009 in a stronger position. Our strategy has positioned us well to benefit from the continued increase in wireless subscriber penetration throughout the high growth markets of Africa, the Middle East and Asia Pacific, while addressing niche growth segments of Tier-1 operators in Europe and North America. In the current uncertain economic environment, we remain focused on accelerating our return to profitability, while executing our strategy in a disciplined fashion."

Please see section regarding **Forward-Looking Statements** which forms an integral part of this release. These results along with the audited consolidated financial statements and the Company's MD&A and AIF are available on the Company's website at www.redknee.com and on SEDAR at www.sedar.com. The Company's annual audited financial statements together with the Annual Report for fiscal year 2008 will be posted to shareholders in due course.

CHIEF EXECUTIVE REVIEW

Introduction

Fiscal 2008 has proven to be another record year for Redknee in terms of both revenue and new business momentum. We have continued to execute our corporate strategy, and as a result we have achieved record levels of revenue (\$50.7 million) and a record number of new operator additions (over 20). Redknee gained market share in the high growth regions, while continuing to focus on our niche growth segments of Tier-1 operators in Europe and North America.

Growth Strategy

As stated in our March 31, 2008 interim results, Redknee continues to be dedicated to delivering on the following three long-term measures of success:

- Provide mission-critical solutions to our global customer base;
- Achieve market leadership in our served addressable market, including the high growth market regions consisting of Africa, the Middle East and Asia Pacific; and
- Continue to increase the proportion of recurring revenues in our business model.

Progress continued to be made on each of these three objectives throughout fiscal 2008.

All Redknee's mission critical solutions have experienced sales growth in 2008, with Turnkey Converged Billing generating over 40% of revenue, an increase of 42% over fiscal 2007. Furthermore, Redknee introduced three new mission-critical solutions into the marketplace during fiscal 2008:

- *InBill*, an interconnect billing and content management solution that is designed to manage carrier-to-carrier and third party invoices;
- *Mobile Money*, a suite of capabilities that is designed to address subscriber needs in the high growth markets from ways to top-up mobile handsets while roaming from country to country, to using the handset as a mobile wallet to store and transfer funds; and
- *One Call Resolution*, designed to enable call centres to rapidly resolve subscribers' issues and service complaints, while enabling the reduction of call centre costs and increasing subscriber satisfaction.

On the market leadership front, Redknee's sustained focus on high growth regions and specific business segments in 2008 resulted in a record number of new operator wins and a 38% increase in served addressable market share in our converged billing segment. Targeting the high-growth regions of Africa, the Middle East, and Asia Pacific, as well as high-growth business segments within North America and Europe, has allowed Redknee to capitalize on markets that have continued to expand.

Finally, on Redknee's recurring revenue measure of success, second half of fiscal 2008 recurring revenues represented 33% of overall revenue versus 29% in the first half of fiscal 2008. The recurring revenue model was enhanced by strong support agreement renewals, signing of a multi year term license agreements and enhanced by our acquisition of InBill from Argent Networks.

Revenue

Redknee posted record levels of revenue for fiscal 2008 (\$50.7 million), a 31% increase year on year growth as compared with a 4% increase for fiscal 2007. Redknee has always been, and continues to be, a global company with the majority of its revenue coming from international markets. In fiscal 2008, Redknee continued to expand its global presence, which resulted in sales growing in all of our markets, with our fastest growing region being Asia Pacific, which grew by 97% to \$12.5 million.

Operators

Redknee's customer base includes some of the largest mobile communications service providers worldwide, and consists of more than 70 operators in over 50 countries. Additionally, no single customer constitutes more than 16% of Redknee's revenue, and the global nature of our customer base helps to ensure that the Company is not reliant on any one geography or customer.

Fiscal 2008 has been a record year for customer growth at Redknee, adding over 20 new operators/installations from our organic sales efforts and the acquisition of the InBill operations of Argent.

Market Outlook

Redknee continues to focus on the high-growth markets of Africa, the Middle East and Asia Pacific. According to industry analysts, over 80% of new mobile subscribers will come from these high-growth markets.

The Tier-1 markets continue to offer significant opportunities for business growth in specific areas associated with data applications and subscriber experience management. Industry analysts project that data services, the area Redknee specializes in, will continue to grow at over 10% year over year within Tier-1 markets.

Trading on Toronto Stock Exchange

On October 21, 2008, Redknee announced its common shares had been approved for listing on the Toronto Stock Exchange ("TSX"). Redknee believes the listing of its shares on the TSX will enable it to broaden its investor base, raise the Company's profile in Canada and North America and provide a presence on its local Canadian exchange.

Financial Review

Second Half 2008

For the six month period ended September 30, 2008, Redknee's revenue grew by 48% to \$26.6 million compared to revenue of \$17.9 million in the second half of fiscal 2007. Gross margin in the period increased to \$19.0 million or 71% of revenue from 59% of revenue in the second half of fiscal 2007. Net loss for the period declined to \$3.0 million from \$7.2 million in fiscal 2007, including several one-time costs in fiscal 2008 such as expenses related to the implementation of Bill 198 in Ontario, the listing of the Company's shares on the TSX and the procurement of a US \$10 million line of credit from the Export Development Canada. Cash and investments as at September 30, 2008 was \$15.3 million versus \$16.0 million as at March 31, 2008.

Fiscal 2008

For the year ended September 30, 2008, revenue was \$50.7 million, a 31% increase over fiscal 2007. Gross margin for the year increased to 70% compared to 67% in fiscal 2007. Net loss for the period declined to \$4.4 million from \$10.4 million in fiscal 2007. Cash balances declined by \$8.4 million in the period from \$23.7 million at September 30, 2007 to \$15.3 million at September 30, 2008 due to the operating loss of \$4.4 million, the acquisition of InBill for \$1.0 million and an increase in working capital to support the growth of the Company.

The following table outlines the Company's results of operations for the period indicated.

	2H 08	2H 07	Δ % vs. 2H07	FY08	FY07	Δ % vs. FY07
Revenue						
Software, services and other	\$ 18,775	\$ 12,071	56%	\$ 36,666	\$ 27,189	35%
Support	7,838	5,861	34%	14,035	11,427	23%
	26,613	17,932	48%	50,701	38,616	31%
Cost of revenue	7,587	7,300	4%	14,973	12,796	17%
Gross profit	19,027	10,632	79%	35,729	25,820	38%
	71%	59%		70%	67%	
Operating expenses						
Selling and marketing	8,456	6,752	25%	16,567	13,707	21%
General and administrative	5,929	3,989	49%	10,769	8,066	34%
Research and development	6,943	4,809	44%	13,464	10,421	29%
Amortization of property and equipment	282	113	150%	409	287	43%

Foreign currency exchange loss (gain)	125	2,231	-94%	(1,584)	1,858	-185%
	21,735	17,894	21%	39,625	34,338	15%
Loss from operations	(2,709)	(7,262)	63%	(3,897)	(8,518)	54%
Interest income	117	492	-76%	451	658	-31%
Interest expense	(18)	(15)	20%	(28)	(1,665)	-98%
Loss before income taxes	(2,610)	(6,785)	62%	(3,473)	(9,526)	64%
Income taxes	346	458	-24%	938	882	6%
Loss for the period	(2,956)	(7,243)	59%	(4,411)	(10,407)	58%

FORWARD-LOOKING STATEMENTS

In this release certain statements which are not historical facts may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements related to Redknee's projected revenues, earnings, growth rates, revenue mix and product plans are forward looking statements as are any statements relating to future events, conditions or circumstances. The use of terms such as "believes", "anticipated", "expected", "projected", "targeting", "estimate", "intend" and similar terms are intended to assist in identification of these forward-looking statements. Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause the actual results, performance, achievements or developments of Redknee to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements.

Forward-looking statements are effective as of September 30, 2008 and are based on management's current plans, estimates, projections, beliefs and opinions, and Redknee does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

Many factors could cause the actual results of Redknee to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements, including, without limitation, each of the following factors, which are further discussed under the heading "Risk Factors" in Redknee's most recent Annual Information Form ("AIF"), a copy of which is available on SEDAR at www.sedar.com:

- The Company's revenues may fluctuate from quarter to quarter and year to year depending upon sales cycles, customer demand and the timing of customer order purchase decisions;
- The Company's gross margins may fluctuate from period to period depending upon a variety of factors including product mix in the quarter, competitive pricing pressures and the level of sales generated through indirect channels;
- The Company faces intense competition in markets where there are typically several different competing technologies and rapid technological changes;
- The Company's growth is dependent on the development of the market for communications billing software and the decisions of the Company's target customers to deploy and further invest in those technologies which decisions may be impacted upon by changing economic and industry conditions;
- The majority of the Company's expenses are denominated in Canadian dollars while its sales are generally denominated in U.S. dollars or Euros. The Company's earnings are impacted by fluctuations in the exchange rates between these and other currencies in which the Company trades;
- The introduction and sale of new products by the Company may impact the timing of revenue recognition which could raise greater revenue fluctuations from quarter to quarter than has been experienced historically; and
- The Company is exposed to credit risk related to accounts receivable from customers and amounts owing from channel partners and other third parties that the Company engages in business with. Third parties may default on their obligations to the Company due to bankruptcy, lack of liquidity, operational failure or other reasons.

The Company undertakes no obligation, except as required by law, to update publicly or otherwise any forward-looking statements, whether as a result of new information, future events or otherwise, or the above list of factors affecting this information.

About Redknee

Redknee is a leading global provider of innovative communication software products, solutions and services. Redknee's award-winning solutions enable operators to monetize the lifetime value of each subscriber transaction, while personalizing the subscriber experience to meet mainstream, niche and individual market segment requirements. Redknee's revenue generating solutions provide advanced converged billing, rating, charging and policy for voice, messaging and new generation data services to over 70 network operators in over 50 countries. Established in 1999, Redknee Solutions Inc. (TSX:RKN, AIM: RKN) is the parent of the wholly-owned operating subsidiary Redknee Inc. and its various subsidiaries. References to Redknee refer to the combined operations of those entities. For more information, please visit www.redknee.com.

CONFERENCE CALL

The Company will discuss the results on a conference call at 13:00 GMT (08:00 a.m. EST) today.

To participate in the conference call please dial the following numbers five minutes before the start of the call to ensure your participation:

Local dial-in number	416 644 3418
Toll-free North America	800 732 6179
Toll-free United Kingdom	00 800 2288 3501

The conference call will be archived for replay by telephone at: 416-640-1917 or Toll –Free at 1-877-289- 8525 (passcode #21290759) from approximately 10:00 a.m. December 2, 2008 EDT time through to December 16, 2008.

For further details please contact:

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Redknee Solutions Inc.

Consolidated Balance Sheets

As at September 30, 2008 and 2007

(expressed in Canadian dollars) (unaudited)

	2008 \$	2007 \$
Assets		
Current assets		
Cash and cash equivalents	15,242,607	8,927,770
Short-term investments	56,363	14,763,046
Accounts receivable	11,192,182	5,992,035
Unbilled revenue	6,060,452	3,925,232
Investment tax credits and income taxes receivable	600,000	400,000
Prepaid expenses	1,066,584	1,064,183
Goods in transit	325,716	146,308
	<u>34,543,904</u>	<u>35,218,574</u>
Restricted cash	409,919	-
Property and equipment	580,053	250,020
Intangible assets	1,388,761	-
Other assets	528,294	90,004
	<u>37,450,931</u>	<u>35,558,598</u>
Liabilities		
Current liabilities		
Accounts payable	2,172,268	1,598,436
Accrued liabilities	8,678,539	5,045,954
Income taxes payable	2,100,785	2,444,196
Deferred revenue	5,084,287	3,403,246
Current portion of obligations under capital leases	619	49,371
	<u>18,036,498</u>	<u>12,541,203</u>
Shareholders' Equity		
Share capital , net of employee share purchase loans	39,686,701	39,768,298
Contributed surplus	4,410,677	3,520,838
Deficit	(24,471,986)	(20,060,782)
Accumulated other comprehensive loss , net of income taxes	(210,959)	(210,959)
Total deficit and accumulated other comprehensive loss	<u>(24,682,945)</u>	<u>(20,271,741)</u>
	<u>19,414,433</u>	<u>23,017,395</u>
	<u>37,450,931</u>	<u>35,558,598</u>
Commitments, guarantees and contingencies		

Redknee Solutions Inc.

Consolidated Statements of Operations

For the years ended September 30, 2008 and 2007

(expressed in Canadian dollars) (unaudited)

	2008	2007
	\$	\$
Revenue		
Software, services and other	36,665,989	27,189,249
Support	14,035,355	11,427,116
	<u>50,701,344</u>	<u>38,616,365</u>
Cost of revenue	<u>14,972,692</u>	<u>12,796,290</u>
Gross profit	<u>35,728,652</u>	<u>25,820,075</u>
Operating expenses		
Sales and marketing	16,566,834	13,706,980
General and administrative	10,768,930	8,066,164
Research and development	13,464,000	10,420,666
Amortization of property and equipment and intangible assets	409,489	286,720
Foreign exchange (gain) loss	(1,584,049)	1,857,573
	<u>39,625,204</u>	<u>34,338,103</u>
Loss from operations	(3,896,552)	(8,518,028)
Interest income	451,341	657,554
Interest expense	(27,584)	(1,665,072)
Loss before income taxes	(3,472,795)	(9,525,546)
Income taxes		
Current	938,409	881,885
Loss for the year	<u>(4,411,204)</u>	<u>(10,407,431)</u>
Loss per common share		
Basic	(0.08)	(0.20)
Diluted	(0.08)	(0.20)
Weighted average number of common shares		
Basic	56,328,674	51,898,144
Diluted	56,328,674	51,898,144

Redknee Solutions Inc.

Consolidated Statements of Comprehensive Loss

For the years ended September 30, 2008 and 2007

(expressed in Canadian dollars)

	2008	2007
	\$	\$
Loss for the year	(4,411,204)	(10,407,431)
Other comprehensive income, net of income taxes		
Foreign currency translation adjustment	-	174,527
Comprehensive loss for the year	<u>(4,411,204)</u>	<u>(10,232,904)</u>

Redknee Solutions Inc.

Consolidated Statements of Shareholders' Equity
For the years ended September 30, 2008 and 2007
(expressed in Canadian dollars) (unaudited)

	Share capital		Employee share purchase loans	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total Shareholders' equity
	Number	Amount \$					
Balance - September 30, 2006	37,915,628	3,872,010	-	2,943,004	(9,002,010)	(385,486)	(2,572,482)
Changes in accounting policy	-	-	-	-	(651,341)	-	(651,341)
Issued pursuant to share purchase plan	215,653	267,410	-	-	-	-	267,410
Issued on exercise of stock options pursuant to share purchase plan	3,226,445	1,458,461	-	(358,293)	-	-	1,100,168
Issued on exercise of stock options	38,438	21,443	-	-	-	-	21,443
Issue of restricted share units	966,250	100,750	-	(100,750)	-	-	-
Restricted share units held in treasury by trust	(885,000)	-	-	-	-	-	-
Redemption of shares	(75,000)	(7,659)	-	(85,341)	-	-	(93,000)
Exchange of shares	-	-	-	-	-	-	-
Issued on initial public offering	16,700,000	39,893,878	-	-	-	-	39,893,878
Organization costs related to initial public offering	-	(5,147,747)	-	-	-	-	(5,147,747)
Issued on exercise of stock options	248,212	205,283	-	-	-	-	205,283
Stock-based compensation	-	-	-	1,122,218	-	-	1,122,218
Loss for the year	-	-	-	-	(10,407,431)	-	(10,407,431)
Employee share purchase loans	-	-	(895,531)	-	-	-	(895,531)
Other comprehensive income	-	-	-	-	-	174,527	174,527
Balance - September 30, 2007	58,350,626	40,663,829	(895,531)	3,520,838	(20,060,782)	(210,959)	23,017,395
Stock-based compensation	-	-	-	889,839	-	-	889,839
Loss for the year	-	-	-	-	(4,411,204)	-	(4,411,204)
Employee share purchase loans	-	-	(81,597)	-	-	-	(81,597)
Balance - September 30, 2008	58,350,626	40,663,829	(977,128)	4,410,677	(24,471,986)	(210,959)	19,414,433

Redknee Solutions Inc.

Consolidated Statements of Cash Flows

For the years ended September 30, 2008 and 2007

(expressed in Canadian dollars) (unaudited)

	2008 \$	2007 \$
Cash provided by (used in)		
Operating activities		
Loss for the year	(4,411,204)	(10,407,431)
Items not involving cash		
Amortization of property and equipment	291,489	286,720
Amortization of intangible assets	118,000	-
Unrealized foreign exchange (gain) loss	(1,371,401)	449,954
Stock-based compensation	889,839	1,210,050
Debt accretion	-	818,750
Change in non-cash operating working capital	(1,708,257)	2,029,307
	<u>(6,191,534)</u>	<u>(5,612,650)</u>
Financing activities		
Repayment of notes payable	-	(581,896)
Repayment of notes payable to related parties	-	(774,239)
Proceeds from issuance of common shares	-	577,458
Proceeds from initial public offering, net of costs	-	34,794,519
Share buyback	-	(93,000)
Repayment of long-term debt	-	(8,275,792)
Repayment of obligations under capital leases	(48,752)	(57,410)
	<u>(48,752)</u>	<u>25,589,640</u>
Investing activities		
Sale (purchase) of short-term investments	14,706,683	(14,227,590)
Purchase of property and equipment	(586,966)	(35,403)
(Increase) decrease in other assets	(435,581)	156,206
Loan to Argent Networks PTY Ltd.	(529,463)	-
Repayment of loan to Argent Networks PTY Ltd.	526,754	-
(Increase) decrease in restricted cash	(409,919)	51,465
Acquisition of Argent Networks PTY Ltd., net of cash acquired	(997,985)	-
	<u>12,273,523</u>	<u>(14,055,322)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>281,600</u>	<u>103,396</u>
Increase in cash and cash equivalents during the year	6,314,837	6,025,064
Cash and cash equivalents - Beginning of year	<u>8,927,770</u>	<u>2,902,706</u>
Cash and cash equivalents - End of year	<u>15,242,607</u>	<u>8,927,770</u>
Supplemental cash flow information		
Interest paid	27,584	1,653,068
Interest received	451,341	667,884
Cash income taxes/investment tax credits received, net of income taxes paid	1,016,832	1,393,246