



Redknee Solutions Inc.

("Redknee" or "the Company")

REDKNEE REPORTS PROFITABLE GROWTH IN Q3-2009

TORONTO – August 5, 2009 - Redknee (TSX:[RKN](#)), a leading provider of business-critical software and services for communications service providers, including end-to-end converged billing, real-time charging, rating and personalization, today announced its results for the third quarter of fiscal 2009, ended June 30, 2009.

Q3 HIGHLIGHTS:

- Third quarter 2009 revenue up 21% to \$14.5M (Q3 2008: \$11.9M)
- Gross margin increased to 79% (Q3 2008: 64%)
- EBITDA profit of \$2.5M (Q3 2008: loss of \$2.5M)
- Operating profit of \$0.8M (Q3 2008: operating loss of \$3.6M)
- Signed a multi-million dollar contract for the Turnkey Converged Billing ("TCB") solution in EMEA
- Signed multi-million dollar license expansion with a Tier-1 EMEA operator
- Secured a service bureau contract with a leading Asia Pacific operator
- Recognized by Stratecast as a "Top 10" To Watch In OSS/BSS Elite
- Cash and investments at \$22.4M (September 30, 2008: \$15.3M)
- Received another patent (**17** granted patents, **50** pending applications)

"Redknee continues to execute on our stated corporate growth strategy. We remain focused on annual growth with emphasis on increasing our recurring revenues, while continuing to take market share in the real-time monetization space" noted Lucas Skoczowski, CEO for Redknee. He added "Our disciplined execution has resulted in increased revenue, a strong cash position, and another profitable quarter. While our focus remains on driving annual profitable growth, quarter to quarter revenue volatility and foreign exchange headwind will continue to present challenges.

Please see section regarding **Forward-Looking Statements** which form an integral part of this release. These results, along with the unaudited consolidated financial statements and the Company's MD&A are available on the Company's website at www.redknee.com and on SEDAR at www.sedar.com

OVERVIEW

Redknee remains focused on the three core elements of its corporate strategy:

1. Continued expansion and evolution of our business-critical solutions to our global customer base;
2. Market share growth and leadership in our served addressable market; and
3. An increasing proportion of sustainable recurring revenues.

¹ Earnings Before Interest Expense, Income Taxes, Depreciation, and Amortization (EBITDA) is a non-GAAP measure. While useful in understanding Company operational results, EBITDA is not standardized and may not be comparable to similar results reported by other companies. EBITDA described above is calculated as Income (loss) from operations, net of foreign exchange gain/loss, amortization and stock-based compensation.

Sales of Redknee's business-critical solutions have continued to grow in the third quarter of fiscal 2009, with our Turnkey Converged Billing and Next Generation Rating & Charging solutions contributing more than 95% of revenue.

Stratecast|Frost and Sullivan, an industry analyst, presented Redknee the Stratecast Global OSS/BSS Top Ten to Watch Award. This recognition is awarded to responsive and well-managed companies that have emerged as real competitors to the established OSS/BSS elite. Stratecast specifically recognized Redknee for delivering a well-defined and clearly differentiated product offering, along with a level of agility and a culture of innovation that stands out amongst the competition around the globe.

Redknee's market leading solutions continue to be recognized globally by telecom providers. In the third quarter Redknee:

- ✓ Signed a multi-million dollar contract for Redknee's Turnkey Converged Billing ("TCB") solution. This solution enables the EMEA operator to manage its wireless, fixed, and broadband services with a complete converged billing solution, providing a seamless triple-play experience to its subscribers.
- ✓ Signed a multi-million dollar license expansion agreement for its Next Generation Rating and Charging (NGRC) solution, which provides advanced rating and charging capabilities and facilitates the increased adoption and consumption of the EMEA operator's growing data services.
- ✓ Expanded its customer base in the high growth markets by adding a leading Tier-1 operator in the Asia Pacific (APAC) region.

Financial Review

For the third quarter of fiscal 2009, Redknee's revenue grew by 21 % to \$14.5 million compared to revenue of \$11.9 million in the third quarter of fiscal 2008. The majority of the Company's revenue is denominated in U.S. dollars and thus revenues may be impacted by exchange rate fluctuations.

Recurring revenue was enhanced by sales and renewals of customer support services, software subscriptions and term licenses. On a four-quarter trailing basis, recurring revenues were at 38 % of overall revenues.

Gross margin in the period increased to \$11.5 million or 79% of revenue from \$7.7 million or 64% of revenue in the third quarter of fiscal 2008.

Redknee recorded an EBITDA profit of \$2.5 million for the third quarter of fiscal 2009 as compared to an EBITDA loss of \$2.5 million for the third quarter of fiscal 2008.

For the nine month period ended June 30, 2009, the Company experienced a foreign exchange gain of \$ 0.9 million. For the quarter ended June 30, 2009, the Company recognized a foreign currency exchange loss of \$1.3 million, as compared to a foreign currency exchange loss of \$0.7 million in the same period of fiscal 2008.

Net income in Q3 fiscal 2009 was \$0.5 million or \$ 0.01 per share, as compared to a loss of \$3.9 million or \$0.07 per share in Q3 fiscal 2008

Cash and investments as at June 30, 2009 was \$22.4 million versus \$15.3 million as at September 30, 2008.

CONFERENCE CALL

The Company will discuss the results on a conference call and webcast at 7:30 a.m. ET time on Thursday, August 6, 2009.

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	416-644-3431
Toll-free North America	800-814-4859
Toll-free United Kingdom	00 800 2288 3501

A webcast will also be available at: <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2742300>
A copy of the presentation for the call will be available at: http://redknee.com/investors/company_reports

Conference Replay

The conference call will be archived for replay by telephone at: 416-640-1917 or Toll-Free at 1-877-289-8525 (Passcode 21311221#) from 10:30 am on August 6, to 11:59 pm on August 20, 2009.

For further details please contact:

Redknee Solutions Inc.

Lucas Skoczkowski, Chief Executive Officer
David Charron, Chief Financial Officer
Isabel Fernandes-Cunha, Investor Relations

Tel: +1 905 625 2622
Fax: +1 905 625 2773

FORWARD-LOOKING STATEMENTS

Certain statements in this Release 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, staffing and resources, 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 based on management's current plans, estimates, projections, beliefs and opinions. Except as required by law, Redknee does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

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

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 in the section of the Company's AIF entitled Risk Factors, and which is available on SEDAR at www.sedar.com and on the Company's web-site at www.redknee.com.

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 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. References to Redknee refer to the combined operations of the parent Redknee Solutions Inc, and all wholly owned subsidiaries.

Redknee®, Redknee Solutions, and the Redknee logo are trademarks or registered trademarks of Redknee Solutions Inc. All other company, product names and any registered and unregistered trademarks mentioned (if any) are used for identification purposes only and remain the exclusive property of their respective owners.

For more information, visit www.redknee.com.

Redknee Solutions Inc.

Redknee Solutions Inc.
Interim Consolidated Balance Sheet
(Unaudited)

(expressed in Canadian dollars)

	June 30, 2009	September 30, 2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	18,274,398	15,242,607
Short-term investments	4,135,288	56,363
Trade accounts and other receivables	13,122,935	11,192,182
Unbilled revenue	2,280,758	6,060,452
Investment tax credits and income taxes receivable	675,000	600,000
Prepaid expenses	1,088,326	1,066,584
Goods in transit	526,069	325,716
	40,102,774	34,543,904
Restricted cash (note 7)	605,774	409,919
Property and equipment	669,972	580,053
Intangible assets	1,217,849	1,388,761
Other assets	557,411	528,294
	43,153,780	37,450,931
Liabilities		
Current liabilities		
Accounts payable	1,232,850	2,172,268
Accrued liabilities	8,349,682	8,678,539
Income taxes payable	2,844,527	2,100,785
Deferred revenue	6,982,290	5,084,287
Current portion of obligations under capital leases	-	619
	19,409,349	18,036,498
Shareholders' Equity		
Share capital , net of employee share purchase loans	40,388,274	39,686,701
Contributed surplus	4,406,035	4,410,677
Deficit	(20,896,913)	(24,471,986)
Accumulated other comprehensive loss , net of income taxes	(152,965)	(210,959)
Total deficit and accumulated other comprehensive loss	(21,049,878)	(24,682,945)
	23,744,431	19,414,433
	43,153,780	37,450,931
Guarantees and contingencies (note 7)		

Redknee Solutions Inc.
Interim Consolidated Statement of Operations
(Unaudited)

(expressed in Canadian dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2009 \$	2008 \$	2009 \$	2008 \$
Revenue				
Software, services and other	8,861,397	8,078,812	26,195,166	25,425,719
Support and subscription	5,618,489	3,860,394	16,251,870	10,601,626
	14,479,886	11,939,206	42,447,036	36,027,345
Cost of revenue	3,008,663	4,284,895	9,300,867	11,670,985
	11,471,223	7,654,311	33,146,169	24,356,360
Operating expenses				
Selling and marketing	3,765,183	4,005,832	12,040,384	12,116,903
General and administrative	2,470,037	2,726,886	7,451,500	7,566,437
Research and development (note 4)	2,931,780	3,731,752	9,591,644	10,252,886
Amortization of property and equipment and intangible assets	169,897	91,848	482,026	218,943
Foreign currency exchange (gain) loss	1,311,451	665,267	(909,409)	(1,043,737)
	10,648,348	11,221,585	28,656,145	29,111,432
Income (loss) from operations	822,875	(3,567,274)	4,490,024	(4,755,072)
Interest income	4,968	57,292	45,751	391,500
Interest expense	(10,681)	(102,890)	(14,880)	(112,482)
	817,162	(3,612,872)	4,520,895	(4,476,054)
Income (loss) before income taxes				
Income taxes				
Current	309,147	241,406	945,822	833,781
	508,015	(3,854,278)	3,575,073	(5,309,835)
Net income (loss) for the period				
Net income (loss) per common share (note 2)				
Basic	0.01	(0.07)	0.06	(0.09)
Diluted	0.01	(0.07)	0.06	(0.09)
Weighted average number of common shares (note 2)				
Basic	57,107,659	56,347,051	57,107,659	56,347,051
Diluted	59,122,135	57,232,051	58,226,223	57,232,051

Redknee Solutions Inc.

Interim Consolidated Statement of Cash Flows

(Unaudited)

(expressed in Canadian dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2009 \$	2008 \$	2009 \$	2008 \$
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	508,015	(3,854,278)	3,575,073	(5,309,835)
Items not involving cash				
Amortization of property and equipment	112,115	91,848	311,114	218,943
Amortization of intangible assets	57,782		170,912	
Unrealized foreign currency exchange gain	2,114,121	275,041	(1,333,887)	(1,176,950)
Stock-based compensation (note 3)	189,935	288,620	513,058	766,214
Change in non-cash operating working capital (note 5)	(417,866)	282,355	3,537,092	(3,660,586)
	2,564,102	(2,916,414)	6,773,362	(9,162,214)
Financing activities				
Collection of employee loans	109,621		168,650	
Proceeds from exercise of options	15,224		15,224	
Repayment of obligations under capital leases		(18,585)	(619)	(43,672)
	124,845	(18,585)	183,255	(43,672)
Investing activities				
(Purchase of) proceeds from short-term investments	4,958,910	1,300,497	(4,078,925)	8,701,591
Purchase of property and equipment	(88,088)	(163,939)	(401,033)	(340,144)
(Increase) decrease in other assets	8,118	96,407	(29,116)	(261,744)
Loan to Argent Networks PTY Ltd.				(529,463)
Collection of loan from Argent Networks PTY Ltd.				526,754
Increase in restricted cash	50,911	464	(195,854)	(378,722)
Acquisition of Argent Networks PTY Ltd., net of cash acquired				(1,084,255)
	4,929,851	1,233,429	(4,704,928)	6,634,017
Effect of foreign currency exchange rate changes on cash and cash equivalents	(419,179)	(239,000)	780,102	382,000
Increase (decrease) in cash and cash equivalents during the period	7,199,619	(1,940,570)	3,031,791	(2,189,869)
Cash and cash equivalents - Beginning of period	11,074,779	8,678,471	15,242,607	8,927,770
Cash and cash equivalents - End of period	18,274,398	6,737,901	18,274,398	6,737,901
Supplemental cash flow information				
Interest paid	10,681	235	14,880	1,795
Interest received	4,968	56,888	45,751	390,645
Cash taxes/investment tax credits received, net of income taxes paid	130,895	174,909	328,531	364,499