

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

Redknee Reports 24% Revenue Growth and Profitability in First Quarter 2009

Company sees growth and expansion within customer base

MISSISSAUGA, Ontario – 12 February 2009 – Redknee (TSX/AIM: RKN) a leading provider of mission-critical billing and charging software and solutions for communications service providers, today announces its results for the first quarter of fiscal 2009, ended December 31, 2008.

Q1 HIGHLIGHTS:

- First quarter 2009 revenue up 24% to \$14.2 million (Q1 2008: \$11.5 million)
- Gross margin increases to 76% (Q1 2008: 67%)
- EBITDA¹ of \$0.9 million (Q1 2008: loss of \$1.7 million)
- Operating profit of \$3.2 million (Q1 2008: loss of \$2.1 million)
- Basic earnings per share of \$0.05 (Q1 2008: loss per share of (\$0.04))
- Signed two multi-million dollar contracts with Tier 1 customers
- Cash and investments at \$23.9 million (September 30, 2008: \$15.3 million)
- US \$10 million in available line of credit with Export Development Canada
- 10 issued patents, 50 pending applications, and 6 further patent applications at various stages of the grant/issuance process

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.

"Redknee continues to deliver on its stated corporate strategy. We have continued to invest in the high growth markets of Africa, the Middle East, and Asia Pacific, while building support among Tier 1 operators in Europe and North America." stated Lucas Skoczowski, CEO for Redknee. He added *"This growth, combined with a robust renewal rate of customer support service agreements, has resulted in increased revenue, an improved cash position, and profitability for the quarter. We will remain focused on profitable growth in fiscal 2009."*

Please see section regarding **Forward-Looking Statements** which forms 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.

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, plus foreign exchange gain/loss, amortization and stock-based compensation.

Overview

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

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

Redknee's mission critical solutions have experienced sales growth in the first quarter of fiscal 2009, with our Next Generation Rating & Charging and location solutions contributing more than 50% of revenue. Sales of Redknee's Turnkey Converged Billing solutions also grew steadily, contributing an additional 40% of our overall quarterly revenue.

Global telecom carriers continue to recognize Redknee's market leadership solution. In the first quarter of fiscal 2009, we signed two multi-million dollar contracts, one from an existing Tier 1 customer and the other from a new Tier 1 customer. Furthermore, Redknee expanded upon its existing customer base in our high growth markets through the extension of existing licenses and the sale of additional solutions.

Growth of recurring revenue was enhanced by a robust renewal of customer support service agreements. In the interest of offering a more tailored suite of services to address the market opportunity presented by our global customer base, Redknee has introduced a new tiered structure for customer service packages. This tiered structure covers a full spectrum of service offerings – from a basic product support plan to full on-site managed service capabilities.

Redknee believes that it remains well-positioned during this period of economic uncertainty. The Company has a strong employee base, a growing number of customers, and the right product offering to meet our customers' demands. Market trends further support our approach: data services continue to grow in Tier 1 markets, and wireless subscriber numbers continue to expand in the high growth markets of Africa, the Middle East and Asia Pacific.

Financial Review

For the first quarter of fiscal 2009, Redknee's revenue grew by 24% to \$14.2 million compared to revenue of \$11.5 million in the first quarter of fiscal 2008.

Gross margin in the period increased to \$10.8 million or 76% of revenue from \$7.7 million or 67% of revenue in the first quarter of fiscal 2008.

Operating profit for the quarter increased to \$3.2 million as compared to a loss of \$2.1 million in the first quarter of fiscal 2008. Excluding foreign exchange loss (gain), amortization and stock compensation expense (EBITDA) Redknee recorded an EBITDA of \$0.9 million for the first quarter of fiscal 2009 as compared to an EBITDA loss of \$1.7 million for the first quarter of fiscal 2008.

Net income in Q1 fiscal 2009 was \$2.9 million or \$0.05 per share, as compared to a loss of \$2.2 million or (\$0.04) per share in Q1 fiscal 2008. Net income for the period was positively impacted by net realized and unrealized foreign exchange gains of \$2.6 million as a result of the decline of the Canadian dollar against the US dollar.

Cash and investments as at December 31, 2008 was \$23.9 million versus \$15.3 million as at September 30, 2008.

The following table outlines the Company's results of operations for the period indicated. In addition to the summary financial statements appended at the end of this release, the company's financial statements and MD&A are available on the Company's website at and are posted on SEDAR.

Unaudited CDN\$000's	Three Months Ended Dec .31-08	Three Months Ended Dec. 31-07	Δ %
Revenue			
Products and Services	\$9,398	\$8,219	14%
Support and Subscriptions	4,819	3,259	48%
	14,217	11,478	24%
Cost of revenue	3,370	3,742	-10%
Gross profit	10,847	7,736	40%
	76%	67%	
Operating expenses			
Selling and marketing	4,380	3,777	16%
General and administrative	2,370	2,614	-9%
Research and development	3,344	3,281	2%
Amortization of property and equipment	192	63	205%
Foreign currency exchange loss (gain)	(2,638)	109	-2520%
	7,648	9,844	-22%
Income (Loss) from operations	3,199	(2,108)	-252%
Interest income	25	203	-88%
Interest expense	(2)	(1)	100%
Income (Loss) before income taxes	3,222	(1,906)	-269%
Income taxes	361	292	24%
Income (Loss) for the period	2,861	(2,198)	-230%

CONFERENCE CALL

The Company will discuss the results on a conference call at 8:00 a.m. EST (1:00 BST) 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 3423
Toll-free North America	800 589 8577
Toll-free United Kingdom	00 800 2288 3501

A webcast will also be available at: <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2544300>

The conference call will be archived for replay by telephone at: 416-640-1917 or Toll –Free at 1-877-289-8525 (passcode: 21297341#) from approximately 10:00 am February 12, 2009 through to February 26, 2009.

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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.

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 website 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. Established in 1999, Redknee Solutions Inc. (TSX / 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.

Redknee Solutions Inc.

Interim Consolidated Financial Statements
(Unaudited)

December 31, 2008

(expressed in Canadian dollars)

Redknee Solutions Inc.
Interim Consolidated Balance Sheet
(Unaudited)

(expressed in Canadian dollars)

	December 31, 2008	September 30, 2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	19,298,755	15,242,607
Short-term investments	4,566,965	56,363
Trade accounts and other receivables	9,902,682	11,192,182
Unbilled revenue	5,190,975	6,060,452
Investment tax credits and income taxes receivable	625,000	600,000
Prepaid expenses	1,067,759	1,066,584
Goods in transit	364,440	325,716
	<u>41,016,576</u>	<u>34,543,904</u>
Restricted cash (note 7)	481,160	409,919
Property and equipment	602,052	580,053
Intangible assets	1,313,423	1,388,761
Other assets	<u>576,199</u>	<u>528,294</u>
	<u>43,989,410</u>	<u>37,450,931</u>
Liabilities		
Current liabilities		
Accounts payable	1,035,291	2,172,268
Accrued liabilities	10,258,108	8,678,539
Income taxes payable	2,467,023	2,100,785
Deferred revenue	7,747,559	5,084,287
Current portion of obligations under capital leases	-	619
	<u>21,507,981</u>	<u>18,036,498</u>
Shareholders' Equity		
Share capital , net of employee share purchase loans	<u>40,222,052</u>	<u>39,686,701</u>
Contributed surplus	<u>4,081,216</u>	<u>4,410,677</u>
Deficit	(21,610,880)	(24,471,986)
Accumulated other comprehensive loss , net of income taxes	<u>(210,959)</u>	<u>(210,959)</u>
Total deficit and accumulated other comprehensive loss	<u>(21,821,839)</u>	<u>(24,682,945)</u>
	<u>22,481,429</u>	<u>19,414,433</u>
	<u>43,989,410</u>	<u>37,450,931</u>

Guarantees and contingencies (note 7)

Approved by the Board of Directors

(signed) "Jim Pelot" Director

(signed) "Colley Clarke" Director

Redknee Solutions Inc.

Interim Consolidated Statement of Operations

(Unaudited)

For the three months ended December 31

(expressed in Canadian dollars)

	2008 \$	2007 \$
Revenue		
Software, services and other	9,398,531	8,219,240
Support	4,818,570	3,258,503
	<u>14,217,101</u>	<u>11,477,743</u>
Cost of revenue	<u>3,369,931</u>	<u>3,742,016</u>
Gross profit	<u>10,847,170</u>	<u>7,735,727</u>
Operating expenses		
Selling and marketing	4,379,946	3,776,585
General and administrative	2,370,134	2,614,316
Research and development (note 4)	3,343,337	3,281,274
Amortization of property and equipment and intangible assets	192,237	62,678
Foreign currency exchange (gain) loss	(2,637,959)	109,400
	<u>7,647,695</u>	<u>9,844,253</u>
Income (loss) from operations	3,199,475	(2,108,526)
Interest income	(25,076)	(202,792)
Interest expense	<u>2,030</u>	<u>1,003</u>
Income (loss) before income taxes	3,222,521	(1,906,737)
Income taxes		
Current	<u>361,415</u>	<u>291,681</u>
Net income (loss) for the period	<u>2,861,106</u>	<u>(2,198,418)</u>
Net income (loss) per common share (note 2)		
Basic	0.05	(0.04)
Diluted	0.05	(0.04)
Weighted average number of common shares (note 2)		
Basic	56,643,532	56,328,674
Diluted	57,111,032	56,328,674

Redknee Solutions Inc.

Interim Consolidated Statement of Comprehensive Income (Loss)
(Unaudited)

For the three months ended December 31

(expressed in Canadian dollars)

	2008	2007
	\$	\$
Net income (loss) for the period	2,861,106	(2,198,418)
Other comprehensive income , net of income taxes		
Foreign currency translation adjustment	-	-
Comprehensive income (loss) for the period	<u>2,861,106</u>	<u>(2,198,418)</u>

Redknee Solutions Inc.

Interim Consolidated Statement of Shareholders' Equity (Unaudited)

For the three months ended December 31

(expressed in Canadian dollars)

	Share capital		Employee share purchase loans	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total shareholders' equity
	Number	Amount \$	\$	\$	\$	\$	\$
2008							
Balance - September 30, 2008	58,350,626	40,663,829	(977,128)	4,410,677	(24,471,986)	(210,959)	19,414,433
Stock-based compensation (note 3)	-	-	-	188,239	-	-	188,239
Net income for the period	-	-	-	-	2,861,106	-	2,861,106
Collection of employee share purchase loans	-	-	17,651	-	-	-	17,651
Restricted share units vested and exercised (note 3)	417,500	517,700	-	(517,700)	-	-	-
Balance - December 31, 2008	58,768,126	41,181,529	(959,477)	4,081,216	(21,610,880)	(210,959)	22,481,429
2007							
	Number	Amount \$	\$	\$	\$	\$	\$
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 (note 3)	-	-	-	203,495	-	-	203,495
Loss for the period	-	-	-	-	(2,198,418)	-	(2,198,418)
Employee share purchase loans	-	-	(86,317)	(9,910)	-	-	(96,227)
Balance - December 31, 2007	58,350,626	40,663,829	(981,848)	3,714,423	(22,259,200)	(210,959)	20,926,245

Redknee Solutions Inc.

Interim Consolidated Statement of Cash Flows

(Unaudited)

For the three months ended December 31

(expressed in Canadian dollars)

	2008	2007
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	2,861,106	(2,198,418)
Items not involving cash		
Amortization of property and equipment	116,899	62,678
Amortization of intangible assets	75,338	-
Unrealized foreign currency exchange gain	(2,517,090)	(47,034)
Stock-based compensation (note 3)	188,239	203,495
Change in non-cash operating working capital (note 5)	6,831,323	(3,823,842)
	<u>7,555,815</u>	<u>(5,803,121)</u>
Financing activities		
Employee loans	17,651	-
Repayment of obligations under capital leases	(619)	(15,051)
	<u>17,032</u>	<u>(15,051)</u>
Investing activities		
(Purchase of) proceeds from short-term investments	(4,510,602)	4,133,863
Purchase of property and equipment	(138,898)	(66,343)
Increase in other assets	(47,905)	(559,667)
Loan to Argent Networks	-	(529,463)
Increase in restricted cash	(1,241)	-
	<u>(4,698,646)</u>	<u>2,978,390</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>1,181,947</u>	<u>49,850</u>
Increase (decrease) in cash and cash equivalents during the period	4,056,148	(2,789,932)
Cash and cash equivalents - Beginning of period	<u>15,242,607</u>	<u>8,927,770</u>
Cash and cash equivalents - End of period	<u>19,298,755</u>	<u>6,137,838</u>
Supplemental cash flow information		
Interest paid	2,030	1,003
Interest received	25,076	202,792
Cash taxes / investment tax credits received, net of income taxes paid	173,184	-

Redknee Solutions Inc.

Notes to Interim Consolidated Financial Statements
(Unaudited)

For the three months ended December 31, 2008

(expressed in Canadian dollars, except as otherwise indicated)

Nature of operations

Redknee Solutions Inc. (the Company) was incorporated in Canada on November 1, 2006. Pursuant to an amalgamation agreement dated February 15, 2007 (the Amalgamation Agreement) among the Company; Redknee Inc. (Redknee), a company under common control with the Company; and 2117580 Ontario Inc., a wholly owned subsidiary of the Company. Redknee and 2117580 Ontario Inc. were amalgamated to form a successor company, Redknee Inc., as a wholly owned subsidiary of the Company. The above transaction is considered to be among companies under common control and the interim consolidated financial statements of the Company reflect the amalgamation as if the companies had always been amalgamated.

The Company's software products allow its wireless telecommunications network operator customers to extend and enhance their capabilities and service offerings, enabling them to introduce new revenue through the introduction of network-based services, including call and subscriber management, multimedia messaging information services and location aware services. In addition, the Company's software products also manage and analyze, in real-time, complex and critical network operations, such as service provisioning, network management and customer care, as well as provide real-time rating, charging and billing.

1 Summary of significant accounting policies

a) Basis of presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and have been prepared on a basis consistent with the audited consolidated financial statements for the year ended September 30, 2008, except as described below. Certain of the prior period's amounts have been reclassified to conform with the current period's presentation.

The preparation of these interim consolidated financial statements requires management to make assumptions and estimates that affect the figures within these interim consolidated financial statements and notes. Actual results could differ significantly from those assumptions and estimates. Furthermore, the operating results for the interim periods presented are not necessarily indicative of the results anticipated for the full year. In the opinion of management, these interim consolidated financial statements reflect adjustments necessary to state fairly the results for the periods presented.

b) Principle of consolidation

The interim consolidated financial statements include the financial statements of the Company, Redknee and its wholly owned subsidiary companies, of which the principal subsidiaries are Redknee (Ireland) Ltd., Redknee (Germany) GmbH, Redknee (UK) Ltd., Redknee (ME) FZ-LLC (Dubai), Redknee (US) Ltd. and Redknee (India) Technologies Pvt. Ltd. All significant intercompany balances and transactions have been eliminated on consolidation. The Company does not have any entities to be consolidated under Accounting Guideline 15, Consolidation of Variable Interest Entities.

Redknee Solutions Inc.

Notes to Interim Consolidated Financial Statements
(Unaudited)
For the three months ended December 31, 2008

(expressed in Canadian dollars, except as otherwise indicated)

c) Changes in accounting policies

Financial statement presentation

In April 2007, The Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board amended Handbook Section 1400, General Standards of Financial Statement Presentation. These amendments require management to disclose any uncertainties that cast significant doubt on the entity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management must take into account all available information about the future, which is at least, but is not limited to, 12 months from the balance sheet date. The standard is effective for years beginning on or after January 1, 2008. The Company adopted this standard on October 1, 2008 and it did not have an impact on the interim consolidated financial statements.

Goodwill and other intangible assets

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, which replaces Handbook Sections 3062, Goodwill and Other Intangible Assets and 3450, Research and Development Costs. This standard establishes the standards for the recognition, measurement and disclosure of goodwill and intangible assets. The standard becomes effective for years beginning on or after October 1, 2008. The Company adopted this standard on October 1, 2008 and it did not have an impact on the interim consolidated financial statements.

d) Future changes in accounting standards

International Financing Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (IFRS) will be required for fiscal years beginning on or after January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace current Canadian GAAP. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company is currently evaluating the impact of adopting IFRS on its consolidated financial statements.

2 Net income (loss) per common share

As a result of the loss for the three-month period ended December 31, 2007, all potentially dilutive securities, being stock options, unvested restricted share units and shares issued under the share purchase plan for which loans were given totalling 8,539,879 shares were considered anti-dilutive.

For the three-month period ended December 31, 2008, the diluted weighted average shares outstanding include unvested restricted share units. Shares relating to outstanding employee share purchase loans and outstanding stock options in the amount of 7,739,065 shares have been excluded because the impact would be anti-dilutive.

Redknee Solutions Inc.

Notes to Interim Consolidated Financial Statements
(Unaudited)

For the three months ended December 31, 2008

(expressed in Canadian dollars, except as otherwise indicated)

A reconciliation of the number of shares used for purposes of calculating basic and diluted income (loss) per share is as follows:

	2008	2007
Weighted average number of shares outstanding	58,628,959	58,350,626
Less: Shares associated with outstanding share purchase loans	1,985,427	2,021,952
	<hr/>	<hr/>
Basic weighted average number of shares outstanding	56,643,532	56,328,674
Add: Unvested restricted share units	467,500	-
	<hr/>	<hr/>
Diluted weighted average shares outstanding	57,111,032	56,328,674
	<hr/>	<hr/>

3 Stock-based compensation

During the three months ended December 31, 2008, 75,000 (2007 - nil) stock options, with a weighted fair value of \$0.17 per common share at the date of grant, were issued to employees. The fair value of the stock options was determined using a Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	3.03%
Expected volatility	68.3%
Expected life	7 years
Expected dividends	nil

The stock-based compensation expense during the period was \$121,898 (2007 - \$134,908) relating to the Company's stock options.

The Company also recorded a stock-based compensation expense of \$66,341 (2007 - \$68,587) relating to the Company's restricted share plan. No restricted shares were granted during the period, as the plan was cancelled in November 2006.

4 Research and development expenses

During the three months ended December 31, the research and development expenses were as follows:

	2008	2007
	\$	\$
Gross research and development expenses	3,368,337	3,331,274
Less: Investment tax credits recognized	25,000	50,000
	<hr/>	<hr/>
	3,343,337	3,281,274
	<hr/>	<hr/>

In 2007 and 2008, the Company continued to earn investment tax credits related to research and development expenses. However, due to the Company's past tax losses, the majority of the credits were not afforded asset recognition in the interim consolidated balance sheet.

Redknee Solutions Inc.

Notes to Interim Consolidated Financial Statements
(Unaudited)

For the three months ended December 31, 2008

(expressed in Canadian dollars, except as otherwise indicated)

5 Change in non-cash operating working capital

	2008	2007
	\$	\$
Trade accounts and other receivables	2,637,858	(6,007,211)
Unbilled revenue	886,880	716,546
Investment tax credits and income taxes receivable	(25,000)	(50,000)
Prepaid expenses	(1,175)	170,355
Accounts payable	(1,237,595)	(769,490)
Accrued liabilities	1,579,569	1,099,349
Deferred revenue	2,663,272	985,293
Income taxes payable	366,238	158,237
Goods in transit	(38,724)	(126,921)
	<u>6,831,323</u>	<u>(3,823,842)</u>

6 Segmented reporting

The Company reviewed its operations and determined that it operates in a single reportable operating segment, the telecommunications software market. The single reportable operating segment derives its revenue from the sale of software products and related services and hardware. The following information provides the required enterprise-wide disclosures.

The Company's revenue for the three months ended December 31 by geographic area is as follows:

	2008	2007
	\$	\$
Europe, Middle East and Africa	4,235,657	4,683,264
Americas	7,779,408	4,828,035
Asia and Pacific Rim	2,202,036	1,966,444
	<u>14,217,101</u>	<u>11,477,743</u>

Redknee Solutions Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

For the three months ended December 31, 2008

(expressed in Canadian dollars, except as otherwise indicated)

Revenue is attributed to geographic locations based on the location of the external customer. Sales related to Canadian customers were \$34,490 and \$361,768 for each of 2008 and 2007, respectively.

	2008	2007
	\$	\$
Revenue by type		
Software and services	9,033,225	7,858,080
Third party software and hardware	365,306	361,160
Support	4,818,570	3,258,503
	<hr/>	<hr/>
	14,217,101	11,477,743
	<hr/>	<hr/>

The Company's property and equipment by geographic area are as follows:

	December 31,	September 30,
	2008	2008
	\$	\$
Australia	6,302	-
Canada	519,274	460,569
Ireland/United Kingdom	74,499	95,680
India	-	7,829
Other	1,977	15,975
	<hr/>	<hr/>
	602,052	580,053
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In the period ended December 31, 2008, one customer accounted for approximately 39% of revenue (2007 - two customers accounted for 13% and 14%).

7 Guarantees and contingencies

a) Letters of credit

As at December 31, 2008, the Company had outstanding letters of credit of \$481,160 (September 30 - \$409,919) relating to customer contracts, which are secured by restricted cash in the consolidated balance sheet.

b) Line of credit

As at December 31, 2008, the Company has a credit facility with Export Development Corporation for up to an aggregate principal amount of US\$10,000,000, to assist in financing (i) one or more acquisitions or (ii) working capital. A commitment fee is payable equal to 1% per annum of all amounts that have been allocated but not drawn. As at December 31, 2008, there were no allocations or amounts drawn.

Redknee Solutions Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

For the three months ended December 31, 2008

(expressed in Canadian dollars, except as otherwise indicated)

c) Guarantees

The Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss from these guarantees. The Company has never been called to perform its obligations under these indemnifications and the Company is not subject to any pending litigation in these matters.

d) Litigation and claims

The Company is involved in certain claims and litigation arising out of the ordinary course and conduct of business. Management assesses such claims and, if considered likely to result in a loss and, when the amount of the loss is quantifiable, provisions for loss are made, based on management's assessment of the most likely outcome. Management does not provide claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable. The Company is not currently a party to, or has any of its property as the subject of, legal proceedings, which would be material to the Company's financial condition or results of operations.

