For Immediate Release 28 May 2008

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

Interim Results for the six months to March 31, 2008

Redknee (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 announced its interim results for the six months ended March 31, 2008.

Financial Highlights:

- Orders up 37% to 33.0 million (2007 - $ 24.1 million)
- Revenue up 16% to $24.1 million (2007 - $20.7 million)
- Basic loss per share of $0.02 per share (2007 - $0.08 per share)
- Backlog up 49% to $28.4 million (Sept. 30, 2007 - $19.1 million)
- Cash at $16.0 million (Sept. 30, 2007 - $23.7 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 16 new operators across APAC, EMEA and Americas (2007 – four new operators)
- Leveraging heightened investment in operations and R&D
- Successful completion of the integration of Argent Networks acquisition
- Three new products introduced in first half '08
- Reaffirming revenue guidance at CAN $45 - $48 million

Lucas Skoczkowski, CEO for Redknee commented:
"Redknee continues to make progress across multiple facets: expansion of our customer footprint, increasing our sales capacity and solidifying our technological advantage in our markets. Our business momentum in the high growth markets of Africa, Middle East and South East Asia and increasing demand for our innovation in Tier 1 markets continue to drive our business forward."

"With revenue increasing as we expand our customer-centric product and services portfolio, the future business prospects for Redknee remain very encouraging."

Please see section regarding **Forward-Looking Statements** which forms an integral part of this release.

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CHIEF EXECUTIVE REVIEW

Introduction

The first six months of the fiscal year have been encouraging in terms of new business momentum and the operating leverage realized from the investments made in 2007. As stated last year, we remain focused on providing industry leading solutions to some of the most innovative and fastest growing mobile service providers across a number of regions throughout the world. In addition, management is focused on returning the company to profitability as we grow the revenue base and are able to leverage investments made in building out Redknee's global sales, product operations and R&D infrastructure.

As a result of our continued progress, we have achieved record levels of orders ($33.0 million), revenues ($24.1 million) and backlog ($28.4 million).

Growth Strategy

The Redknee management team continues to be dedicated to delivering on the following three long-term measures of success:

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

Increasing Redknee's market share in key geographic regions will remain a priority, as we continue to add new operators and increase sales within our existing customer base and follow our disciplined product strategy. Going forward, Redknee will continue to selectively assess strategic acquisition opportunities as well as key technical and sales partnerships. These indicators, along with others mentioned below, explain how Redknee will continue to move along its path of success. Management looks forward to providing further updates on the progress of our growth strategy execution.

Acquisition Update

In February 2008, Redknee announced its first acquisition - the revenue assurance, interconnect and content settlement software solution and operations group of Argent Networks PTY. InBill, as it is branded, currently services over 10 operators from offices in Australia and the United States, providing opportunities to up- sell existing Redknee products and services into these accounts.

The process of integrating the InBill product line and employees into Redknee is now complete and the overall response from the InBill employees and customers has been positive. We believe this transaction has enhanced our service offering with existing and new customers, particularly in the high growth markets.

Revenue

Redknee has posted strong revenue numbers for first half fiscal 2008, showing a 16% increase over the same period 2007. The substantial addition of orders placed for first half fiscal 2008 has resulted in an increase in our order backlog, which will translate to continued revenue growth in the near term. Furthermore, we have seen the percent of revenue from high-growth markets increase from 30% to 45%, once again reaffirming our strategy.

With respect to Redknee's goal of increasing the percentage of recurring revenues, this objective was advanced through the recent acquisition and integration of Argent Networks' InBill revenue assurance, interconnect and content settlement software solution and associated service bureau operations. We will continue to invest in, and support going forward, both the product and the service bureau operations.

Operators

We made good progress during the first six months of fiscal 2008 with regards to expanding our customer base. Redknee added not only Argent's existing customers, but an additional six operators from our core sales efforts. Redknee's customer base includes some of the largest mobile communications service providers worldwide, and consists of more than 60 operators in over 50 countries. In the last six months, Redknee has grown our operator customer base by over 30% through both organic and inorganic means.

The Market

Our business is firmly focused on addressing two significant market opportunities – Tier 1 operators and the high-growth markets of Africa, the Middle East and South East Asia. According to Strategy Analytics, high-growth markets account for 40% of wireless operator EBITDA and over 90% of revenue growth. Redknee has been successful in these global markets because of our dedicated, local technical and sales support, and our turnkey billing solutions that address the *real needs* of the high-growth operators – fast, flexible, convergent, end-to-end, and reliable. Redknee is quickly gaining a reputation as the monetization solution-of-choice among high-growth market operators.

While Tier-1 operators continue to remain highly competitive, we believe this only serves as an advantage to Redknee in the long-term. In the mature market, Tier-1 operators will continue to look for ways to increase their subscriber base and their average revenue per user (ARPU) through differentiation of services and the ability to charge for these new services. These are the precise issues Redknee's product and service suite address. According to OSS Observer, a respected industry analyst organization, the overall market for real-time charging, which is one of Redknee's key solutions for the Tier-1 markets, will grow at 10.6% CAGR from $2.67 billion in 2007 to $4.41 billion in 2012.

Software Products

Redknee leverages one unified software platform for all of our products, relying on a common core of proven technology as the backbone for our entire suite of customer-focused solutions. For high-growth operators, Redknee delivers end-to-end Turnkey Converged Billing (TCB) along with our Inbill interconnect solutions that fully address the operators' needs and make Redknee their single-source vendor of choice for these mission-critical activities. Redknee's TCB solution, in many cases, 'touches' 100% of the operator's revenue stream as it passes from subscriber to the operator, illustrating just how mission critical we have become. Redknee is working to continue delivering high-value, innovative solutions in the mobile money space that address the unique infrastructure related challenges of these developing regions, such as lack of retail and banking resources.

Redknee is addressing the Tier-1 markets by focusing on providing innovative, best-of-breed, next generation services for pre- and post-IMS platforms that operators can use to increase ARPU and attract new subscribers. Personalizing the user experience and monetizing services are two ways that Redknee brings value to both the operator and the end-user.

The Company has made continued progress in affirming its technological achievements as evidenced by its growing patent portfolio, which now comprises over 40 issued patents and pending patent applications, along with the recently issued European patent for SMS rating and billing. The granting of this patent further highlights Redknee's strong commitment to research and development ('R&D') and to maintaining its position as a key industry innovator in the real-time OSS/BSS software space.

Outlook

The continued demand for our products and services in the high-growth markets as well as among Tier-1 operators is an encouraging start to the year as indicated by our record level of new orders and increased revenues. Our product suite is positioned to capitalize on the growing demand by operators for delivering innovative solutions that enhance the customer experience, while increasing revenue and ARPU.

We therefore reaffirm fiscal 2008 revenues will be between $45 million and $48 million based on account plans for certain existing and new customers, and based on international exchange rates at the date of this release.

Financial Review

The consolidated financial statements for the six month period ended March 31, 2008 are included at the end of this release.

In February 2007, Redknee completed its IPO with the intended use of proceeds to be used to expand its sales and marketing and customer support capabilities as well as to fund ongoing research and product development. Redknee's first half results for fiscal 2008 reflect the investment in these areas which resulted in orders increasing by 37% as compared to the first half of fiscal 2007. Operating costs also increased to support our continued growth in the high growth markets of Africa, Middle East and South East Asia, and our continued investment in providing mission critical solutions to our customers. Going forward, Redknee intends to leverage its operating infrastructure as it grows its revenue.

RESULTS OF OPERATIONS

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

Unaudited Cdn $000's	Six Months Ended 31-Mar-08	Six Months Ended 31-Mar-07	Δ % vs. 1H07
Revenue			
Software and services	17,891	15,119	18%
Support	6,197	5,566	11%
	24,088	20,684	16%
Cost of sales	7,386	5,497	34%
Gross profit	16,702	15,188	10%
	69%	*73%*	
Operating expenses:			
Sales and Marketing	8,111	6,955	17%
General and Administrative	4,840	4,077	19%
Research and Development	6,521	5,611	16%
Amortization of property and equipment	127	174	-27%
Foreign exchange loss/(gain)	(1,709)	(373)	358%
	17,890	16,444	9%
Loss from operations	(1,188)	(1,256)	-5%
Interest income	334	166	102%
Interest expenses	(10)	(1,650)	-99%
Loss before income taxes	(863)	(2,741)	-69%
Income taxes	592	424	40%
Loss for the period	(1,455)	(3,165)	-54%

Orders and Revenue

Total orders received from customers for the first half of fiscal 2008 grew 37% to $33.0 million compared to $24.1 million for the same period last year. As a result of the strong increase in orders, backlog increased by 49% to $28.4 million as at March 31, 2008 as compared to $19.1 million as at September 30, 2007.

Revenue for the period grew by 16% to $24.1 million compared to $20.7 million for the same period last year. The primary increase related to deployments with new customers in the APAC region which increased from 6% to 21% of revenue between the periods.

The In-Bill operations which were acquired at the end of February 2008 contributed $0.2 million in revenue in the period.

Operating Costs

The following table provides additional analysis of the Company's operating expenses for the period indicated with the comments below explaining the significant changes between the periods.

Unaudited **Cdn $000's**	**Six Months Ended 31-Mar-08**	**Six Months Ended 31-Mar-07**
Revenue	24,088	20,684
Cost of Revenue	7,386	5,497
% of revenue	***30.7%***	***26.6%***
Sales and marketing	8,111	6,955
% of revenue	***33.7%***	***33.6%***
General and administrative	4,840	4,077
% of revenue	***20.1%***	***19.7%***
Research and development	6,521	5,611
% of revenue	***27.1%***	***27.1%***
Amortization of property and equipment	127	174
% of revenue	***0.5%***	***0.8%***
Foreign exchange (gain)	(1,709)	(373)
% of revenue	***-7.1%***	***-1.8%***

Cost of Revenue and Gross Profit

Cost of revenue consists of the cost of third party components sold as part of Redknee's solutions, in addition to the payroll expense of personnel providing professional services to implement and support our solutions and agency fees. It also includes an allocation of certain direct and indirect costs attributable to these activities. Gross Profit for the six month period ended March 31, 2008 decreased to 69% or $16.7 million as compared to 73% or $15.2 million for the six month period ended March 31, 2007. The reduction in gross margin reflects the Company's investment in personnel related to the increased number of new deployments and related travel to support the expansion of our global footprint, primarily in the high growth regions in APAC, the Middle East and Africa. As stated, Redknee intends to leverage this operating infrastructure as it grows its revenue.

Gross Profit was also negatively impacted by a change in the revenue mix with an increase in revenue from third party solutions and a decrease in revenue from capacity expansions.

Sales and Marketing

Sales and Marketing expenses ("S&M") consist of all expenses related to the sales and marketing of Redknee's solutions plus the allocation of certain overhead costs. S&M costs totalled $8.1 million for the period ended March 31, 2008 which represents a 17% increase from the $7.0 million incurred for the same period last year. These costs represent the Company's investment in additional sales and marketing resources to drive revenue growth with new and existing customers.

General and Administrative

General and administrative ("G&A") expenses consist of the Company's support activities such as finance, human resources and IT. Overhead costs such as facilities, communications and computer costs are allocated to the other departments based on a per headcount basis. G&A expenses totalled at $4.8 million in the period which represents a 19% increase as compared to $4.1 million in the first half of fiscal 2007. G&A expenses increased by a slightly higher rate than revenue due to the increased costs of compliance related to being a public company, preparation of Bill 198 compliance in Canada and the non-capitalized costs related to the acquisition of InBill.

Research and Development
Research and Development ("R&D") expenses consist primarily of personnel costs associated with product design, development and testing plus the allocation of certain overhead costs. R&D expenditures increased by $0.9 million to $6.5 million for the six month period ended March 31, 2008, which represents a 16% increase from the $5.6 million incurred in the same period last year. This reflects the Company's investment in Turnkey Converged Billing, our Mobile Money Solution as well as the launch of IP Rating and Charging, in addition to enhancing interoperability with other Network Equipment Providers.

Cash
Cash balances declined by $7.7 million in the period from $23.7 million at September 30, 2007 to $16.0 million at March 31, 2008. Cash usages in the period included:

- The operating loss of $1.5 million,
- The acquisition of Argent for $1.1 million,
- An increase in accounts receivable due to an increase in orders and billings at the period end and an increase in the aging of receivables in the quarter.

The increase in the aging is due primarily to one account which has been approved for payment by the customer but is awaiting approval for payment by local government authorities.

FORWARD-LOOKING STATEMENTS

This release includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and may be affected by known or unknown risk factors. They appear in a number of places throughout this release and include statements regarding or based on the Directors' current intentions, beliefs or expectations concerning, among other things, competitive factors, foreign exchange rates, industry and technology developments, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the group's markets.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this release are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. While the Directors consider these assumptions to be reasonable based on information currently available, they may prove to be incorrect.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Investors should not place undue reliance on forward-looking statements as a prediction of actual results.

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.

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 60 network operators in over 50 countries. Established in 1999, Redknee Solutions Inc. (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)
March 31, 2008
(Expressed in Canadian dollars)

Redknee Solutions Inc.
Interim Consolidated Balance Sheet
(Unaudited)
As at March 31, 2008

(Expressed in Canadian Dollars)

	March 31, 2008 $	September 30, 2007 $
Assets		
Current assets		
Cash and cash equivalents	8,678,471	8,927,770
Short-term investments	7,361,952	14,763,046
Accounts receivable	11,103,932	5,992,035
Unbilled revenue	5,914,828	3,925,232
Investment tax credits and income taxes receivable	500,000	400,000
Prepaid expenses	891,430	1,064,183
Goods in transit	142,786	146,308
	34,593,399	35,218,574
Restricted cash	379,186	-
Property and equipment	464,130	250,020
Intangible assets	1,527,255	-
Other assets	448,155	90,004
	37,412,125	35,558,598
Liabilities		
Current liabilities		
Accounts payable	1,443,214	1,598,436
Accrued liabilities	6,970,702	5,045,954
Income taxes payable	3,153,040	2,444,196
Deferred revenue	3,877,680	3,403,246
Current portion of obligations under capital leases	24,284	49,371
	15,468,920	12,541,203
Shareholders' Equity		
Share capital, net of employee share purchase loans	39,681,981	39,768,298
Contributed surplus	3,988,522	3,520,838
Deficit	(21,516,339)	(20,060,782)
Accumulated other comprehensive loss, net of income taxes	(210,959)	(210,959)
Total deficit and accumulated other comprehensive loss	(21,727,298)	(20,271,741)
	21,943,205	23,017,395
	37,412,125	35,558,598

Guarantees and contingencies (note 8)

Redknee Solutions Inc.
Interim Consolidated Statement of Operations

(Unaudited)

For Six Months Ended March 31, 2008

(Expressed in Canadian Dollars)

	2008 $	2007 $
Revenue		
Software, services and other	17,891,152	15,118,593
Support	6,196,987	5,565,738
	24,088,139	20,684,331
Cost of revenue	7,386,090	5,496,748
Gross profit	16,702,049	15,187,583
Operating expenses		
Selling and marketing	8,111,071	6,954,783
General and administrative	4,839,551	4,076,984
Research and development	6,521,134	5,611,242
Amortization of property and equipment	127,095	174,000
Foreign currency exchange gain	(1,709,004)	(373,264)
	17,889,847	16,443,745
Loss from operations	(1,187,798)	(1,256,162)
Interest income	334,208	165,507
Interest expense	(9,592)	(1,650,164)
Loss before income taxes	(863,182)	(2,740,819)
Income taxes		
Current	592,375	423,823
Loss for the period	(1,455,557)	(3,164,642)
Loss per common share (note 3)		
Basic and diluted	(0.02)	(0.08)
Weighted average number of common shares		
Basic and diluted	58,350,625	41,600,791

Redknee Solutions Inc.
Interim Consolidated Statement of Comprehensive Loss

(Unaudited)

For Six Months Ended March 31, 2008

(Expressed in Canadian Dollars)

	2008 $	2007 $
Loss for the period	(1,455,557)	(3,164,642)
Other comprehensive income, net of income taxes		
Foreign currency translation adjustment	-	174,527
Comprehensive loss for the period	(1,455,557)	(2,990,115)

Redknee Solutions Inc.
Interim Consolidated Statement of Shareholders' Equity

(Unaudited)

For Six Months Ended March 31, 2008

(Expressed in Canadian Dollars)

2008

	Share capital		Employee share purchase loans	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total shareholders' equity
	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 4)	-	-	-	477,594	-	-	477,594
Loss for the period	-	-	-	-	(1,455,557)	-	(1,455,557)
Employee share purchase loans	-	-	(86,317)	(9,910)	-	-	(96,227)
Balance - March 31, 2008	58,350,626	40,663,829	(981,848)	3,988,522	(21,516,339)	(210,959)	21,943,205

2007

	Share capital		Employee share purchase loans	Contributed surplus	Deficit	Total comprehensive loss	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)
Change in accounting policy	-	-	-	-	(651,341)	-	(651,341)
Issued pursuant to share purchase plan	215,653	267,410	-	-	-	-	267,410
Issued pursuant to option exercise plan	3,226,445	1,559,211	-	(459,043)	-	-	1,100,168
Issued on exercise of options	38,438	21,443	-	-	-	-	21,443
Restricted share units	966,250	-	-	-	-	-	-
Share buyback	(75,000)	(7,659)	-	(85,341)	-	-	(93,000)
Issued on exchange to Class A and Class B	-	-	-	-	-	-	-
Issued on initial public offering	16,700,000	39,893,878	-	-	-	-	39,893,878
Organization costs related to initial public offering	-	(5,109,814)	-	-	-	-	(5,109,814)
Issued on exercise of options	8,430	10,217	-	-	-	-	10,217
Stock-based compensation	-	-	-	949,936	-	-	949,936
Loss for the period	-	-	-	-	(3,164,642)	-	(3,164,642)
Employee share purchase loans	-	-	(913,310)	-	-	-	(913,310)
Other comprehensive income	-	-	-	-	-	174,527	174,527
Balance - March 31, 2007	58,995,844	40,506,696	(913,310)	3,348,556	(12,817,993)	(210,959)	29,912,990

Redknee Solutions Inc.
Interim Consolidated Statement of Cash Flows

(Unaudited)

For Six Months Ended March 31, 2008

(Expressed in Canadian Dollars)

	2008 $	2007 $
Cash provided by (used in)		
Operating activities		
Loss for the period	(1,455,557)	(3,164,642)
Items not involving cash		
Amortization of property and equipment	127,095	174,000
Unrealized foreign currency exchange (gain) loss	(1,451,991)	483,712
Stock-based compensation (note 4)	477,594	949,935
Debt accretion	-	818,750
Loan accretion	-	(12,004)
Change in non-cash operating working capital (note 6)	(3,942,941)	(2,795,436)
	(6,245,800)	(3,545,685)
Financing activities		
Repayment of notes payable	-	(581,896)
Repayment of notes payable to related parties	-	(774,239)
Proceeds from issuance of common shares	-	1,399,238
Proceeds from the initial public offering, net of costs	-	34,784,064
Share buyback	-	(93,000)
Employee loans	-	(913,310)
Repayment of debt	-	(8,275,792)
Deferred organization costs	-	84,958
Repayment of obligations under capital leases	(25,087)	(28,160)
	(25,087)	25,601,863
Investing activities		
Proceeds from (purchase of) short-term investments	7,401,094	(21,077,538)
Purchase of property and equipment	(176,205)	(34,067)
(Increase) decrease in other assets	(358,151)	80,542
Loan to Argent Networks	(529,463)	-
Repayment of loan to Argent Networks	526,754	-
(Increase) decrease in restricted cash	(379,186)	51,465
Acquisition of Argent Networks PTY Ltd., net of cash acquired (note 9)	(1,084,255)	-
	5,400,588	(20,979,598)
Effect of foreign currency exchange rate changes on cash and cash equivalents	621,000	80,258
(Decrease) increase in cash and cash equivalents during the period	(249,299)	1,156,838
Cash and cash equivalents - Beginning of period	8,927,770	2,902,706
Cash and cash equivalents - End of period	8,678,471	4,059,544
Supplemental cash flow information		
Interest paid	(9,592)	(891,382)
Interest received	334,208	74,918
Cash taxes / investment tax credits received, net of income taxes paid	-	591,179

(Expressed in Canadian Dollars)

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 and have been prepared on a basis consistent with the audited consolidated financial statements for the year ended September 30, 2007, 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) 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.

c) Changes in accounting policies

Capital disclosures

In December 2006, The Canadian Institute of Chartered Accountants (CICA) issued Handbook Section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's objectives, policies and processes for managing capital. This standard is effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2007 on a prospective basis. The Company adopted this new standard effective October 1, 2007. Capital disclosures are described in note 2.

Financial instruments - disclosures and presentation

In December 2006, the CICA issued Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. These standards enhance existing disclosures in previously issued Section 3861, Financial Instruments - Disclosures and Presentation. Section 3862 places greater emphasis on disclosures about risks related to recognized and unrecognized financial instruments and how those risks are managed. Section 3863 carries forward the same presentation standards as Section 3861. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2007 on a prospective basis. The Company adopted these new standards effective October 1, 2007. Additional disclosures required by Section 3862 are provided in note 2.

d) Future changes in accounting standards

The Company reviews all changes to the CICA Handbook when issued. The following is a discussion of relevant items that were released, revised or will become effective after March 31, 2008:

Financial statement presentation

In April 2007, the CICA Accounting Standards Board amended CICA Handbook Section 1400, General Standards of Financial Statement Presentation. These amendments require management to disclose any uncertainties that cast significant

(Expressed in Canadian Dollars)

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 is analyzing the impact of this standard on its consolidated financial statements.

Goodwill and other intangible assets

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Other 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 is analyzing the impact of the new standard on its consolidated financial statements.

Inventories

In June 2007, the CICA issued Handbook Section 3031, Inventories, which replaces CICA Handbook Section 3030, Inventories. The standard requires inventory to be measured at the lower of cost or net realizable value and requires any writedowns to be reversed if the value subsequently recovers, provides expanded guidance on the determination of cost, including the allocation of certain overhead costs and expands disclosures. The standard becomes effective for years beginning on or after January 1, 2008. The Company is analyzing the impact of this standard on its consolidated financial statements.

2 Financial risk management and capital management

Foreign currency risk

Foreign currency risk arises because of fluctuations in exchange rates. The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by converting foreign-denominated cash balance into Canadian dollars to the extent practical to match Canadian dollar obligations. The Company conducts a significant portion of its business activities in foreign countries. The monetary assets and liabilities that are denominated in foreign currencies are affected by changes in the exchange rate between the Canadian dollar and these foreign currencies. The Company recognized a foreign currency exchange gain in the first half of 2008 of $1,709,004, as compared to a foreign currency exchange gain of $373,264 in the first half of 2007.

If a shift in exchange rates of 10% were to occur, the exchange gain or loss on our net monetary assets could be valued at plus or minus $2,700,000 due to the fluctuation and this would be recorded in the consolidated statement of operations.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers.

The Company's process includes the following:

1. obtaining signed contracts with customers;
2. assessing the credit worthiness of customers on an ongoing basis;
3. receiving order confirmations from customers;
4. receiving progress payments throughout the life of the contract; and
5. reviewing the customer aged listing and following up with them.

As at March 31, 2008, the Company's two largest customers accounted for 20% of sales (7.5% as at September 30, 2007). Losses under trade receivables have historically been insignificant. In order to minimize the risk of loss for trade receivables, the Company's extension of credit to customers involves review and approval by senior management as well as progress payments as contracts are executed.

Credit reviews take into account the counterparty's financial position, past experience and other factors. Management regularly monitors customer credit limits. The Company believes that the concentration of credit risk from trade receivables is limited, as they are widely distributed among customers in various countries.

While the Company's credit controls and processes have been effective in mitigating credit risk, these controls cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective or that the Company's low credit loss experience will continue. Most sales are invoiced with payment terms in the range of 30 to 60 days.

The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by making an allowance for doubtful receivables, as soon as the account is determined not to be fully collectible.

The Company's trade receivables had a carrying value of $11,103,089 as at March 31, 2008, representing the maximum exposure to credit risk of those financial assets, exclusive of the allowance for doubtful accounts (currently $nil). Normal credit terms for amounts due from customers call for payment within 30 to 60 days. Approximately, 28% of trade receivables were past due as at March 31, 2008, of which $1,677,000 was outstanding for more than 120 days.

(Expressed in Canadian Dollars)

The allowance for doubtful accounts is charged against income. Shortfalls in collections are applied against this provision. Estimates for allowance for doubtful debts are determined by a customer-by-customer evaluation of collectability at each balance sheet reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern problems. The Company's exposure to credit risk for trade receivables by geographic area as at March 31, 2008 was as follows:

	March 31, 2008 %	September 30, 2007 %
Asia and Pacific Rim	38	9
Americas	32	57
Europe, Middle East and Africa	30	34
	100	100

The Company also has credit risk relating to cash and short-term investments, which it manages by dealing with large chartered Canadian banks and investing in highly liquid investments of a rating of no less than R1 or R1 high.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. Substantially all of the Company's financial liabilities will mature within one year. The Company also has significant contractual obligations in the form of operating leases.

Management believes the Company's existing cash and short-term investment resources will be adequate to support all of its financial liabilities and contractual commitments.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The Company is subject to interest rate risk on its cash and short-term investments. The Company does not have any long-term debt and, hence, is not subject to interest rate risk on debt.

Fair value of financial instruments

The book values of cash, short-term investments, accounts receivable, unbilled revenue, investment tax credits and income taxes receivable, accounts payable, accrued liabilities, and income taxes payable approximate their respective fair values due to the short term nature of these instruments.

(Expressed in Canadian Dollars)

Management of capital

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy, fund research and development, undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed of share capital. The Company's primary uses of capital are to finance its operations, increases in non-cash working capital and capital expenditures. The Company currently funds these requirements from internally generated cash flows and cash raised through past share issuances. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity so it can provide its services to its customers and returns to its shareholders. There were no changes in the Company's approach to capital management during the period.

3 Loss per common share

As a result of the loss for the six-month periods ended March 31, 2008 and 2007, all potential dilutive securities, being stock options, unvested restricted share units and shares issued under the share purchase plan for which loans were given totalling 9,696,764 (2007-9,220,416), were anti-dilutive.

4 Stock-based compensation

During the six months ended March 31, 2008, 874,500 (2007 - 158,125) stock options with a weighted fair value of $0.49 (2007 - $1.56) 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	4.00%
Expected volatility	67.53%
Expected life	7 years
Expected dividends	nil

Stock-based compensation expense during the period was $340,594 (2007 - $731,680) relating to the Company's stock options.

The Company also recorded a stock-based compensation expense of $137,000 (2007 - $218,256) relating to the Company's restricted share plan. No restricted shares were granted during the period as the plan was cancelled in November 2006.

(Expressed in Canadian Dollars)

5 Research and development expenses

During the six months ended March 31, the research and development expenses were as follows:

	2008 $	2007 $
Gross research and development expenses	6,621,134	5,911,242
Less: Investment tax credits recognized	100,000	300,000
	6,521,134	5,611,242

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 taxable losses the majority of the credits were not afforded asset recognition in the interim consolidated balance sheet.

6 Change in non-cash operating working capital

	2008 $	2007 $
Accounts receivable	(3,925,897)	(3,273,459)
Unbilled revenue	(1,989,596)	(2,457,022)
Investment tax credits and income taxes receivable	(100,000)	636,330
Prepaid expenses	197,753	(29,567)
Accounts payable	(647,222)	1,241,218
Accrued liabilities	1,775,521	624,603
Deferred revenue	126,134	732,425
Income taxes payable	616,844	398,911
Goods in transit	3,522	(668,875)
	(3,942,941)	(2,795,436)

(Expressed in Canadian Dollars)

7 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 six months ended March 31 by geographic area is as

	2008 $	2007 $
Europe, Middle East and Africa	9,298,757	8,676,509
Americas	9,663,514	10,751,425
Asia and Pacific Rim	5,125,868	1,256,397
	24,088,139	20,684,331

follows:

Revenue is attributed to geographic locations based on the location of the external customer. Sales related to Canadian customers were $1,284,408 and $2,389,479 for each of 2008 and 2007, respectively.

	2008 $	2007 $
Revenue by type		
Software and services	16,295,906	14,362,139
Third party software and hardware	1,595,246	756,443
Support	6,196,987	5,565,749
	24,088,139	20,684,331

(Expressed in Canadian Dollars)

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

	March 31, 2008 $	September 30, 2007 $
Australia	158,741	-
Canada	157,453	187,074
Ireland/United Kingdom	127,594	41,831
India	17,344	20,469
Other	2,998	646
	464,130	250,020

In the period ended March 31, 2008, one customer accounted for approximately 14% of revenue. (2007 - two customers accounted for 10% and 11%).

8 Guarantees and contingencies

a) 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.

b) 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 for losses on claims for which the outcome is not determinable or where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

(Expressed in Canadian Dollars Except as Otherwise Indicated)

9 Business acquisition

On February 20, 2008, Redknee acquired 100% of the common shares of Argent Networks PTY Ltd. (Argent) of Australia for a cash purchase price of $526,754. The total cost of acquisition is $1,129,934, including transaction costs. The acquisition was accounted for by the purchase method and the results and operations of Argent have been consolidated effective February 20, 2008.

The purchase price was allocated to the assets and liabilities as follows:

	$
Cash and cash equivalents	45,679
Accounts receivable	310,892
Prepaid expenses	24,744
Intangible assets	1,527,255
Property and equipment	164,907
Accounts payable	(192,003)
Accrued liabilities	(52,743)
Income taxes payable	(91,733)
Deferred revenue	(307,145)
Other current liabilities	(299,919)
	1,129,934

The amounts assigned to the assets acquired and liabilities assumed may be adjusted when the allocation process has been finalized. The allocation of the purchase price is expected to be completed in the third quarter of 2008.