REDKNEE SOLUTIONS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

DATED: November 25, 2009

SCOPE OF ANALYSIS

This Management's Discussion and Analysis (MD&A) covers the results of operations, financial condition and cash flows of Redknee Solutions Inc. (the "Company" or "Redknee") for the fourth quarter and year-ended September 30, 2009. This document is intended to assist the reader in better understanding operations and key financial results as they are, in our opinion, at the date of this report.

The MD&A has been prepared in accordance with National Instrument 51-102, Continuous Disclosure Requirements, and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the fiscal year ended September 30, 2009. The consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The consolidated financial statements and the MD&A have been reviewed by Redknee's Audit Committee and approved by its Board of Directors. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for fiscal 2009, fiscal 2008 and the related notes.

In this document, "we", "us", "our", "Company" and "Redknee" all refer to Redknee Solutions Inc. collectively with its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Company including our most recently completed Annual Information Form ("AIF") is available on SEDAR at ***www.sedar.com*** and on the Company's web-site at ***www.redknee.com***.

FORWARD-LOOKING STATEMENTS

Certain statements in this document may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this document, such statements use such words as "may", "will", "expect", "continue", "believe", "plan", "intend", "would", "could", "should", "anticipate" and other similar terminology. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this document. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the "Risk Factors" section of the Company's the most recently filed AIF. Although the forward-looking statements contained in this document are based upon what we believe are reasonable assumptions, we cannot assure investors that our actual results will be consistent with these forward-looking statements. We assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances, except as required by securities law.

OVERVIEW

Redknee, established in 1999, develops markets and licenses infrastructure software solutions and related professional services – for some of the largest network operators throughout the world. The solutions cover, wireless, wireline, broadband and satellite technologies and have been provided to over 70 network operators in over 50 countries. Redknee delivers solutions in the area of telecommunications' operational and billing support services (OSS/BSS). Its product portfolio includes turnkey converged billing; interconnect billing, customer care, real-time rating, charging and policy for voice, messaging and next generation data services.

Redknee solutions enable operators to monetize the value of each transaction while personalizing the subscriber experience to meet mainstream and individual market segmentation requirements. The Company segments its operations in three main geographic areas namely:

1. APAC – Asia Pacific
2. Americas – North America, South America and Caribbean
3. EMEA – Europe, the Middle East and Africa.

Redknee's solutions help to create a better, more personal user experience for telecommunications subscribers all around the globe. Redknee provides software solutions that enable network operators to charge, price, deliver, and bill for all of the newest, cutting-edge communications services. Redknee's software products are packaged into the following solutions:

Turnkey Converged Billing (TCB)	A solution designed to deliver real-time rating, charging, billing and customer care to operators around the globe. The solution handles various types of network services and customer segments: wireless, wireline, satellite, WiMax, broadband, pre-paid, post-paid, data, voice, SMS and content. Enhanced with a comprehensive modular suite of real-time value transfer capabilities that focus on serving the financial and commerce requirements of mobile subscribers
Next Generation Rating and Charging with Policy Manager	NGRC is designed to provide operators with the means to charge for, and flexibly price and deliver, new data services such as mobile advertising, mobile TV, mobile music and mobile broadband. It also helps operators to reduce CAPEX and better control their network resources, while personalizing the subscriber experience.
One Call Resolution	A customer care solution that provides an intuitive view of subscriber status and context – enabling customer care representatives to resolve problems quickly and efficiently.
InBill	A wholesale billing and content management solution.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table displays selected consolidated financial information for the three-month and twelve-month periods ended September 30, 2009 and September 30, 2008 respectively. Each investor should read the following information in conjunction with those statements and related notes.

Consolidated Statement of Earnings Thousands except per share	Three Months Ended September 30, 2009	2008	Twelve Months Ended September 30, 2009	2008
Revenue				
Software and services and other	$ 5,901	$ 10,056	$ 32,097	$ 35,482
Support	4,902	$ 4,618	21,153	$ 15,219
	10,803	**14,674**	**53,250**	**50,701**
Cost of revenue	2,667	3,302	11,968	14,973
Gross profit	**8,136**	**11,372**	**41,282**	**35,728**
Operating expenses				
Selling and marketing	2,568	4,450	14,609	16,567
General and administrative	1,532	3,203	8,983	10,769
Research and development	2,338	3,211	11,930	13,464
Amortization of property, equipment and intangible assets	195	191	677	409
Foreign exchange loss (gain)	1,781	(540)	872	(1,584)
	8,414	**10,515**	**37,071**	**39,625**
Income (Loss) from operations	**(278)**	**857**	**4,211**	**(3,897)**
Interest income	52	145	98	451
Interest expense	(5)	0	(20)	(28)
Net income (Loss) before income taxes	**(231)**	**1,002**	**4,289**	**(3,474)**
Income taxes	16	105	962	938
Net income (Loss) for the period	**$(247)**	**$897**	**$3,327**	**$(4,412)**
Income (Loss) per common share				
Basic	0.00	0.02	0.06	(0.08)
Diluted	0.00	0.02	0.06	(0.08)
Weighted average number of common shares				
Basic (thousands)	57,761	56,329	57,761	56,329
Diluted (thousands)	59,580	57,214	59,832	56,329

Balance Sheet Data **Thousands**	**As at September 30, 2009**	**As at September 30, 2008**	**$ Change**	**% Change**
Cash and Cash Equivalents	25,663	15,243	10,420	68%
Short-Term Investments	107	56	51	91%
Total Assets	41,355	37,451	3,904	10%
Accounts Payable and Accrued Liabilities	6,808	10,851	(4,043)	-37%
Long-Term Debt and Other obligations	-	-	-	-
Shareholders' Equity	24,023	19,414	4,609	24%

CURRENT PERIOD OPERATING RESULTS

Revenue

The following tables set forth the Company's revenues by type and as a percentage of total revenue for the periods indicated:

Thousands	**Three Months Ended September 30,**		**Twelve Months Ended September 30,**	
	2009	**2008**	**2009**	**2008**
Software and Services	5,171	9,749	29,945	31,623
Third Party Software and Hardware	730	307	2,152	3,859
Support and Subscription	4,902	4,618	21,153	15,219
Total	**10,803**	**14,674**	**53,250**	**50,701**

Percentage of Total Revenue	**Three Months Ended September 30,**		**Twelve Months Ended September 30,**	
	2009	**2008**	**2009**	**2008**
Software and Services	48%	67%	56%	62%
Third Party Software and Hardware	7%	2%	4%	8%
Support and Subscription	45%	31%	40%	30%
Total	**100%**	**100%**	**100%**	**100%**

The Company recognizes revenue from the sale of software licenses including initial licenses, capacity increases and/or upgrades; professional services; third party hardware and software components and customer support contracts. The majority of the Company's revenue is denominated in U.S. dollars and, as a result, revenues might be impacted by exchange rate fluctuations. For the three-month period ended September 30, 2009, the Company's revenue decrease by 26% from $14.7 million for the same period in fiscal 2008 to $10.8 million in fiscal 2009. For the year ended September 30, 2009 revenue grew by 5% from $50.7 million in fiscal 2008 to $53.3 million in fiscal 2009.

The decrease in revenue for the quarter noted above relates primarily to the decline in revenue from initial deployments and license expansions, partially offset by increased support revenue. This can be attributed to general economic uncertainties, during which operators deferred project implementations and lowered license expansions in response to declining average revenue per subscriber, slower subscriber additions and foreign exchange fluctuations in their respective operating regions.

The increase in revenue for the year can be attributed to greater support revenue - through both organic growth and from the InBill product acquired in fiscal 2008 – as well as increased license expansions. This was somewhat offset by a reduction in initial deployments in 2009 compared to fiscal 2008.

Software and Services Revenue

Software and services revenue consists of fees earned from the licensing and deployment of software products to our customers, as well as the revenues resulting from consulting and training services contracts related to the software products.

Software and services revenue for the fourth quarter of 2009 decreased by 46% to $5.2 million, or 48% of total revenue, compared to $9.7 million, or 67% of total revenue, for the same period last year. The decline is primarily due to a decrease in revenue from initial deployments and upgrades.

For the twelve-month period ended September 30, 2009, software and service revenue decreased by 5% to $29.9 million, or 56% of total revenue, compared to $31.6 million, or 62% of total revenue, last year. For the twelve-month period, the decline in software and services revenue can be attributed to longer sales cycles and extended decision making processes in telecom customers as a result of general economic uncertainty.

Third Party Software and Hardware Revenue

Third party software and hardware revenue consists of revenue from the sale of other vendor's hardware and software components as part of Redknee's solutions, including server platforms, database software and other ancillary components.

Third party software and hardware revenue for the fourth quarter of 2009 increased by 138% to $0.7 million, or 7% of total revenue, compared to $0.3 million, or 2% of total revenue, for the same period last year.

For the twelve-month period ended September 30, 2009, third party software and hardware revenue decreased by 44% to $2.2 million, or 4% of total revenue, compared to $3.9 million, or 8% of total revenue, last year.

Support and Subscription Revenue

Support and subscription revenue consists of revenue from our customer support, subscription and maintenance contracts. These recurring revenue agreements allow customers to receive technical support and upgrades in the case of subscription agreements. Support revenue is generated from such agreements relative to current year sales and the renewal of existing agreements for software licenses sold in prior periods. Typically, support contracts commence for a period of one or more years upon completion of acceptance testing and then renew annually thereafter.

Support and subscription revenue for the fourth quarter of 2009 grew by 6% to $4.9 million, or 45% of total revenue, compared to $4.6 million, or 31% of total revenue, for the same period last year.

For the twelve-month period ended September 30, 2009, support revenue grew by 39% to $21.2 million, or 40% of total revenue, compared to $15.2 million, or 30% of total revenue, last year.

Support revenue growth reflects an increase in our installed base, as well as maintenance contract renewals from existing customers and InBill support since the acquisition of those operations in February of 2008.

Revenue by Geography

Revenue is attributed to geographic locations based on the location of the customer. The following tables set forth revenues by main geographic area and as a percentage of total revenue for the periods indicated:

Thousands	**Three Months Ended September 30,**		**Twelve Months Ended September 30,**	
	2009	**2008**	**2009**	**2008**
APAC	2,619	3,253	10,342	12,479
Americas	4,354	5,675	22,008	19,059
EMEA	3,830	5,746	20,900	19,163
Total	**10,803**	**14,674**	**53,250**	**50,701**

Percentage of Total Revenue	**Three Months Ended September 30,**		**Twelve Months Ended September 30,**	
	2009	**2008**	**2009**	**2008**
APAC	24%	22%	20%	25%
Americas	40%	39%	41%	37%
EMEA	36%	39%	39%	38%
Total	**100%**	**100%**	**100%**	**100%**

For the three month period, revenue from the Americas region decreased by $1.3 million to $4.3 million, which represents a 23% decrease from last year EMEA revenue in the quarter decreased by $1.9 million to $3.8 million, which represents a 33% decrease from the same period last year. Revenue from the APAC region decreased by $0.6 million to $2.6 million, which represents a 19% decrease from $3.2 million last year. The decrease in revenue relates to fewer initial deployments and license expansions due to continued economic uncertainty and local foreign exchange fluctuations.

For the twelve-month period of fiscal 2009, revenue from the Americas region increased by $2.9 million to $22.0 million, which represents a 15% increase from last year due primarily to the completion of projects and expansion of licenses with Tier 1 operators in the region.

EMEA revenue in fiscal 2009 increased by $1.7 million to $20.9 million, which represents a 9% increase from last year as a result of new licenses and license expansion in the region throughout fiscal 2009.

For the twelve-month period of fiscal 2009, revenue from the APAC region decreased by $2.1 million to $10.3 million, which represents a 17% decrease from last year. The decrease in the year relates to significantly fewer initial deployments licenses and third party components.

Cost of Sales and Gross Margin

Cost of sales consists of the expense of personnel providing professional services to implement and provide post sales technical support for our solutions, and the costs of third party hardware and software components sold as part of Redknee's solution. In addition, it includes an allocation of certain direct and indirect costs attributable to these activities.

For the fourth quarter of 2009, cost of sales decreased by $0.6 million to $2.7 million, which represents a 19% decrease from $3.3 million incurred for the same period in 2008, driven by lower expenses associated with personnel providing services and support.

For the twelve-month period ended September 30, 2009, cost of sales decreased by $3.0 million to $12.0 million, which represents a 20% decrease from the $15.0 million incurred in the same period last year. The $3.0 million decrease is related to a reduction in volume of third party products and expenses associated with personnel providing services and support.

The gross margin for the fourth quarter of fiscal 2009 was 75% as compared to 77% for the fourth quarter of fiscal 2008. The decrease in gross margin can be attributed to by the product mix in sales for the period to products with lower gross margin.

For the twelve-month period ended September 30, 2009, the gross margin increased to 78% in fiscal 2009 as compared to 70% for 2008. The increase in gross margin between the periods relates to the mix of higher margin Redknee products in 2009, such as license expansions. A gross margin of 72-75% is the level Redknee's management had expected from the normal mix of business.

Operating Expenses

Total operating expenses in the fourth quarter of fiscal 2009 decreased by 20% to $8.4 million from $10.5 million in the fourth quarter of fiscal 2008.Management has made concerted efforts to constrain costs in all areas of the business, while driving operating leverage and profitability.

The following tables set forth total operating expenses by function and as a percentage of total revenue for the periods indicated:

Thousands	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Twelve Months Ended September 30, 2009	Twelve Months Ended September 30, 2008
Sales and Marketing	2,568	4,450	14,609	16,567
General and Administrative	1,532	3,203	8,983	10,769
Research and Development	2,338	3,211	11,930	13,464
Amortization	195	191	677	409
Foreign Exchange loss (gain)	1,781	(540)	872	(1,584)
Total Operating Expenses	**8,414**	**10,515**	**37,071**	**39,625**

Percentage of Total Revenue	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Twelve Months Ended September 30, 2009	Twelve Months Ended September 30, 2008
Sales and Marketing	24%	30%	27%	33%
General and Administrative	14%	22%	17%	21%
Research and Development	22%	22%	22%	27%
Amortization	2%	1%	1%	1%
Foreign Exchange loss (gain)	16%	-4%	2%	-3%
Total Operating Expenses	**78%**	**72%**	**69%**	**78%**

The decrease in operating expenses for the quarter results from certain one-time expense reductions totaling $1.8 million in the fourth quarter of fiscal 2009 as compared to the same period in 2008. These include incentive compensation reductions to both salaried and sales staff, as well as a scientific research and experimental development (SRED) credit. In addition, expense reduction in salaries, travel, and professional fees were offset by an increase in Foreign Exchange losses, for a net reduction of $2.1 million in operating expenses for the fourth quarter.

For the twelve-month period, operating expenses excluding Amortization and Foreign Exchange loss (gain) declined to 67% of revenue as compared to 80% of revenue in fiscal 2008. This lower percentage of expense, relative to the increase in revenue, reflects both one-time expense reductions and management’s ongoing and disciplined efforts to manage expenses.

In light of global economic events, management initiated various cost reduction activities in fiscal 2008 to reduce Redknee's operating costs. These actions included aligning client facing roles to increase proximity to customers, especially in high growth markets. The Company continues to evaluate its office facilities and has taken steps to rationalize facility costs in certain markets.

Sales and Marketing Expenses

Sales and Marketing ("S&M") expenses consist primarily of salaries, variable compensation costs and other personnel costs, travel, advertising, marketing and conference costs plus the allocation of certain overhead costs to support the Company's sales and marketing activities.

For the fourth quarter of 2009, S&M expenditures decreased by $1.9 million to $2.6 million, which represents a 42% decrease from $4.5 million incurred for the same period last year. As a percentage of total revenue, S&M expenses decreased from 30% of revenue to 24% of revenue between the two periods. The reduction in sales and marketing costs include a one-time reduction of $1.1 million in sales compensation due to reduced sales in the period, and reflects the Company's ongoing efforts to match spending on various sales and marketing activities in line with revenue opportunities.

For the twelve-month period ended September 30, 2009, S&M expenditures decreased to $14.6 from $16.6 million. As a percentage of total revenue, S&M expenses decreased from 33% to 27%, as revenue growth exceeded the growth of expenses for the period.

The Company has also been mindful of managing growth to sustainable levels in response to deteriorating global economic conditions that are reflected in the decreased S&M expense for the current quarter and overall as a percentage of sales.

General and Administrative Expenses

General and administrative ("G&A") expenses consist of the Company's support activities such as finance, human resources, information technology, and professional costs associated with tax, accounting, and legal expenditures. Certain overhead costs such as facilities, communications and computer costs are allocated to G&A and the other departments on a per headcount basis.

For the fourth quarter of fiscal 2009, general and administrative expenditures decreased from $3.2 million to $1.5 million. The reduction includes a one-time decrease in expenses of $0.4 million the majority relating to incentive compensation. Excluding one-time reductions, G&A expenditures declined $1.2 million as a result of a reduction in headcount and salaries, reduced travel, professional fees, and office closures during fiscal 2009. In addition, the fourth quarter of fiscal 2008 included a bad debt expense of $0.4 million.

For the twelve-month period ended September 30, 2009, G&A expenditures decreased by $1.8 million to $9.0 million, which represents a 17% decrease from the $10.8 million incurred in 2008. As a percentage of total revenue, G&A expenses decreased from 21% to 17% in 2009.

The G&A costs for the period reflect the Company's ongoing efforts to continue to reduce these costs and achieve increased operating leverage from its global infrastructure.

Research and Development Expenses

Research and Development expenses consist primarily of personnel costs associated with product management and the development and testing of new products plus the allocation of certain overhead costs.

For the three month period ended September 30, 2009, gross R&D expenditures decreased by $0.9 million to $2.3 million, which represents a 27% decrease from the $3.2 million incurred in the same period last year. The reduction includes a one-time decrease in expenses related to incentive compensation totaling $0.1 million. Excluding one-time reductions, gross R&D expenditures declined $0.5 million as a result of lower salary expenses and the Company's ability to leverage its R&D global distributed operations.

In the fourth quarter of fiscal 2009, the Company recorded a $0.2M SRED credit. The credit offsets taxes payable in Canada and is recorded as a reduction in R&D expenses. As a percentage of total revenue, net R&D expenditures remained at 22%.

For the twelve-month period ended September 30, 2009, net R&D expenditures decreased by $1.6 million to $11.9 million, which represents an 11% decrease from the $13.5 million incurred in 2008. As a percentage of total revenue, R&D expenses decreased from 27% to 22%.

The Company's R&D capacity has increased through the use of lower cost resources and through disciplined use of a product roadmap process.

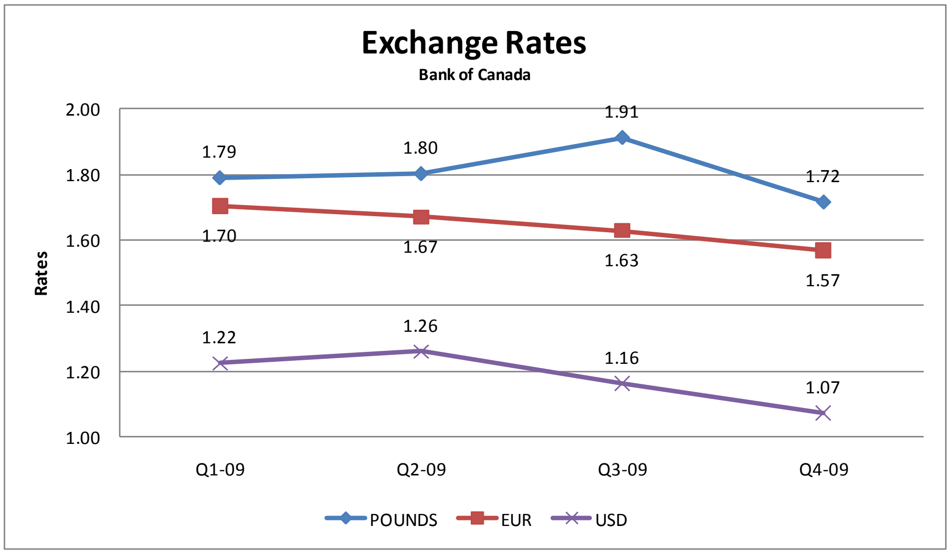
Amortization Expense

Amortization for the fourth quarter ended September 30, 2009 remained at $0.2 million. For the twelve-month period ended September 30, 2009, amortization expenses totaled $0.7 million as compared to $0.4 million incurred in fiscal year 2008. The increase relates to the amortization of intangibles as a result of the acquisition of Argent Networks operations in fiscal 2008.

Foreign Exchange Gain/Loss

The Company's currency of measure is the Canadian dollar and the financial statements are presented in Canadian dollars. With respect to other currencies such as the US dollar, the Euro and the British Pound, the Company is exposed to fluctuations in exchange rates. The majority of the Company's revenue is denominated in U.S. dollars and, as a result, revenues might be impacted by exchange rate fluctuations

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 balances into Canadian dollars to the extent practical. The Company conducts a significant portion of its business activities in foreign countries. The amount and direction of any reported gain or loss will depend upon the direction of currency movement and on whether one of Redknee's subsidiary's financial position is one of net monetary assets or net monetary liabilities. In the case of a strengthening foreign currency relative to the Canadian dollar, a gain will be reported when there are net monetary assets and a loss when there are net monetary liabilities. For a weakening foreign currency relative to the Canadian dollar, there will be a loss on a net monetary asset position and a gain on a net monetary liability position. The graph below displays the change in rates relative to the Canadian dollar.



For the quarter ended September 30, 2009, the Company recognized a foreign currency exchange loss of \$1.8 million, as compared to a foreign currency exchange gain of \$0.5 million in the same period of fiscal 2008. The loss in the fourth quarter of 2009 was primarily due to US and British Pound depreciating against the Canadian dollar.

For the twelve month period ended September 30, 2009, the Company experienced a foreign exchange loss of \$0.9 million, due largely to significant fluctuation in the exchange rates between our principal currencies – US dollar, British Pounds and Euro with Canadian dollar in the fourth quarter.

Interest Income and Interest Expense

Interest income consists primarily of interest income (net of related expenses) earned on the Company's cash, cash equivalents and marketable securities.

Due to continued global economic uncertainty, the Company's excess cash has been invested in short term provincial or federal Canadian guaranteed investments. The interest rates offered on these products are at historic lows, which accounts for the substantial decrease in interest income compared to fiscal 2008.

Stock-Based Compensation

For the twelve months ended September 30, 2009, 3,139,500 (2008 – 1,185,000) stock options with a weighted fair value of \$0.40 (2008 - \$0.81) 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. Stock-based compensation expense during the twelve month period was \$0.7 (2008 - \$0.9) million relating to the Company's stock options and restricted shares under the restricted share plan.

Income Taxes

The current income tax provision is management's estimate of current taxes owing by the Company's foreign subsidiaries.

SUMMARY OF RESULTS

All financial results are in thousands, unless otherwise stated, with the exception of per share amounts. The table below provides summarized information for our eight most recently completed quarters:

Thousands	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08
Revenue	$ 10,803	$ 14,480	$13,750	$14,217	$14,674	$11,939	$12,610	$ 11,478
Net Income (Loss)	$(248)	$508	$ 206	$ 2,861	$ 897	$(3,854)	$ 743	$ (2,198)
Basic Income (Loss) per Share	$0.00	$0.01	$ 0.00	$ 0.05	$ 0.02	$ (0.07)	$ 0.01	$ (0.04)
Diluted Income (Loss) per Share	$0.00	$0.01	$ 0.00	$ 0.05	$ 0.02	$ (0.07)	$ 0.01	$ (0.04)
Weighted average shares outstanding – Basic	57,761	57,108	56,881	56,644	56,329	58,351	56,319	56,329
Weighted average shares outstanding - Diluted	59,580	59,122	57,211	57,111	57,214	58,351	57,204	56,329

In prior periods where net income was negative, options were considered to be anti-dilutive for the calculation of Earnings per Share (EPS) and Fully Diluted Earnings per Share (FDEPS).

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth, fund operations and undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company currently funds its operations, changes in non-cash working capital and capital expenditures from internally generated cash flows.

The table below outlines a summary of cash inflows and outflows by activity.

Key Ratios	September 30, 2009	September 30, 2008
Working Capital	$22,144	$16,507
Days Sales Outstanding	75	81

Statement of Cash Flows Summary **Thousands**	**Three Months ended September 30,**		**Twelve Months ended September 30,**	
	2009	**2008**	**2009**	**2008**
Cash inflows and (outflows) by activity:				
Operating activities	3,926	2,971	10,699	(6,191)
Investing activities	4,334	5,639	(371)	12,273
Financing activities	327	(5)	510	(49)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(1,198)	(100)	(418)	282
Net cash inflows (outflows)	7,389	8,505	10,420	6,315
Cash and cash equivalents, beginning of period	18,274	6,738	15,243	8,928
Cash and cash equivalents, end of period	25,663	15,243	25,663	15,243

*The Company uses Working Capital and Days Sales Outstanding in Accounts Receivable as measures to enhance comparisons between periods. These terms do not have a standardized meaning under GAAP and are not necessarily comparable to similar measures presented by other companies. The calculation of each of these items is more fully described below.

Cash from Operating Activities

Cash provided by operating activities was $10.7 million in the twelve months ended September 30, 2009, as compared to $6.2 million of cash used for the same period last year. In the fourth quarter of fiscal 2009, accounts receivable decreased by a total of $5.0 million from June 30, 2009. The Company's Days Sales Outstanding in Accounts Receivable ("DSO") decreased to 75 days, from 81 days at September 30, 2008. Redknee calculates DSO based on the annualized revenue and the average accounts receivable balance. The decrease in DSO is due primarily to collection efforts.

Cash generated by operating activities in the quarter ended September 30, 2009 was $3.9 million. Accounts receivable for the fourth quarter of 2009 decreased from $11.2 million at September 30, 2008 to $8.2 million at September 30, 2009.

Working capital represents the Company's current assets less its current liabilities. The Company's working capital balance increased to $22.1 million at September 30, 2009 from $16.5 million for September 2008. This increase in Redknee's working capital level relates mainly to the increase in cash and short term investments, driven by improved collections of accounts receivable balances. This is further indicated by the decrease in the Company's DSO calculation.

The continued adverse economic environment may impact the Company's exposure to credit risk. Redknee monitors the capital and operating expense practices of its customers to identify credit and collection risks in a timely manner and reviews its revenue forecasts based on developing information. Management will continue to monitor and focus on collections and reducing credit risk and bad debts through fiscal 2010.

Financial Instruments and Credit Concentration

The fair value of accounts receivable, other receivables, accounts payable and accrued liabilities approximates their carrying value due to the immediate or short-term maturity of these financial instruments. At September 30, 2009, the Company had a significant concentration of credit risk with one customer representing 12% of the Company's accounts receivable.

Cash from Investing Activities

Cash generated from investing activities during the quarter ended September 2009, was $4.3 million. It consisted primarily of the maturing of Canadian and provincial government backed short-term investments.

For the twelve months ended September 30, 2009, investing activities changed by $0.4 million due to short-term investments maturing.

Cash from Financing Activities

In the fourth quarter of fiscal 2009, cash provided by financing activities was minimal, relating to repayment of employee shareholder loans.

For the twelve months ended September 30, 2009, financing activities changed by $0.5 million due to repayment of employee shareholder loans.

Long Term Debt and Credit Facilities

As at September 30, 2009, the Company had no long-term debt outstanding, and has not drawn any amount on its existing US$10,000,000 credit facility with Export Development Canada ("EDC").

Litigation

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 it considers any claim likely to result in a loss and is able to quantify the amount of the loss, management makes a suitable provision for such loss. 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.

OFF BALANCE SHEET ARRANGEMENTS

As of September 30, 2009, the Company had no off-balance sheet arrangements.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company has no significant commercial commitments or obligations other than for the leases of the facilities it currently occupies, the latest of which expires in fiscal 2013, and operating leases for office and computer equipment.

Future minimum lease payments for premises non-cancellable operating leases are as follows:

	$
2010	2,215,162
2011	1,364,738
2012	870,748
2013	44,203
2014 and thereafter	-

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining effective disclosure controls and procedures for the Company as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The Company's Chief Executive Officer and the Chief Financial Officer have evaluated the Company's disclosure controls and procedures as of September 30, 2009 and have determined that such disclosure controls and procedures are effective. This evaluation took into consideration the Company's disclosure policy, a sub-certification process and the functioning of its Disclosure Committee.

Internal Control over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining effective internal control over financial reporting as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim* Filings. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As at September 30, 2009 the Company's management evaluated the effectiveness of the design and operation of its disclosure controls. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Internal Controls over Financial Reporting are effective.

There have not been any changes in the issuer's internal control over financial reporting that occurred during the period ending September 30, 2009 that has materially affected, or is reasonably likely to affect, the issuer's internal control over financial reporting.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

We are currently implementing our IFRS transition plan to achieve adoption of IFRS by October 1, 2011 which consists of three phases: diagnostic, analysis and implementation.

The diagnostic phase includes the identification of Canadian GAAP and IFRS differences relevant to the Company and the alternatives available upon adoption. The Company has completed the diagnostic phase and the key differences between Canadian GAAP and IFRS have been identified as revenue recognition, income taxes and financial statement presentation and disclosure requirements. Additional differences may be identified in the future as a result of changes to the Company's business or as IFRS standards are further developed.

The analysis phase includes an evaluation and selection of accounting policies and alternatives available at initial adoption of IFRS. The analysis phase will also include evaluation and assessment of our information systems, internal controls over financial reporting, financing agreements or compensation arrangements that may be affected by the adoption of IFRS. The Company engaged external advisors to provide support in completing this phase.

During 2010 and 2011, the Company will complete its analysis, finalize the selection of accounting policies under IFRS and determine any impacts on financial reporting, systems and controls. The implementation phase includes completion of all necessary changes to systems, process and controls and development of the financial statement presentation and disclosures required to convert to IFRS.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

General

The Company's revenue is derived primarily from licensing of software products under non-cancellable licence agreements, the provision of related professional services (including installation, integration and training) and post-contract customer support (PCS). In certain cases, the Company also provides customers with hardware in conjunction with its software offerings.

The Company recognizes revenue in accordance with Canadian GAAP. Revenue is not recognized unless persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured.

Multiple element arrangements

The Company enters into multiple element revenue arrangements, which may include any combination of software, service, support and/or hardware.

A multiple element arrangement is separated into more than one unit of accounting if all of the following criteria are met:

i) reliable and objective evidence of fair value exists for all undelivered elements (for software related deliverables, fair value is established through vendor-specific objective evidence (VSOE));

ii) undelivered elements are not considered essential to the functionality of delivered elements;

iii) the delivered elements have stand-alone value to the customers;

iv) delivery or performance of the undelivered elements is considered probable and substantially in the control of the Company; and

v) fees related to delivered elements are not subject to refund, forfeiture or other concession if undelivered elements are not delivered.

If these criteria are not met, the arrangement is accounted for as one unit of accounting, which would result in revenue being deferred until the earlier of when such criteria are met or when the last undelivered element is delivered.

If these criteria are met for each element and there is objective and reliable evidence of fair value for all units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting, based on each unit’s relative fair value. There may be cases, however, in which there is objective and reliable evidence of fair value of the undelivered elements but no such evidence for the delivered elements. In those cases, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered elements equals the total arrangement consideration, less the aggregate fair value of the undelivered elements. The revenue policies below are then applied to each unit of accounting, as applicable.

Software

If services are not deemed essential to the functionality of the licensed software, revenue from licensed software is recognized at the later of delivery or the inception of the licence term. When the fair value of a delivered element has not been established, the Company uses the residual method to recognize revenue if the fair value of the undelivered elements is determinable.

If services are deemed essential to the functionality of the licensed software (which is the frequent arrangement), the licensed software and service revenues are recognized using contract accounting, following the percentage-of-completion method. The Company uses either the ratio of incurred costs to estimated total costs or the completion of applicable milestones, as appropriate, as the measure of its progress to completion on each contract. If a loss on a contract is considered probable, the loss is recognized at the date determinable.

Services

If services are deemed essential to the functionality of the licensed software, the licence and service revenues are recognized under contract accounting, as described above.

If services are not deemed essential to the functionality of the software, the service revenue is recognized as the services are delivered to the customer. The Company has established VSOE for service elements, based on the normal pricing and discounting practices for those elements when they are sold separately.

Support

PCS revenue is recognized rateably over the term of the support agreement, which is typically one year. The Company has established VSOE of PCS, based on the PCS rates (percentage of licence fees) contractually agreed with customers. Absent a stated PCS rate or when there is a low contracted PCS rate, the Company uses a rate which represents the price when PCS is sold separately based on PCS renewals.

Hardware

Hardware revenue is recognized as hardware is delivered to customers, when the risks and rewards of ownership have been transferred. The fair value of hardware is established based on the prices charged when hardware is sold separately.

Unbilled and deferred revenue

Amounts are generally billable on reaching certain performance milestones, as defined by individual contracts. Revenue in excess of contract billings is recorded as unbilled revenue. Cash proceeds received in advance of performance under contracts are recorded as deferred revenue.

Business Combinations

The Company allocates the purchase price of a business acquisition to tangible assets, intangible assets and liabilities based on their estimated fair values at the date of acquisition with the excess of purchase price amount over these fair values being allocated to goodwill. The allocation of the purchase price to acquisitions involves considerable judgment in determining the fair value assigned to tangible and intangible assets acquired and the liabilities assumed on acquisition. Among other things, the determination of these fair values involves the use of discounted cash flow analyses, estimated future revenues and margins. In estimating future revenues and margins, the Company considers information published by third parties describing the size of the market and its growth rate, the planned margins for the acquired business and current costs to produce the solution offered by the acquired enterprise.

Long-Lived Assets

Intangible assets are stated at cost less accumulated amortization and are comprised of acquired non-patented software technology and customer relationships purchased through the Company’s business acquisitions. Acquired non-patented technology assets are amortized on a straight line basis over five years. Acquired customer relationship assets are amortized on a straight line basis over nine years. The Company reviews long-lived assets for impairment annually or whenever events and/or changes in circumstances indicate that the carrying amount may not be recoverable If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying amount over the fair value of the asset. The Company’s impairment analysis contain estimates due to the inherently speculative nature of forecasting long term estimated cash flows and determining the ultimate useful lives of assets. Actual results will differ, which could materially impact our impairment assessment.

Stock Based Compensation

The Company has adopted a stock option plan as further described in notes 1, 7 and 8 of its September 30, 2009 audited consolidated financial statements.

In accordance with CICA Handbook Section 3870, awards granted on or after December 1, 2003 are accounted for using the fair value method of accounting, whereby the Company recognizes compensation expense equal to the fair value of the award over its vesting period. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the expected term of stock options, the expected volatility of the Company’s stock and expected dividends. If actual results differ significantly from these estimates, stock-based compensation expense and the Company’s results of operations could be materially impacted. The fair value of the awards is determined using the Black-Scholes option pricing model.

Income Tax Expense

The current (recovery) provision for income taxes predominantly relates to the Company’s foreign subsidiaries.

The ultimate realization of future tax assets is dependent upon future taxable income during the years in which these assets are deductible. Management considers the likelihood of future profitability, the character of the tax assets and applicable tax planning strategies of the Company to make this assessment. To the extent that management believes that the realization of future tax assets does not meet the more likely than not realization criterion, a valuation allowance is provided against its future tax assets. Note 10 of the September 30, 2009 financial statements describes the nature of the assets and related valuation allowance. Tax reserves are established for uncertain income tax positions based on management’s best estimates.

As at September 30, 2009, the Company has approximately $35.7M of federal non-capital losses and scientific research and experimental development (SRED) pools for income tax purposes that will begin to expire in 2014, which are available to reduce future years’ income for income tax purposes. In addition, the Company has approximately $8.6M of non-capital losses with an indefinite life from foreign subsidiaries. The Company also has $8.4M (2008 - $8.1M) of unrecorded income tax credits, which can be also used to reduce future federal income taxes. These credits have a life of ten to 20 years and will not begin to expire until 2014.

Allowance for doubtful accounts

The allowance for doubtful accounts represents the Company's best estimate of probable losses that may result from the inability of its customers to make required payments. The Company regularly reviews accounts receivable and uses judgment to assess its ability to collect specific accounts and, based on this assessment, an allowance is maintained for those accounts that are deemed to be uncollectible. For the quarter ended September 30, 2009, the Company did not record a reserve for doubtful accounts.

PATENT PORTFOLIO

As part of Redknee's commitment to Research and Development ("R&D") to maintain its position as a key industry innovator in the real-time OSS/BSS software space, the Company currently has a portfolio of 17 issued patents, and 51 new patent applications pending. To date we have not initiated any action with respect to assertions and/or claims of patent infringement.

OUTSTANDING SHARE DATA

Redknee's authorized share capital has remained unchanged from third quarter to fourth quarter 2009. The current number of common shares outstanding is 59,238,396. In addition, there were 8,407,212 stock options outstanding with exercise prices ranging from US $0.14 to US $1.70 per share.

RISK FACTORS

As previously discussed, 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.

We caution that period-to-period comparison of results of operations is not necessarily meaningful and should not be relied upon as any indication of future performance.