REDKNEE SOLUTIONS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

DATED: December 2, 2015

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, 2015. 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 should be read in conjunction with the audited Consolidated Financial Statements for the fiscal year-ended September 30, 2015, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

Certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See “Forward-Looking Statements” and “Risks and Uncertainties”. The consolidated financial statements and the MD&A have been reviewed by Redknee’s Audit Committee and approved by its Board of Directors.

Unless otherwise indicated, all dollar amounts are expressed in U.S. Dollars. In this document, “we,” “us,” “our,” “Company” and “Redknee” all refer to Redknee Solutions Inc. collectively with its subsidiaries.

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 was founded in July 1999 and has since become a leading global provider of innovative real-time monetization and subscriber management software products, solutions, and services. Redknee's award-winning solutions enable the monetization of services and content across numerous industries and business models while delivering a superior customer experience. Redknee's revenue and subscriber management platform provides innovative converged billing, charging, policy and customer care solutions to over 250 service providers in over 90 countries. The Company's software products allow service providers across telecommunications and other vertical markets, such as energy and transportation, to extend and enhance their capabilities and service offerings and to monetize the growing ecosystem of the Internet of Things ("IoT"). Redknee's software supports the introduction of new revenue streams and innovative tariffs, loyalty programs, data services, and advanced customer care and subscriber self-care. Redknee Solutions Inc. (TSX: RKN) is the parent of the wholly-owned operating subsidiary Redknee Inc. and its various subsidiaries. The Company derives its revenue from three main geographic areas namely:

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

Available on-premise, cloud-based or as a Software-as-a-Service ("SaaS") offering, Redknee's highly scalable and agile, end-to-end platform, supports the following market solutions:

- **Converged Billing and Customer Care** – Redknee's award-winning cloud-enabled real-time converged charging, billing, and customer care platform delivers the benefits of a flexible, end-to-end software platform, including real-time charging, billing, policy management and customer care for service providers' data, voice, and messaging services. These services, charging, billing and policy and customer care, can also be applied to other industries, including energy and transportation, enabling them to charge for new and existing services in real-time. Today, Redknee's scalable solution is supporting more than 100 million subscribers at a single customer and aims to enable operators to launch and monetize their 3G and LTE networks and deliver advanced data services, including Voice over LTE (VoLTE), M2M, cloud-services and Over the Top ("OTT") offerings.

- **Policy Management** – Redknee's Policy Management solution provides a single solution that enables service providers to take control of network resource usage, assure quality of experience for key users, and offer personalized services and differentiated, service-specific charging. Serving more than 40 operators, Redknee's Policy Management solution is key to supporting operator data monetization strategies for real-time applications such as video streaming, interactive gaming and VoLTE.

- **Brand Challenger** – Redknee's Brand Challenger solution provides a cloud-based end-to-end converged billing solution for Mobile Network Operators ("MNOs"), Mobile Virtual Network Enablers ("MVNEs") and Mobile Virtual Network Operators ("MVNOs") to launch quickly to the market. Redknee's out-of-the-box solution offers a low risk business model that enables MNOs to launch a second brand, MVNEs to accelerate their growth strategies and MVNOs to improve their differentiation in the market. Redknee offers the Redknee Cloud in the Americas as part of its strategy to offer SaaS and a fully managed service to Tier 1 operators, MVNOs and service providers that want to launch to the market quickly.

- **Wholesale Settlement –** Redknee's Wholesale Settlement is a cloud-based solution that provides operators with greater visibility into network transactions in order to achieve converged settlement and accurate interconnect billing. Redknee's solution helps service providers maximize the value of their network with a comprehensive and cost-effective interconnect, wholesale, roaming, MVNO, franchise management and content settlement software solution.

- **Product Catalog and Order Management** – Redknee's Product Catalog and Order Management enables customers to maximize their sales strategies while centrally managing the order management process, products and product offerings. The solution offers fast and flexible modeling of any commercial offering and supports omni-channel and any-play sales strategies by offering client products and services across multiple lines of business.

- **E-Vouchers –** Redknee's e-voucher solutions strengthens a customer's ability to monetize services, with the provision of voucher and voucher-less payment and top-up solutions. Redknee's solution allows providers to offer end users the most convenient payment solutions in their market.

- **Redknee Connected Suite** - Redknee's Connected Suite enables the monetization of services across a variety of industries in the Internet of Things (IoT) including automotive, transportation, energy and utilities and the connected home. The Connected Suite provides rating, charging and billing solutions that can manage billions of events or transactions in real-time. Redknee supports real-time customer engagement and interaction to promote a superior customer experience.

FOURTH QUARTER HIGHLIGHTS

Acquisition of Orga Systems

On July 31, 2015, the Company completed the acquisition (the "Acquisition") of Orga Systems ("Orga"). Orga provides monetization solutions to approximately 45 customers in the communications, automotive, energy, and railway industries. As part of the acquisition, the Company acquired Orga's customer and supplier contracts, intellectual property rights, fixed assets and certain liabilities, along with highly skilled team of approximately 500 employees across EMEA, the Americas and Asia Pacific, further broadening its global reach. The consideration for the Acquisition was €38.0 million ($41.8 million) in gross proceeds, which was paid on July 31, 2015. The acquisition of Orga Systems marks a milestone in the execution of Redknee's long-term growth strategy by increasing market share with customers across telecom and non-telecom industries. The acquisition strengthens the company's technology and expertise across the communications, automotive, energy, and transportation sectors. The combined company has a comprehensive product suite addressing real-time monetization and subscriber management, catalog and order management.

Acquisition of a product line

On September 30, 2015, the Company acquired certain intellectual property and approximately ten employees from a vendor in the communications technology industry for gross proceeds of €1.7 million

($1.9 million), which was paid in cash. The product line acquired from the vendor is a part of the Company's end-to-end software solution, and was previously licensed from the vendor. The acquisition enables Redknee to take ownership of a key component of its product portfolio, while creating the opportunity to sell additional software features and capabilities to new and existing customers.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information of Redknee for the periods indicated. Each investor should read the following information in conjunction with those financial statements and related notes. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information set out below has been derived from the consolidated financial statements.

Consolidated Statements of Comprehensive Loss	**Three Months Ended**		**Twelve Months Ended**	
(all amounts in thousands of US$, except per share amounts)	**September 30**		**September 30**	
(unaudited)	**2015**	**2014**	**2015**	**2014**
Revenue				
Software, services and other	36,064	33,581	130,179	138,821
Support and subscription	23,696	27,357	92,561	118,876
	59,760	**60,938**	**222,740**	**257,697**
Cost of revenue	25,124	24,799	92,192	125,912
Gross profit	**34,636**	**36,139**	**130,548**	**131,785**
Operating expenses				
Sales and marketing	8,940	10,874	34,129	37,600
General and administrative	7,983	7,537	28,365	32,388
Research and development	13,081	14,606	48,030	62,214
Restructuring costs (recoveries)	(63)	22,525	1,095	22,525
Acquisition and related costs	1,001	3,306	6,212	7,198
	30,942	**58,848**	**117,831**	**161,925**
Income (loss) from operations	**3,694**	**(22,709)**	**12,717**	**(30,140)**
Foreign exchange loss	(3,063)	(5,806)	(9,948)	(5,590)
Other income (expense)	-	(1,849)	-	4,065
Finance income	16	1	31	45
Finance costs	(2,213)	(782)	(5,172)	(3,047)
Loss before income taxes	**(1,566)**	**(31,145)**	**(2,372)**	**(34,667)**
Income tax expense	2,868	3,585	7,635	5,233
Total comprehensive loss	**(4,434)**	**(34,730)**	**(10,007)**	**(39,900)**
Loss per common share				
Basic	$ (0.04)	$ (0.32)	$ (0.09)	$ (0.39)
Diluted	$ (0.04)	$ (0.32)	$ (0.09)	$ (0.39)
Weighted average number of common shares (thousands)				
Basic	109,231	108,897	109,111	102,922
Diluted	109,231	108,897	109,111	102,922

Statement of Financial Position Data $US Thousands (unaudited)	As at September 30, 2015	As at September 30, 2014
Cash, Cash Equivalents and Restricted Cash	61,020	109,519
Trade Accounts, Other Receivables and Unbilled Revenue	106,052	113,791
Goodwill and Intangible Assets	75,651	40,458
Total Assets	262,753	287,785
Trade Payable and Accrued Liabilities	41,434	48,105
Deferred Revenue	13,783	24,346
Long-Term Debt and Other Long-Term liabilities	74,537	64,994
Shareholders' Equity	111,355	118,147

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:

$US Thousands	Three Months Ended September 30		Twelve Months Ended September 30	
(unaudited)	2015	2014	2015	2014
Software & Services	32,055	26,243	116,098	114,494
Support and Subscription	23,696	27,357	92,561	118,876
Third Party Software & Hardware	4,009	7,338	14,081	24,327
Total	**59,760**	**60,938**	**222,740**	**257,697**

Percentage of Total Revenue (unaudited)	Three Months Ended September 30		Twelve Months Ended September 30	
	2015	2014	2015	2014
Software & Services	53%	43%	52%	44%
Support and Subscription	40%	45%	42%	47%
Third Party Software & Hardware	7%	12%	6%	9%
Total	**100%**	**100%**	**100%**	**100%**

The Company recognizes revenue from the sale of software licenses, including initial perpetual licenses, term licenses, capacity increases and/or upgrades; professional services; third party hardware and software components and customer support contracts.

For the three-month period ended September 30, 2015, the Company's revenues have declined by $1.2 million, or 2%, from the same period in the previous year to $59.8 million. The change by revenue type for the quarter ended September 30, 2015 is as follows: $5.8 million increase in software and services revenue, $3.7 million decrease in support and subscription revenue, and $3.3 million decrease in third party software and hardware revenue.

For the year ended September 30, 2015, the Company's revenues have declined by $35.0 million, or 14%, from the same period in the previous year to $222.7 million. The change by revenue type for the year ended September 30, 2015 is as follows: $1.6 million increase in software and services revenue, $26.3 million decrease in support and subscription revenue, and $10.2 million decrease in third party software and hardware revenue.

The decrease in revenue in the three and twelve months ended September 30, 2015 resulted mainly from the expected non-renewal of certain support contracts that were acquired as part of the BSS acquisition from Nokia Networks, the impact of foreign exchange variation, and lower third party software and hardware sales. This decrease is partially offset by the impact of additional sales to acquired customers from the Orga acquisition. On a constant currency basis, revenue in the three and twelve months ended September 30, 2015 is $67.1 million and $246.3 million, respectively, as compared to the same period last year.

Software and Services Revenue

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

Software and services revenue for the three-month period ended September 30, 2015 increased by $5.8 million to $32.1 million, or 53% of total revenue, compared to $26.2 million, or 43% of total revenue for the same period last year. This increase is mainly a result of higher software and services revenue in the EMEA and Americas region due to higher software license sales, partially offset by a decrease in software and services revenue in the APAC region. On a constant currency basis, software and services revenue in the three months ended September 30, 2015 is $36.1 million, as compared to the same period last year.

For the year ended September 30, 2015, the Company’s software and services revenue increased to $116.1 million, or 52% of total revenue, compared to $114.5 million, or 44% of total revenue, for the same period last year. The increase mainly relates to higher software and services revenue in the APAC and Americas region, partially offset by lower software revenue in the EMEA region. On a constant currency basis, software and services revenue in the year ended September 30, 2015 is $130.5 million, as compared to the same period last year.

Support Revenue

Support and subscription revenue consists of revenue from our customer support and subscription contracts, term-based software licenses, SaaS licensing, and maintenance contracts. These recurring revenue support and subscription agreements allow customers to receive technical support and upgrades. Support and subscription 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 three-month period ended September 30, 2015 decreased by $3.7 million to $23.7 million, or 40% of total revenue, compared to $27.4 million, or 45% of total revenue, for the same period last year. On a constant currency basis, support and subscription revenue in the three months ended September 30, 2015 is $26.5 million, as compared to the same period last year.

For the year ended September 30, 2015, the Company’s support and subscription revenue decreased to $92.6 million, or 42% of total revenue, compared to $118.9 million, or 47% of total revenue, in fiscal 2014. On a constant currency basis, support and subscription revenue in the year ended September 30, 2015 is $100.5 million, as compared to the same period last year.

The decrease in support and subscription revenue in the three and twelve months ended September 30, 2015 is mainly attributable to lower support revenue in the EMEA region due to the expected non-renewal of certain support contracts and the impact of foreign exchange. Prior to the closing of the BSS acquisition, certain customers decided to swap their platform and services which has taken over three years to complete. This process is expected to finish by first quarter of FY 2016.

Third Party Software and Hardware Revenue

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

Third party software and hardware revenue for the three-month period ended September 30, 2015 decreased to $4.0 million, or 7% of total revenue, compared to $7.3 million, or 12% of total revenue, for the same period last year. On a constant currency basis, third party software and hardware revenue in the three months ended September 30, 2015 is $4.4 million, as compared to the same period last year.

Third party software and hardware revenue for the year ended September 30, 2015 decreased to $14.1 million, or 6% of total revenue, compared to $24.3 million, or 9% of total revenue, for the same period last year. On a constant currency basis, third party software and hardware revenue in the year ended September 30, 2015 is $15.3 million, as compared to the same period last year.

The decrease in third party software and hardware revenue in the three and twelve months ended September 30, 2015 is mainly due to management’s initiatives to reduce third party software and hardware components, which have minimal contribution to overall profitability.

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:

$US Thousands (unaudited)	Three Months Ended September 30		Twelve Months Ended September 30	
	2015	2014	2015	2014
Asia and Pacific Rim	14,583	20,395	75,763	76,337
North America, Latin America and Caribbean	13,686	6,252	33,820	26,652
Europe, the Middle East and Africa	31,491	34,291	113,157	154,708
Total	**59,760**	**60,938**	**222,740**	**257,697**

Percentage of Total Revenue (unaudited)	Three Months Ended September 30		Twelve Months Ended September 30	
	2015	2014	2015	2014
Asia and Pacific Rim	24%	33%	34%	30%
North America, Latin America and Caribbean	23%	10%	15%	10%
Europe, the Middle East and Africa	53%	57%	51%	60%
Total	**100%**	**100%**	**100%**	**100%**

For the three-month period ended September 30, 2015, revenue from the APAC region was $14.6 million, or 24% of total revenue, compared to $20.4 million, or 33% of total revenue, for the same comparable period in fiscal 2014. This quarter-over-quarter change is mainly attributable to lower software revenue and a decrease in third party software and hardware component sales. For the year ended September 30, 2015, revenue from the APAC region decreased to $75.8 million, or 34% of total revenue, compared to $76.3 million, or 30% of total revenue, for the same period last year. The decrease is mainly a result of lower support and third party software and hardware revenue, partially offset by higher software revenue.

For the three-month period ended September 30, 2015, revenue from the Americas region increased to $13.7 million, or 23% of revenue, compared to $6.3 million, or 10% of revenue, in the same comparable period in fiscal 2014. For the year ended September 30, 2015, revenue from the Americas region increased to $33.8 million, or 15% of total revenue, as compared to $26.7 million, or 10% of total revenue, in the same comparable period in fiscal 2014. The increase in the three and twelve months ended September 30, 2015 is mainly attributable to an increased number of customers resulting in higher software and services revenue.

For the three-month period ended September 30, 2015, revenue from the EMEA region decreased to $31.5 million, or 53% of total revenue, compared to $34.3 million, or 57% of total revenue, for the same comparable period in fiscal 2014. The decrease is mainly a result of lower support revenue, partially offset by an increase in software and services revenue. For the year ended September 30, 2015, revenue from the EMEA region decreased to $113.2 million, or 51% of total revenue, compared to $154.7 million, or 60% of total revenue, for the same period last year. This decrease is mainly a result of lower revenue from customer support and subscription contracts due to the expected non-renewal for certain customers who decided to swap their platform and services, prior to the BSS acquisition from Nokia Networks. Further, the weakening of the Euro against the U.S. dollar has also resulted in lower revenue in the fiscal period 2015, compared to fiscal 2014.

Cost of Revenue and Gross Margin

Cost of revenue consists of personnel costs 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 three months ended September 30, 2015, cost of revenue increased marginally to $25.1 million, from $24.8 million incurred for the same comparable period in 2014 mainly due to the release of certain deferred costs as the corresponding revenue was recognized to reflect a change in contractual terms. During the same period, gross margin decreased marginally from 59% in the three months ended September 30, 2014 to 58% in the three months ended September 30, 2015.

For the year ended September 30, 2015, cost of revenue decreased by $33.7 million to $92.2 million, from $125.9 million incurred for the same comparable period in 2014. For the year ended September 30, 2015, gross margin increased from 51% in the year ended September 30, 2014 to 59% in the year ended September 30, 2015. The increase in gross margin for the year ended September 30, 2015 is in line with management's strategy of improving support and subscription margins, increasing software and services mix, decreasing low margin third party software and hardware, and lowering fixed costs through restructuring initiatives.

Operating Expenses

Total operating expenses (excluding depreciation and amortization) in the three months ended September 30, 2015 decreased to $28.3 million from $56.0 million for the same comparable period last year. Excluding depreciation, amortization, restructuring and acquisition costs, total operating costs in the fourth quarter of fiscal 2015 decreased to $27.4 million, or 46% of total revenue, compared to $30.2 million, or 49% of total revenue, for the same period last year.

Total operating expenses (excluding depreciation and amortization) for the year ended September 30, 2015 decreased to $106.9 million, as compared to $149.4 million for the same period last year. Excluding depreciation, amortization, restructuring and acquisition costs, total operating costs in the year ended September 30, 2015 were $99.6 million, or 45% of total revenue, compared to $119.7 million, or 46% of total revenue, for the same period last year.

The decrease in overall operating expenses (excluding depreciation, amortization, restructuring and acquisition costs) for the three and twelve months ended September 30, 2015 is primarily due to savings from restructuring in research and development, lower sales and marketing costs, and the impact of foreign exchange, as compared to the same period last year. In addition, the decrease is partially offset by the impact of additional headcount and other operational costs associated with the acquisition of Orga.

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

$US Thousands (unaudited)	Three Months Ended September 30 2015	2014	Twelve Months Ended September 30 2015	2014
Sales and Marketing	8,940	10,874	34,129	37,600
General and Administrative	7,983	7,537	28,365	32,388
Research and Development	13,081	14,606	48,030	62,214
Restructuring Costs (Recoveries)	(63)	22,525	1,095	22,525
Acquisition and Related Costs	1,001	3,306	6,212	7,198
Total Operating Expenses	**30,942**	**58,848**	**117,831**	**161,925**
Excluding Amortization and Depreciation	*28,294*	*55,985*	*106,948*	*149,423*

Percentage of Total Revenue (unaudited)	Three Months Ended September 30 2015	2014	Twelve Months Ended September 30 2015	2014
Sales and Marketing	15%	18%	15%	15%
General and Administrative	13%	12%	13%	13%
Research and Development	22%	24%	22%	24%
Restructuring Costs (Recoveries)	0%	37%	0%	9%
Acquisition and Related Costs	2%	5%	3%	3%
Total Operating Expenses	**52%**	**96%**	**53%**	**64%**
Excluding Amortization and Depreciation	*47%*	*92%*	*48%*	*58%*

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 three-month period ended September 30, 2015, S&M expenditures decreased to $8.9 million, or 15% of total revenue, compared to $10.9 million, or 18% of total revenue, for the same comparable period last year. For the year ended September 30, 2015, S&M expenditures decreased to $34.1 million, or 15% of total revenue, compared to $37.6 million, or 15% of total revenue, for the same comparable period last year. The decrease is mainly due to lower headcount costs, sales commissions, and impact of foreign exchange.

General and Administrative Expenses

General and administrative ("G&A") expenses consist of the Company's corporate and 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 three-month period ended September 30, 2015, G&A expenditures increased marginally to $8.0 million, or 13% of total revenue, from $7.5 million, or 12% of total revenue, in fiscal 2014.

For the year ended September 30, 2015, G&A expenditures decreased to $28.4 million, or 13% of total revenue, from $32.4 million, or 13% of total revenue, in fiscal 2014. The decrease in G&A costs in the year ended September 30, 2015, is mainly due to lower professional fees, bad debt recoveries, and the impact of foreign exchange.

Excluding share-based compensation, amortization and depreciation, G&A expenses were $5.9 million, or 10% of revenue, and $18.9 million, or 9% of revenue, for the three and twelve months ended September 30, 2015, respectively.

Research and Development Expenses

Research and development ("R&D") expenses consist primarily of personnel costs associated with product management and the development and testing of new products.

For the three-month period ended September 30, 2015, R&D expenditures decreased to $13.1 million, or 22% of total revenue, from $14.6 million, or 24% of total revenue, in fiscal 2014. For the year ended September 30, 2015, R&D expenditures decreased to $48.0 million, or 22% of total revenue, from $62.2 million, or 24% of total revenue, in fiscal 2014. The decrease in R&D costs is mostly attributable to lower headcount costs, the impact of foreign exchange, and the benefit of moving costs from high cost jurisdictions to lower cost jurisdictions as per the Company's restructuring plan.

Restructuring Costs

In August 2014, the Company announced that it would eliminate satellite office locations, concentrate research and development and support staff into existing locations and consolidate activities to lower costs centres. The Company also announced restructuring actions throughout the organization intended to reduce its overall cost structure and improve its margin performance. In connection with these plans, the Company recorded restructuring charges of $22.5 million during the year ended September 30, 2014, primarily for employee termination costs, of which $21.6 million was recorded as provisions as at September 30, 2014.

During the year ended September 30, 2015, additional restructuring charges related to employee terminations of $1.1 million were recorded.

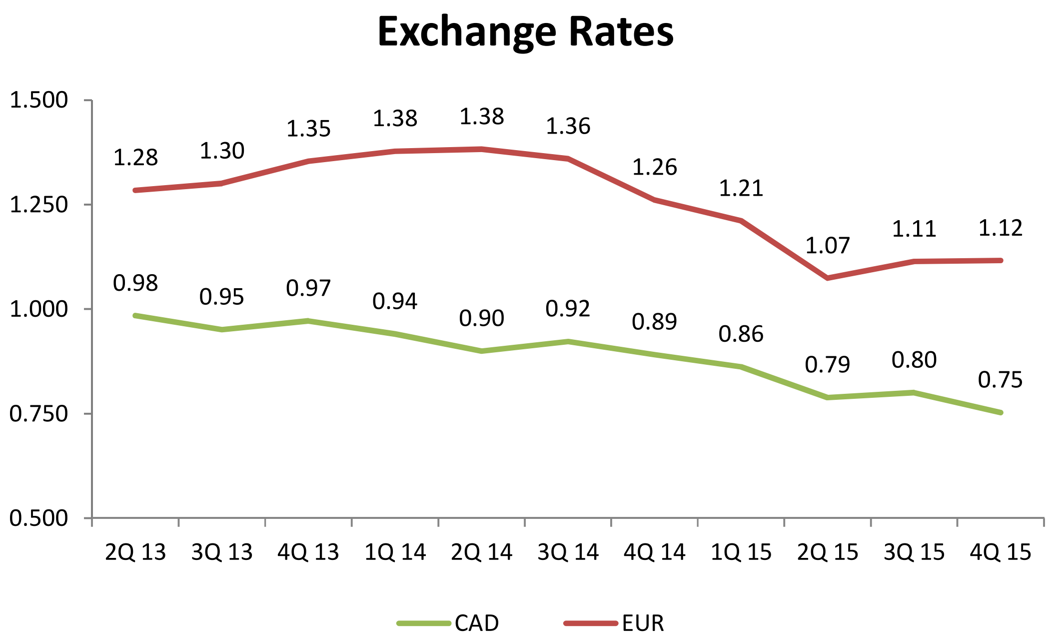
For the year ended September 30, 2015, an amount of $14.5 million was paid and an amount of $4.7 million is estimated as payable within one year. The balance of the provision, classified as long-term, payable over five years, amounts to $1.4 million and has been discounted. The accretion expense of the long-term provision is included in finance costs on the consolidated statement of comprehensive loss. The recognition of restructuring charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with the restructuring actions. Management's significant assumptions included the timing and number of employees to be terminated and the measurement of termination costs. The Company developed a detailed plan and has recorded termination costs for employees informed of their termination. At the end of each reporting period, management will evaluate the appropriateness of the restructuring charges and provision balances. Further adjustments may be required to reflect actual experience or changes in estimates.

Acquisition and Related Costs

For the three-month period ended September 30, 2015, acquisition and related costs were $1.0 million, as compared to $3.3 million for the same period last year. For the year ended September 30, 2015, acquisition and related costs were $6.2 million, as compared to $7.2 million for the same period last year. The decrease in acquisition costs is mainly a result of lower legal and professional costs related to the BSS, partially offset by costs related to the final settlement agreement with Nokia Networks in the third quarter of fiscal 2015 that crystallized, amongst other transitional liabilities, the contingent consideration relating to earn outs. In addition, the Company incurred $1.6 million legal and professional fees related to the acquisition of Orga Systems in the third and fourth quarter of fiscal 2015.

Foreign Exchange Gain/Loss

We operate internationally and have foreign currency risks related to our revenue, operating expenses, monetary assets, monetary liabilities and cash denominated in currencies other than the U.S. Dollar, which is our functional currency. Consequently, movements in the foreign currencies in which we transact have and could significantly affect current and future net earnings. Currently, we do not use derivative instruments to hedge such currency risks. The graph below displays the change in rates relative to the U.S. Dollar.



Source: Bank of Canada

For the year ended September 30, 2015, the Company recognized a foreign currency exchange loss of $9.9 million, compared to a foreign currency exchange loss of $5.6 million in the same comparable period last year. The Company has monetary assets and liabilities in a number of currencies, the most significant of which are denominated in Euro and the Canadian Dollar. The foreign currency exchange loss for the year ended September 30, 2015 is mainly attributable to the U.S. Dollar strengthening relative to the Euro and the Canadian Dollar.

Finance Costs

As described under "Loans and Borrowings", the Company has a total credit facility in the amount of $100.0 million. As at September 30, 2015, $59.6 million (2014 - $48.7 million) is outstanding and principal and interest is payable quarterly over the term of five years. In prior periods, the Company incurred $2.0 million of transaction costs and has recorded these costs as deferred financing costs that are being amortized over the expected five-year term of the loans using the effective interest rate method. Additional transaction costs of $1.3 million related to the extended facility were recorded as deferred financing costs and are being amortized over the expected five-year term of the loan using the effective interest rate method. During the year ended September 30, 2015, $0.4 million of deferred financing fees was amortized (2014 - $0.5 million).

Interest is at LIBOR plus an applicable margin, which was 4.0% at September 30, 2015 and 2014. LIBOR is defined to have a floor of no less than 1.00%, which has been determined to be an embedded derivative. The fair value of the embedded derivative liability is estimated at $0.9 million at September 30, 2015 (2014 - $0.7 million), using the assumption that the expected repayment of this line of credit will be at maturity and repayment of the term loans are per the repayment terms. The change in fair value of $0.2 million for the year ended September 30, 2015 (2014 - $0.2 million) was recorded in finance costs in the consolidated statements of comprehensive loss.

For the year ended September 30, 2015, interest expense of $3.1 million (2014 - $2.8 million) in connection with loans payable has been recognized in the consolidated statements of comprehensive loss.

Income Taxes

The Company's operations are global, and the income tax provision is determined in each of the jurisdictions in which the Company conducts its business. The Company's consolidated income tax expense for the year ended September 30, 2015 is $7.6 million (2014 - $5.2 million). The most significant expense relates to withholding taxes paid on revenues earned in countries where the Company does not have a legal entity or permanent establishment and where full treaty benefits are not available.

The Company's current income tax expense for the year ended September 30, 2015 is $7.8 million, including $3.9 million of corporate tax expense incurred by foreign subsidiaries generating taxable profits and $3.9 million of foreign withholding taxes.

SUMMARY OF RESULTS

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

$ Thousands (Unaudited)	4Q 15 [(1)]	3Q 15	2Q 15	1Q 15	4Q 14	3Q 14	2Q 14	1Q 14
Revenue	$59,760	$46,660	$53,743	$62,577	$60,938	$63,923	$72,433	$60,403
Net Income (Loss)	$(4,434)	$(5,546)	$(2,040)	$ 2,011	$(34,730)	$(6,878)	$ 4,770	$(3,061)
Basic Income (Loss) per Share	$(0.04)	$(0.05)	$(0.02)	$ 0.02	$(0.32)	$(0.06)	$ 0.05	$(0.03)
Diluted Income (Loss) per Share	$(0.04)	$(0.05)	$(0.02)	$ 0.02	$(0.32)	$(0.06)	$ 0.05	$(0.03)
Weighted average shares outstanding – Basic	109,231	109,180	109,089	108,944	108,897	108,892	98,362	95,529
Weighted average shares outstanding - Diluted	109,231	109,180	109,089	111,411	108,897	108,892	101,797	95,529

(1) Includes two months of results from Orga Systems, post acquisition

TRADE ACCOUNTS AND OTHER RECEIVABLES

The Company’s Days Sales Outstanding in Trade Receivable (“DSO”) is normalized at 96 days as at September 30, 2015 compared to 101 days as of September 30, 2014. The Company calculates DSO based on the annualized revenue and the accounts receivable balance at period end. 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 performed. Credit reviews take into account the counterparty's financial position, past experience and other factors. Management regularly monitors customer credit limits. The Company also maintains credit insurance in certain jurisdictions. 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 120 days. The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by making an allowance for doubtful accounts as soon as the account is determined not to be fully collectible.

The Company's trade and other receivables had a carrying value of $67.4 million as at September 30, 2015, comprised of $58.7 million for Trade receivables, net of allowance for doubtful accounts, $8.0 million for other receivables, and $0.7 million for advances to employees related to business travel.

The allowance for doubtful accounts as at September 30, 2015 was $1.7 million, compared to $4.3 million as at September 30, 2014. The decrease mainly relates to cash recoveries and the removal of uncollectable amounts previously included in the allowance for doubtful accounts. Incremental allowance for doubtful accounts or bad debts not allowed for is charged to general and administrative expense. Estimates for allowance for doubtful accounts are determined based on a customer-by-customer evaluation of collectability at each consolidated statement of financial position reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and ability to pay.

UNBILLED REVENUE

Unbilled revenue represents revenue that has been earned but not billed. Redknee operates in an industry where contract prices are fixed and payments are often based on billing milestones. All services provided from inception are due and payable under the contract terms. Differences between the timing of billings, based upon billing milestones or other contractual terms, collection of cash and the recognition of revenue result in either unbilled revenue or deferred revenue.

Revenue in a typical implementation project is earned as progress is made in project delivery. This earned revenue results in unbilled revenue until the customer is invoiced upon reaching a contractual milestone and/or receipt of customer acceptance. Delays in the completion of a billing milestone does not indicate that the contract is on hold or that the customer is unwilling to pay its contracted fee. Historically, Redknee has not written-off any unbilled revenue balances.

Unbilled revenue decreased to $38.6 million at September 30, 2015, as compared to $42.4 million as at September 30, 2014. This decrease is mainly attributable to the completion and customer acceptance of significant project milestones within the year ended September 30, 2015, partially offset by the addition of unbilled revenue related to projects acquired from Orga Systems.

PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS

As a result of the acquisition of the BSS business in 2013, the Company acquired a number of employees and assumed the corresponding liabilities relating to pension and non-pension post-employment benefit plans in Germany, as well as other countries.

In Germany, there are a number of pensions and post-employment benefit plans, including a cash balance plan that provides benefits on retirement, disability and death, a salary sacrifice plan, as well as other post-employment benefit schemes. The plan assets are held in a separate Contractual Trust Arrangement with Deutsche Pensions Treuhand GmbH. The German pension plans operate under the legal framework of the German Company Pension Law and under the German Labour Law.

The other post-employment employee benefit plans relate to a number of other countries, including Austria, Bulgaria, India, Indonesia, Philippines, Saudi Arabia, Tanzania and UAE. These plans are generally unfunded. The Company's pensions and post-employment benefit plans are subject to risks from changes in the market discount rate, the rate of salary and pension increases and longevity. A lower discount rate results in a higher defined benefit obligation and/or higher benefit costs.

The Company has assessed the valuation for pension and non-pension post-employment benefits. Pension fund assets are invested primarily in fixed income and equity securities. The Company's pension funds do not invest directly in the Company's shares, but may invest indirectly as a result of the inclusion of the Company's shares in certain market investment funds. These plan assets are maintained in segregated accounts by a custodian that is independent from the fund managers. The Company believes that the counterparty credit risk is low.

OTHER ASSETS

Other assets decreased to $2.2 million at September 30, 2015 from $3.0 million at September 30, 2014. The Company recognized up-front direct costs related to one customer contract as an asset (2014 – two) as it is probable that these assets will be recovered through future minimum contractual payment terms. During the year ended September 30, 2015, $1.7 million was amortized (2014 - $1.0 million).

DEFERRED REVENUE

Deferred revenue represents amounts that have been billed and collected in accordance with the terms of the contract but where the criteria for revenue recognition has not been met. Redknee operates in an industry where contract prices are fixed and payments are based on billing milestones. All services provided from inception are due and payable under the contract terms. Differences between the timing of billings, based upon billing milestones or other contractual terms, and the recognition of revenue are recognized as either unbilled revenue or deferred revenue. Deferred revenue decreased to $13.8 million at September 30, 2015, as compared to $24.3 million at September 30, 2014, mainly due to the expected non-renewal of a few support contracts, partially offset by the addition of deferred revenue related to projects acquired from Orga Systems.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing capital resources is to ensure sufficient liquidity to drive 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, senior secured credit facilities, and cash on hand.

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

Statement of Cash Flows Summary	Three months ended		Twelve months ended	
($ US Thousands)		September 30,		September 30,
(Unaudited)	2015	2014	2015	2014
Cash inflows and (outflows) by activity:				
Operating activities	(5,180)	20,747	(763)	(34,398)
Investing activities	(36,019)	(4,878)	(54,495)	(9,098)
Financing activities	9,919	(1,727)	6,730	74,823
Effect of foreign currency exchange rate changes on cash and cash equivalents	(680)	(3,331)	(5,061)	(1,746)
Net cash inflows (outflows)	(31,961)	10,811	(53,589)	29,582
Cash and cash equivalents, beginning of period	87,008	97,826	108,637	79,055
Cash and cash equivalents, end of period	55,048	108,637	55,048	108,637

The Company uses Working Capital and Days Sales Outstanding ("DSO") in Trade Receivable as measures to enhance comparisons between periods. These terms do not have a standardized meaning under IFRS and are not necessarily comparable to similar measures presented by other companies.

As at September 30, 2015, the Company had $6.0 million in cash put aside for planned payments to early retirees and lease guarantees, which are secured by restricted cash, shown separately in the consolidated statements of financial position. At September 30, 2014, the Company had $0.9 million in lease guarantees, which are secured by restricted cash, shown separately in the consolidated statements of financial position.

Cash from Operating Activities

Cash used for operating activities was $5.2 million in the three months ended September 30, 2015, compared to cash provided by operating activities of $20.7 million in the same period last year. Cash used for operating activities, net of restructuring costs, was $3.1 million in the three months ended September 30, 2015.

In the year ended September 30, 2015, cash used in operating activities was $0.8 million, compared to cash used in operating activities of $34.4 million in the same period last year. Cash provided by operating activities, net of restructuring costs, was $13.7 million in the year ended September 30, 2015.

Net of restructuring costs, the source of operating cash in the twelve months ended September 30, 2015 is mostly attributable to a higher conversion rate of accounts receivable and unbilled revenue to cash, partially offset by a decrease in accrued liabilities and cash used for operating activities of Orga Systems.

Working capital represents the Company’s current assets less its current liabilities. The Company’s working capital balance decreased to $88.7 million as at September 30, 2015, as compared to $132.2 million at September 30, 2014.

The Company’s net cash position, which is total cash and restricted cash after deducting the principal amount outstanding in loans and borrowings, at September 30, 2015 is $1.5 million ($60.9 million at September 30, 2014).

Cash from Investing Activities

Cash used for investing activities during the three months ended September 30, 2015 was $36.0 million, compared to $4.9 million during the same period in fiscal 2014. For the year ended September 30, 2015, cash used for investing activities was $54.5 million, compared to $9.1 million during the same period in fiscal 2014. The use of cash in the three and twelve months ended September 30, 2015 mainly relates to the acquisition of Orga Systems.

Cash from Financing Activities

In the three months ended September 30, 2015, cash provided by financing activities was $9.9 million, compared to cash used by financing activities of $1.7 million during the same period in fiscal 2014. In the year ended September 30, 2015, cash provided by financing activities was $6.7 million, compared to cash provided by financing activities of $74.8 million during the same period in fiscal 2014. The source of cash in the three and twelve months ended September 30, 2015 mainly relates loan proceeds arising from the amended credit agreement. As at September 30, 2015, the Company has an undrawn balance of $40.0 million available for use in its revolving line of credit.

BUSINESS ACQUISITION

(a) Acquisition of Orga Systems

On July 31, 2015, the Company completed the acquisition (the "Acquisition") of Orga Systems ("Orga"). Orga Systems provides monetization solutions to approximately 45 customers in the communications, automotive, energy, and railway industries. As part of the acquisition, the Company acquired Orga's customer and supplier contracts, intellectual property rights, fixed assets and certain liabilities, along with highly skilled team of approximately 500 employees across Europe, Middle East, and Africa ("EMEA"), the Americas and Asia Pacific, further broadening its global reach.

The acquisition has been accounted for as a business combination under the purchase method. The results of the operations of the Orga business since the date of the acquisition have been consolidated.

(i) Consideration transferred:

The Company financed the acquisition with cash. The consideration for the Acquisition was €38.0 million in gross proceeds. Also on the closing date, the Company received cash from the vendors of approximately €0.7 million relating to the vendor's tax liability on the sale of the subsidiary's shares that will be remitted by the Company to the appropriate tax authorities and €0.6 million for restructuring costs relating to certain employees that will be terminated by the Company post acquisition.

(ii) Identifiable assets acquired and liabilities assumed:

The preliminary allocation of the purchase price to the fair values of the assets acquired and liabilities assumed upon acquisition are as follows:

Thousands	Purchase price allocation	
	(Euros)	(U.S. dollars)
Net assets acquired	2,228	2,452
Acquired intangible assets		
Customer relationships	9,500	10,455
Acquired technology	5,200	5,723
Goodwill	21,072	23,191
	35,772	39,369
	€ 38,000	$ 41,821

The Company applied significant estimates and assumptions in accounting for the acquisition of Orga relating to the preliminary allocation of the purchase price, valuation of intangible assets, valuation of accounts receivable and other valuations used in the business acquisition, such as deferred revenue and contract loss provisions.

The Company allocated €14.7 million ($16.2 million) to intangible assets, including customer relationships and developed technology based on their estimated fair values at the date of purchase. These intangible assets will be amortized over their estimated useful lives, expected to be in the range of 5 to 10 years. The useful lives of the intangible assets are to be determined as the period of time over which the assets are anticipated to contribute to the Company future cash flows. It is expected that the intangible assets will be deductible for tax purposes.

The fair value of the intangible assets and goodwill has been determined provisionally pending completion of an independent valuation.

(iii) Goodwill:

Goodwill of $23.2 million was recognized in this business combination, due to the acquisition price being higher than the estimated fair market value of the net assets acquired.

(iv) Other items:

During the year ended September 30, 2015, the Company incurred acquisition and related costs of $1.6 million (2014 - nil), which included expenses for legal, professional and other costs. These costs have been presented separately as acquisition and related costs in the consolidated statements of comprehensive loss.

Since acquisition date, revenue in the amount of $7.0 million and loss of $0.6 million for Orga has been included in the consolidated statements of comprehensive loss.

If the acquisition would have occurred on October 1, 2014, management estimates that the pro forma consolidated revenue for the year ended September 30, 2015, would have been $257.7 million and consolidated loss for the year ended September 30, 2015, would have been $13.2 million, as compared to the amounts reported in the statement of comprehensive income for the period. This unaudited pro forma financial information is for information purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the result that may be realized in the future.

(b) Acquisition of a product line:

On September 30, 2015, the Company acquired certain intellectual property and approximately ten employees from a vendor in the communications technology industry for gross proceeds of €1.7 million ($1.9 million), which was paid in cash. The product line acquired from the vendor is a part of the Company’s end-to-end software solution, and was previously licensed from the vendor. The Company has recorded the transaction as a business combination and has allocated $1.9 million to acquire intangible assets based on fair value. The Company incurred less than $0.1 million in legal costs, which have been charged to acquisition and related costs in the consolidated statements of comprehensive loss

There would be no material change to the Company's gross revenue or loss for the year ended September 30, 2015, had the acquisition been completed at the beginning of the fiscal year on a pro forma basis.

(c) Acquisition of BSS:

On March 29, 2013, the Company acquired Nokia Networks' Business Support Systems ("BSS") business. Nokia Networks' BSS business provided real-time charging, rating, and policy and customer care solutions to more than 130 communication service providers. The completion of this acquisition marked a significant milestone in Redknee's long-term growth strategy by adding strong long-standing relationships with multiple Tier-1 operators from across the globe.

(i) Settlement accrual and contingent consideration:

As part of the BSS acquisition, the Company agreed to pay additional consideration of up to a maximum of €25.0 million for certain performance-based cash earn-outs over 12 to 48 months post-closing.

On June 23, 2015, the Company entered into an agreement with Nokia Networks to settle all outstanding matters related to the acquisition of the BSS business including finalization of the contingent consideration. As a result of this final settlement, an incremental amount of $3.7 million was charged to acquisition and related costs in the consolidated statement of comprehensive loss. The final settlement amount payable to Nokia Networks was $15.6 million and is payable within one year. An amount of $5.4 million, net of foreign exchange impacts was paid during the year ended September 30, 2015 and the balance $10.2 million is presented as Settlement accrual on the consolidated statements of financial position as at September 30, 2015.

(ii) Other items:

During the year ended September 30, 2015, the Company incurred direct acquisition and related costs of $0.9 million (2014 - $7.2 million), which included expenses for legal, professional, restructuring and other costs. These costs have been charged to acquisition and related costs in the consolidated statements of comprehensive loss.

Other income includes revaluation of the contingent consideration of nil for the year ended September 30, 2015 (2014 - $4.1 million).

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Loans and Borrowings

On August 4, 2015, the Company entered into an amended and restated credit agreement with Wells Fargo Capital Finance, part of Wells Fargo & Company and its two partners the Royal Bank of Canada (RBC) and Capital One. The amended credit agreement added to the Company's existing credit facility, increasing the revolving line of credit to $40.0 million and the term loan to $60.0 million for a total credit facility in the amount of $100.0 million. The Company is using the facility to strengthen its working capital position following the acquisition of Orga and to position Redknee for future growth opportunities. The availability of the debt facility is subject to customary conditions precedent.

The Company uses the credit facilities for working capital, general corporate purposes, capital expenditures and for potential acquisitions. The credit facilities will be secured by the assets of Redknee Inc., Redknee Solutions (UK) Limited ("Redknee UK") and Redknee Germany GmbH ("Redknee Germany"). The Company, Redknee UK, and Redknee Germany have guaranteed the obligations of Redknee Inc. The Company's guarantee is secured by a pledge of all of its shares in Redknee Inc.

As at September 30, 2015, $59.6 million (2014 - $48.7 million) is outstanding and principal and interest is payable quarterly over the term of five years, maturing August 4th, 2020. Interest is at LIBOR plus an applicable margin, which was 4.0% at September 30, 2015 and 2014.

The Company is required to comply with certain financial and non-financial covenants that exist under the Wells Fargo agreement, which, if violated, could result in the amounts borrowed being due and payable to the lender on demand. The Company has assessed its debt covenants as at September 30, 2015 and 2014 and determined it is in compliance.

Lease Commitments

The Company leases certain property and equipment under operating leases. Operating lease payments are expensed on a straight-line basis over the term of the relevant lease agreements. Lease inducements received upon entry into an operating lease are recognized on a straight-line basis over the lease term. Operating lease payments for the year ended September 30, 2015, were $6.1 million (2014 - $4.6 million). The Company is obligated to make future annual lease payments under operating leases for office equipment and premises.

Future minimum lease payments under non-cancellable operating leases as at September 30, 2015 are as follows:

	$ (thousands)
2016	6,020
2017	4,107
2018	3,153
2019	2,131
2020 and thereafter	621
	16,032

MANAGEMENT OF CAPITAL

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, fund research and development and 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 and senior secured credit facility, which assist in financing (i) acquisitions and/or (ii) working capital requirements. The Company's primary uses of capital are financing its operations, increases in non-cash working capital, capital expenditures, debt repayments and acquisitions. The Company currently funds these requirements from cash flows from operations, cash raised through past share issuances, and lines available under certain credit facilities. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity so it can provide services to its customers and increase shareholder value. Management monitors its compliance with financial and non-financial covenants imposed by loan agreements on a quarterly basis. The Company does not have any externally imposed capital requirements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified and passed to its Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS. The control framework used by the CEO and the CFO to design the Company's internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Changes in Internal Controls over Financial Reporting

There have been no changes to the Company's internal controls over financial reporting during the year ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitation on Scope of Design

Management has limited the scope of design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of Orga Systems, the balance sheet of which is included in the 2015 audited annual consolidated statement of financial position of the Company, and the results of operations from the date of acquisition on July 31, 2015 to September 30, 2015 in the consolidated statement of comprehensive income (loss) of the Company. The scope limitation is in accordance with Section 3.3 of National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, which allows an issuer to limit its design of internal controls over financial reporting and disclosure controls and procedures to exclude the internal controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates. As of September 30, 2015, total current assets and total current liabilities included in the consolidated statement of financial position are $16.0 million and $14.3 million, respectively. Further, total long-term assets and total long-term liabilities included in the consolidated statement of financial position are $43.7 million and $2.8 million, respectively.

ACCOUNTING CHANGES AND NEW ACCOUNTING PRONOUNCEMENTS

The following new standards and interpretations have been adopted by the Company effective October 1, 2014:

(a) IAS 32, Financial Instruments: Presentation ("IAS 32"). In December 2011, the IASB amended IAS 32 to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments are effective for annual periods beginning on or after October 1, 2014 and are required to be applied retrospectively.

The Company adopted the amendments to IAS 32 in its interim and annual financial statements beginning on October 1, 2014. The adoption did not have a material impact on the condensed consolidated interim financial statements.

(b) International Financial Reporting Interpretations Committee, Levies ("IFRIC 21"). In May 2013, the IASB issued IFRIC 21, which provides guidance on when to recognize a liability for a levy imposed by a government , both for levies that are accounted for in accordance with IAS 37 and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with relevant legislation. It provides the following guidance on recognition of a liability to pay levies: (i) the liability is recognized progressively if the obligating event occurs over a period of time; and (ii) if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The standard is effective for annual periods beginning on or after January 1, 2014 with early adoption permitted.

The Company adopted the amendments to IFRIC 21 in its interim and annual financial statements beginning on October 1, 2014. The adoption did not have a material impact on its consolidated financial statements.

(c) Amendments to IFRS 7, Offsetting Financial Assets and Liabilities ("IFRS 7"):

IFRS 7 has been amended to include additional disclosure requirements for financial assets and liabilities that can be offset in the statements of financial position.

The Company adopted the amendments to IFRS 7 in its interim and annual financial statements beginning on October 1, 2014. The adoption did not have a material impact on tits consolidated financial statements.

(d) Recent accounting pronouncements:

The IASB has issued new standards and amendments to existing standards. These changes in accounting are not yet effective at September 30, 2015 and could have an impact on future periods.

- IFRS 9, Financial Instruments ("IFRS 9"). The IASB issued IFRS 9, which replaces IAS 39, and which establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exemptions. The Company is in the process of assessing the impact of this standard on these consolidated financial statements.

- IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The IASB issued IFRS 15, which is effective for annual periods beginning on or after January 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at a point in time and over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company is in the process of assessing the impact of this standard on its consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

General

The Company's revenue is derived primarily from licensing of software products under non-cancellable license 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.

Revenue comprises the fair value of consideration received or receivable from the sale or license of products or the provision of services in the ordinary course of business, net of discounts and sales taxes. Out-of-pocket expenditures that are contractually reimbursable from customers are recorded as gross revenue and expenditures.

Arrangements with multiple components

The Company enters into arrangements that contain separately identifiable components, which may include any combination of software, services, PCS and/or hardware.

Where multiple transactions or contracts are linked, such that the individual transactions have no commercial effect on their own, the transactions are evaluated as a combined customer arrangement for purposes of revenue recognition. When two or more revenue-generating activities or deliverables are sold under an arrangement, each deliverable that is considered a separate component is accounted for separately. A deliverable is separately accounted for when a delivered item has standalone value from undelivered items based on the substance of the arrangement. When services are essential to the functionality of the software, the software does not have standalone value and is combined with the essential services as a single component.

Where an arrangement includes multiple components, revenue is allocated to the different components based on their relative fair values or the residual method, as applicable. The Company generally uses optional stated renewal rates to evidence fair value of undelivered term-license/PCS services when the renewal fees and terms are substantive. When stated renewal rates do not exist for an arrangement, the Company considers fees charged on standalone PCS renewals in other similar arrangements to establish fair value. The Company typically evidences fair value for other products and services based on the pricing when those deliverables are sold separately. Where reasonable vendor-specific or third party inputs do not exist to reliably establish fair value, the Company allocates revenue based on its best estimate of selling price that the Company would transact at if the deliverable were sold on a standalone basis. For services, this includes the expected cost of delivery plus an estimated profit margin. Under the residual method, revenue is allocated to undelivered components of the arrangement based on their fair values and the residual amount of the arrangement revenue is allocated to delivered components.

The revenue policies below are applied to each separately identifiable component. Revenue associated with each component is deferred until the criteria required to recognize revenue have been met.

The Company recognizes revenue once persuasive evidence exists, generally in the form of an executed agreement, it is probable the economic benefits of the transaction will flow to the Company and revenue and costs can be measured reliably. If collection is not considered probable, revenue is recognized only once fees are collected.

Software licenses

Revenues for combined licensed software and essential services are recognized using contract accounting, following the percentage-of-completion method. The Company uses either the ratio of hours to estimated total hours 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.

Perpetual software licenses, when not combined with services for accounting purposes, are recognized upon delivery and commencement of the license term. Term licenses and software subscriptions are generally recognized rateably over the term of the subscription license.

Other services

Revenue for installation, implementation, training and other services, where not essential to the functionality of the software, is recognized as the services are delivered to the customer. Fixed fee services arrangements are recognized using the percentage-of-completion method based on labour input measures.

Post-contract customer support ("PCS")

PCS revenue is recognized ratably over the term of the PCS agreement.

Hardware

Hardware revenue is recognized when delivery has occurred and risks and rewards have transferred to the customer.

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. Deferred revenue is classified as long-term if it relates to performance obligations that are expected to be fulfilled after 12 months from year end.

Deferred contract costs

Up-front direct costs that relate to future activity on the contract are recognized as an asset when it is probable that they will be recovered through future minimum payments specified in contractual agreements.

Income Taxes

Income taxes comprise current and deferred tax. Current tax represents the expected tax payable on taxable income for the year using enacted or substantively enacted tax rates at the end of the reporting year, and any adjustments to tax payable related to prior years. Deferred tax assets and liabilities are determined based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized to the extent that realization is considered probable. The ultimate realization of deferred income tax assets is dependent on the generation of future taxable income during the years in which those temporary differences become deductible. Management considers projected future taxable income, uncertainties related to the industry in which the Company operates and income tax planning strategies in making this assessment. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Accounting for business combinations

The determination and measurement of fair value of the net assets and liabilities acquired are based on management's best estimates and assumptions and utilizes established valuation methodologies.

Fair value estimates of share-based compensation

Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates. In addition to the fair value calculation, the Company estimates the expected forfeiture rate with respect to equity-settled share-based payments based on historical experience.

Pension and non-pension post-employment benefit plans

The actuarial valuation of defined benefit obligation and fair value of plan assets require estimates, including discount rates applied to the Company's pension plan and non-pension post-employment benefit liabilities.

PATENT PORTFOLIO

As part of Redknee's commitment to R&D to maintain its position as a key industry innovator in the real-time BSS software space, the Company currently has a portfolio of 37 filed and 151 granted patents. To date we have not initiated any action with respect to assertions and/or claims of patent infringement.

OUTSTANDING SHARE DATA

The current number of common shares outstanding as at September 30, 2015 is 109,230,576 (September 30, 2014 – 108,903,734). In addition, there were 7,780,332 (2014 – 4,656,003) stock options outstanding with exercise prices ranging from $0.23 CDN to $6.30 CDN per share.

CAPITAL STOCK

(a) Normal Course Issuer Bid ("NCIB"):

On May 30, 2014, the Company announced an NCIB under which it may have purchased up to 9,358,502 of its common shares commencing on June 3, 2014, which terminated on June 2, 2015. The Company did not purchase any common shares under the NCIB.

On December 2, 2015, the Company announced an NCIB under which it may purchase up to 9,437,270 of its common shares commencing on December 7, 2015 and expiring on December 6, 2016.

(b) Share Unit Plan:

During 2015, the Company granted 795,646 (2014 - 353,730) PSUs under the share unit plan to employees at a weighted average price of CAD $3.50 (2014 - CAD $6.28) per unit, resulting in an expense of $0.7 million (2014 - $0.5 million).

During 2015, the Company granted no RSUs (2014 - 25,167) to non-directors under the share unit plan. The weighted average price of RSU's granted in 2014 was CAD $5.42 per unit. In 2015, the Company recognized compensation cost of $0.1 million (2014 - $0.3 million) relating to these RSUs.

(c) Treasury Stock:

During the year ended September 30, 2015, the Company paid $0.5 million to a trustee; to purchase 179,246 of the Company's common shares in the open market (2014 - nil); to satisfy the delivery of common shares under its equity-based compensation plans. The Company classifies these shares as treasury stock until they are delivered pursuant to the terms of the awards.

During the year ended September 30, 2015, 149,280 shares have been issued with a cost of $0.4 million (2014 - 88,228 shares with a cost of $0.1 million). As at September 30, 2015, the remaining number of treasury shares held-in-trust by the Company is 46,864 with a cost of $0.1 million (September 30, 2014 - 16,898 with a cost of less than $0.1 million).

RELATED PARTY TRANSACTIONS

Compensation of key management personnel:

Key management personnel comprise the Company's directors and executive officers.

The aggregate remuneration of key management personnel during the year ended September 30, 2015 is as follows:

$US Thousands (unaudited)		2015		2014
Salaries and employee benefits	$	3,089	$	2,656
Share-based compensation (a)		2,561		1,611
	$	5,650	$	4,267

(a) Share-based compensation includes cash-settled and equity-settled awards

FINANCIAL RISK MANAGEMENT

The Board of Directors has the overall responsibility and oversight of the Company's risk management practices. The Company does not follow a specific risk model, but rather includes risk management analysis in all levels of strategic and operational planning. The Company's management, specifically the Senior Leadership Team, is responsible for developing and monitoring the Company's risk strategy. The Company's management reports regularly to the Board of Directors on its activities.

The Company's management identifies and analyzes the risks faced by the Company. Risk management strategy and risk limits are reviewed regularly to reflect changes in the market conditions and Company's activities. The Company's management aims to develop and implement a risk strategy that is consistent with the Company's corporate objectives.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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 banks and customers.

The Company has credit risk relating to cash and cash equivalents and restricted cash, which it manages by dealing with large chartered Canadian and international banks and investing in highly liquid investments of a rating of no less than R1, the credit rating assigned to those who pay on time.

The Company's exposure to credit risk geographically for cash and cash equivalents and restricted cash as at September 30 was as follows:

	2015	2014
Europe, Middle East and Africa	56%	54%
North America, Latin America and Caribbean	23%	40%
Asia and Pacific Rim	21%	6%
	100%	100%

For the year ended September 30, 2015, the Company had one customer that accounted for 11% (2014 - 12%) of revenue. 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 performed.

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.

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

The Company's trade receivables had a carrying value of $60.4 million as at September 30, 2015 (2014 - $67.7 million), representing the maximum exposure to credit risk of those financial assets, exclusive of the allowance for doubtful accounts. Normal credit terms for amounts due from customers varies based upon the size of the customer, type of revenue and geographic region, and generally call for payment within 30 to 120 days. At September 30, 2015, approximately 19.6% of gross trade receivables, or $14.0 million was outstanding for more than 120 days (2014 - 19.9% in the amount of $14.8 million). The activity of the allowance for doubtful accounts for the year ended September 30 is as follows:

The activity of the allowance for doubtful accounts for the year ended September 30 is as follows:

$US Thousands	September 30, 2015	September 30, 2014
Allowance for doubtful accounts, beginning of year	$ 4,349	$ 2,063
Bad debt expense (recovery)	(870)	2,388
Allowance utilized for bad debts	(1,794)	(102)
	$ 1,685	$ 4,349

Allowance for doubtful accounts is charged to general and administrative expense. Estimates for allowance for doubtful accounts are determined on a customer by customer evaluation of collectability at each consolidated statement of financial position reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern risks.

The Company's exposure to credit risk for trade receivables by geographic area as at September 30 was as follows:

	2015	2014
Europe, Middle East and Africa	36%	57%
North America, Latin America and Caribbean	15%	13%
Asia and Pacific Rim	49%	30%
	100%	100%

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities as at September 30, 2015 will mature as follows:

US$ Thousands	Less than 1 year	1 to 2 years	2 years and thereafter
Trade payables	$ 9,129	$ –	$ –
Accrued liabilities	32,305	–	–
Loans and borrowings	1,800	3,000	51,961
Settlement accrual and Contingent consideration	10,244	–	–
Provisions	8,773	2,003	2,003
Other liabilities	–	–	2,615
	$ 62,251	$ 5,003	$ 56,579

Management believes the Company's existing cash and cash equivalents, restricted cash and cash from operating and financing activities will be adequate to support all of its financial liabilities and contractual commitments as they come due.

Market risk:

Market risk is the risk that the value of the Company's financial instruments will fluctuate due to changes in the market risk factors. The market risk factors which affect the Company are foreign currency and interest rates.

(a) Foreign currency risk:

The Company conducts a significant portion of its business activities in foreign countries. Foreign currency risk arises because of fluctuations in foreign currency 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 balances into U.S. dollars to the extent practical to match U.S. dollar obligations. The monetary assets and liabilities that are denominated in foreign currencies are affected by changes in the exchange rate between the U.S. dollar and these foreign currencies. The Company recognized a foreign currency exchange loss of $9.9 million during the year ended September 30, 2015 (2014 - loss of $5.6 million).

If a shift in foreign currency exchange rates of 10% were to occur, the foreign currency exchange gain or loss on the Company's net monetary assets could change by approximately $3.3 million (2014 - $8.6 million) due to the fluctuation and this would be recorded in the consolidated statements of comprehensive loss.

(b) 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 cash equivalents, restricted cash and certain loans and borrowings. If a shift in interest rates of 10% were to occur, the impact on cash and cash equivalents and restricted cash and the related income for the year ended September 30, 2015, would not be material. On the loans and borrowings, an incremental increase or decrease in the LIBOR rate by 10%, will impact interest expense by approximately $0.3 million.

RISK FACTORS

The risks and uncertainties below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations and cause the price of its common shares to decline. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of its common shares could decline, and an investor may lose all or part of his, her or its investment.

An investment in the Company may not be suitable for all investors. Potential investors are therefore strongly recommended to consult an independent financial adviser who specializes in advising upon the acquisition of shares and other securities before making a decision to invest.

Market Development

The market in which the Company operates is still developing and the market demand, price sensitivity and preferred business model to deliver innovative mobile communications infrastructure software and value-added services for CSPs remains highly uncertain. The Company's growth is therefore dependent on, among other things, the size and pace at which the markets for its software products and services develop. If the markets for the Company's software products and services decline, remain constant, or grow more slowly than anticipated, the Company's growth plans, business and financial results may suffer. Furthermore, the timing of revenue from sales of the Company's products and services in any financial year may change as a result of the specific requirements of the Company's customers and their available financial resources and, as such, may result in fluctuations in the Company's operating performance.

The Company faces intense competition from several competitors and if it does not compete effectively with these competitors, its revenue may not grow and could decline.

The Company has experienced, and expects to continue to experience, intense competition from a number of companies. The Company competes principally with multi-national vendors such as Amdocs, Ericsson, Oracle, Huawei, NetCracker and CSGi. The Company's competitors may announce new products, services or enhancements that better meet the needs of end-users or changing industry standards. Further, new competitors or alliances among competitors could emerge. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Many of the Company's competitors and potential competitors have significantly greater financial, technical, marketing or service resources than the Company. Many of these companies also have a larger installed base of products, longer operating histories or greater name recognition than the Company. End-users of the Company's products are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. The Company's relatively small size and short operating history may be considered negatively by prospective end-users. In addition, the Company's competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

The Company's ability to recruit and retain personnel is crucial to its ability to develop market, sell and support its products and services.

The Company depends on the services of its key technical, sales, marketing and management personnel. The loss of any of these key persons could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain highly qualified technical, sales, marketing and management personnel in the future. The Company's inability to attract and retain the necessary technical, sales, marketing and management personnel may have a material adverse effect on its future growth and profitability. It may be necessary for the Company to increase the level of compensation paid to existing or new employees to a degree that its operating expenses could be materially increased.

Currency fluctuations may adversely affect the Company.

A substantial portion of the Company's revenue is earned in U.S. dollars, Japanese Yen and in Euros, and a substantial portion of the Company's operating expenses is incurred in U.S. dollars, Euros, and Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and Euros, Japanese Yen and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company’s business, financial condition and operating results.

Sales and Product Implementation Cycles

The Company's customers typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to license the Company's software. Typically, the larger the potential sale, the more time, money and other resources will be invested. As a result, it may take many months after the first contact with a customer before a sale can actually be completed. The Company may invest significant sales and other resources in a potential customer that may not generate revenue for a substantial period of time, if at all. The time required for implementation of the Company’s software varies among customers and may last several months, depending on customer needs and the products deployed.

During these long sales and implementation cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. For example:

- purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty;
- the Company, or its competitors, may announce or introduce new products; or
- the customer's budget and purchasing priorities may change.

If these events were to occur, sales of the Company's software or services may be cancelled or delayed, which could reduce revenue.

Customer Credit Risk

The Company is exposed to credit risk related to accounts receivable from customers and amounts owing from channel partners and other third parties that the Company engages in business with. Third parties may default on their obligations to the Company due to bankruptcy, lack of liquidity, operational failure or other reasons. Credit risk may be dependent on general economic conditions, and regional and political risks. If a material number of third parties fail to make payment in respect of amounts owing to the Company to an extent that is in excess of the Company’s estimated default rates, the Company’s business, financial condition and results of operation could be materially adversely affected.

In accordance with industry practice, payment by customers under the Company’s commercial contracts generally is based on achieving specified milestones, which may occur over extended periods of time. Therefore, the Company is exposed to credit and bad-debt risks and such risks may vary with economic conditions.

Maintaining Business Relationships

The Company has relationships with third parties that facilitate its ability to sell and implement its products. These business relationships are important to extend the geographic reach and customer penetration of the Company's sales force and ensure that the Company's products are compatible with customer network infrastructures and with third party products. However, the Company does not have formal agreements governing ongoing relationships with certain of these third parties, and the agreements that the Company does have, generally do not include obligations with respect to co-operating on future business. Should any of these third parties go out of business or choose not to work with the Company, the Company may be forced to increase the development of those capabilities internally, incurring significant expense and adversely affecting operating margins. Any of these third parties may develop relationships with other companies, including those that develop and sell products that compete with the Company's software. The Company could lose sales opportunities if it fails to work effectively with these parties or they choose not to work with the Company.

The Company’s quarterly revenue and operating results can be difficult to predict and can fluctuate substantially, which may harm its results of operations.

The Company is deriving a material portion of its license revenues from relatively large sales. Accordingly, the Company believes that period-to-period comparisons are not necessarily meaningful and should not be relied upon as indications of future performance. The factors affecting the Company's revenue and results of operations include, but are not limited to:

- the size and timing of individual transactions;
- competitive conditions in the industry, including strategic initiatives by the Company or its competitors, new products or services, product or service announcements and changes in pricing policy by the Company or its competitors;
- market acceptance of the Company’s products and services;
- the Company’s ability to maintain existing relationships and to create new relationships with channel partners;
- varying size, timing and contractual terms of orders for the Company’s products, which may delay the recognition of revenue;
- the discretionary nature of purchase and budget cycles of the Company’s end-users and changes in their budgets for, and timing of, telecommunications infrastructure related purchases;
- the length and variability of the sales cycles for the Company’s products;
- strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- general weakening of the economy resulting in a decrease in the overall demand for telecommunications infrastructure products and services or otherwise affecting the capital investment levels of businesses with respect to telecommunications industry; and
- timing of product development and new product initiatives.

Because the Company’s quarterly revenue is dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of its sales prospects into revenue could cause it to plan or budget inaccurately, and those variations could adversely affect its financial results. Delays, reductions in the amount or cancellations of end-users’ purchases would adversely affect the Company’s business, results of operations and financial condition.

Product Liability

The Company's agreements with its customers typically contain provisions designed to limit its exposure to potential product liability claims. Despite this, it is possible that these limitations of liability provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. The

Company has not experienced any product liability claims to date. However, the sale and support of the Company's products may entail the risk of those claims, which are likely to be substantial in light of the use of its products in critical applications. A successful product liability claim could result in significant monetary liability and could seriously harm the Company's business.

System Failures and Breaches of Security

The successful operation of the Company's business depends upon maintaining the integrity of the Company's computer, communication and information technology systems. These systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond the Company's control, such as (i) fire, flood and other natural disasters; (ii) power loss or telecommunications or data network failures; (iii) improper or negligent operation of the Company's system by employees, or unauthorized physical or electronic access; and (iv) interruptions to Internet system integrity generally as a result of attacks by computer hackers or viruses or other types of security breaches. Any such damage or interruption could cause significant disruption to the operations of the Company. This could be harmful to the Company's business, financial condition and reputation and could deter current or potential customers from using its services.

There can be no guarantee that the Company's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on the Company's business, results of operations or financial condition.

Transfer Pricing

The Company conducts business operations in various jurisdictions and provides products and services to, and may from time to time undertake certain significant transactions with, other subsidiaries in different jurisdictions. The tax laws of these jurisdictions have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles and that contemporaneous documentation exists to support such pricing.

Taxation authorities, including the Canada Revenue Agency, could challenge the validity of the Company's arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities are successful in challenging the Company's transfer pricing policies, income tax expenses may be adversely affected and the Company could also be subjected to interest and penalty charges. Any such increase in income tax expenses and related interest and penalties could have a significant impact on the Company's future earnings and future cash flows.

Government Incentive Programs

The Company has benefited, currently benefits, or anticipates benefiting from a variety of government programs and tax credits, primarily in Canada. Generally, these programs contain conditions that must be met in order to be eligible to obtain any benefit. Additionally, some of these programs and the related tax credits are available for a limited number of years and such benefits expire from time to time.

Any of the following could have a material effect on the overall effective tax rate:

- some government programs may be discontinued;
- the Company may be unable to meet the requirements for continuing to qualify for some programs;
- these programs and tax benefits may be unavailable at their current levels; or
- upon expiration of a particular benefit, the Company may not be eligible to participate in a new program or qualify for a new tax benefit that would offset the loss of the expiring tax benefit.

Taxation

Any change in the Company's tax status or in taxation legislation in any jurisdiction in which the Company operates could affect the Company’s financial condition and results and its ability (if any) to provide returns to shareholders of the Company. The taxation of an investment in the Company depends on the individual circumstances of investors.

Financial Resources

The Company's future capital requirements will depend on many factors, including its ability to maintain and expand its customer base and potential acquisitions. In the future, the Company may require additional funds and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of common shares of the Company and any debt financing, if available, may require restrictions to be placed on the Company's future financing and operating activities. The Company may be unable to obtain additional financing on acceptable terms if market and economic conditions, the financial condition or operating performance of the Company or investor sentiment are unfavourable. The Company's inability to raise further funds may hinder its ability to grow in the future.

The market price of the Company’s common shares may be volatile.

The market price of the Company’s common shares may be volatile and could be subject to wide fluctuations due to a number of factors, including:

- actual or anticipated fluctuations in the Company’s results of operations;
- changes in estimates of the Company’s future results of operations by it or securities analysts;
- announcements of technological innovations or new products or services by the Company or its competitors;
- general industry changes in the market for telecommunications software or related markets; or
- other events or factors.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many technology companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the telecommunications industry specifically, may adversely affect the market price of the Company’s common shares.

The industry in which the Company operates is characterized by rapid technological changes, and the Company's continued success will depend upon its ability to react to such changes.

The markets for the Company's products are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards can render the Company's existing products obsolete and unmarketable and can exert price pressures on existing products. It is critical to the success of the Company that the Company is able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The Company's inability to develop products that are competitive in technology and price and that meet end-user needs could have a material adverse effect on the Company's business, financial condition or results of operations.

Failure to manage the Company's growth successfully may adversely impact its operating results.

The growth of the Company's operations places a strain on managerial, financial and human resources. The Company's ability to manage future growth will depend in large part upon a number of factors, including the ability of the Company to rapidly:

- build a network of channel partners to create an expanding presence in the evolving marketplace for the Company's products and services;
- build a sales team to keep end-users and channel partners informed regarding the technical features, issues and key selling points of its products and services;
- attract and retain qualified technical personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- develop support capacity for end-users as sales increase, so that the Company can provide post-sales support without diverting resources from product development efforts; and
- expand the Company's internal management and financial controls significantly, so that the Company can maintain control over its operations and provide support to other functional areas as the number of personnel and size increases.

The Company's inability to achieve any of these objectives could harm the Company's business, financial condition and results of operations.

Defects in components or design of the Company's solutions could result in significant costs to the Company and could impair its ability to sell its solutions.

The Company's solutions are complex, although the Company employs a vigorous testing and quality assurance program, its solutions may contain defects or errors, particularly when first introduced or as new versions are released. The Company may not discover such defects or errors until after a solution has been released to a customer and used by the customer and end-users. Defects and errors in the Company's solutions could materially and adversely affect the Company's reputation, result in significant costs to it, delay planned release dates and impair its ability to sell its solutions in the future. The costs incurred in correcting any solution defects or errors may be substantial and could adversely affect the Company's operating margins. While the Company plans to continually test its solutions for defects and errors and work with end-users through the Company's post-sales support services to identify and correct defects and errors, defects or errors in the Company's solutions may be found in the future.

The Company relies on a small number of customers for a large percentage of its revenue.

The Company has been dependent, and expects that during Fiscal 2015 it will continue to be dependent, on a relatively small number of customers for a large percentage of its revenue. As at September 30, 2015, one customer accounted for 11% of sales (2014 – 12%). If one or more of the Company's end-users discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchases of the Company's products or services, the Company's business, results of operations and financial condition could be materially adversely affected.

The Company may infringe on the intellectual property rights of others.

The Company's commercial success depends, in part, upon the Company not infringing on the intellectual property rights owned by others. A number of the Company's competitors and other third parties have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the owners of the patents. The Company cannot determine with certainty whether any existing third party patents or the issuance of any third party patents would require it to alter its technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in the Company's target markets, the overlap in functionality of these products and the prevalence of products. The Company may become subject to these claims either directly or through indemnities against these claims that it routinely provides to its end-users and channel partners.

The Company has received, and may receive in the future, claims from third parties asserting infringement, claims based on indemnities provided by the Company, and other related claims. Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary or other rights, or to establish the Company's proprietary or other rights. Some of the Company's competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any such claims could:

- be time consuming to evaluate and defend;
- result in costly litigation;
- cause product shipment delays or stoppages;
- divert management's attention and focus away from the business;
- subject the Company to significant liabilities;
- require the Company to enter into costly royalty or licensing agreements; and
- require the Company to modify or stop using the infringing technology.

Any such claim may therefore result in costs or other consequences that have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may be prohibited from developing or commercializing certain technologies and products unless the Company obtains a license from a third party. There can be no assurance that the Company will be able to obtain any such license on commercially favourable terms, or at all. If the Company does not obtain such a license, its business, results of operations and financial condition could be materially adversely affected and the Company could be required to cease related business operations in some markets and to restructure its business to focus on operations in other markets.

The Company may engage in future acquisitions that could disrupt its business, cause dilution to its shareholders and harm its financial condition and operating results.

The Company may pursue acquisitions of assets, products or businesses that it believes are complementary to its existing business and/or to enhance its market position or expand its product portfolio. There is a risk that the Company will not be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisition, or successfully integrate any acquired product or business into its operations. The Company is likely to face competition for acquisition candidates from other parties including those that have substantially greater available resources. Acquisitions may involve a number of other risks, including:

- diversion of management's attention;
- disruption to the Company's ongoing business;
- failure to retain key acquired personnel;
- difficulties in integrating acquired operations, technologies, products or personnel;
- unanticipated expenses, events or circumstances;
- assumption of disclosed and undisclosed liabilities; and
- inappropriate valuation of the acquired in-process research and development, or the entire acquired business.

If the Company does not successfully address these risks or any other problems encountered in connection with an acquisition, the acquisition could have a material adverse effect on the Company's business, results of operations and financial condition. Problems with an acquired business could have a material adverse effect on the Company's performance or its business as a whole. In addition, if the Company proceeds with an acquisition, the Company's available cash may be used to complete the transaction, diminishing its liquidity and capital resources, or shares may be issued which could cause dilution to existing shareholders.

If the Company is required to change its pricing models to compete successfully, its margins and operating results may be adversely affected.

The intensely competitive market in which the Company conducts its business may require it to reduce its prices. If the Company's competitors offer deep discounts on certain products or services in an effort to recapture or gain market share or to sell other products and services, the Company may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would reduce the Company's margins and could adversely affect the Company's operating results.

If the Company's intellectual property is not adequately protected, the Company may lose its competitive advantage.

The Company's success depends in part on its ability to protect its rights in its intellectual property. The Company relies on various intellectual property protections, including patents, copyright, trade-mark and trade secret laws and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Company's intellectual property without its authorization. Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of Canada, the United States or the United Kingdom.

To protect the Company's intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Company's business or materially adversely affect its revenue, financial condition and results of operations.

Future sales of common shares by the Company's existing shareholders could cause the Company's share price to fall.

If the Company's shareholders sell substantial amounts of the Company's common shares in the public market, the market price of the Company's common shares could fall. The perception among investors that these sales will occur could also produce this effect.

Operating internationally exposes the Company to additional and unpredictable risks.

The Company sells its products throughout the world and intends to continue to increase its penetration of international markets. A number of risks are inherent in international transactions. Future results could be materially adversely affected by a variety of factors including, many of which are beyond the Company's control, including risks associated with: (i) foreign currency fluctuations; (ii) political, security and economic instability in foreign countries; (iii) changes in and compliance with local laws and regulations, including export control laws, tax laws, labour laws, employee benefits, currency remittance restrictions and other requirements; (iv) differences in tax regimes and potentially adverse tax consequences of operating in foreign countries; (v) customizing products for foreign countries; (vi) legal uncertainties regarding liability, export and import restrictions, tariffs and other trade barriers; (vii) hiring qualified foreign employees; and (viii) difficulty in accounts receivable collection and longer collection periods. Any or all of these factors could materially adversely affect the Company's business or results of operations.

Many of the Company's sales are made by competitive bid, which makes forecasting difficult and often requires us to expend significant resources with no guaranty of recoupment.

Many of the Company's sales, particularly in larger installations, are made by competitive bid. Successfully competing in competitive bidding situations subjects us to risks associated with: (i) the frequent need to bid on programs in advance of the completion of their design, which may result in unforeseen technological difficulties and cost overruns; (ii) research and development to improve or refine the Company's product in advance of winning the sale; and (iii) the substantial time, money, and effort, including design, development, and marketing activities, required to prepare bids and proposals for contracts that may not be awarded to us. If the Company does not ultimately win a bid, the Company may obtain little or no benefit from those expenditures and may not be able to recoup them on future projects.

The Company's business is sensitive to changes in spending for network operator technology infrastructure.

The market for the Company's solutions has been adversely affected in the past by declines in mobile network technology infrastructure spending and continues to be affected by fluctuations in mobile network operator technology spending. If sales do not increase as anticipated or if expenses increase at a greater pace than revenues, the Company may not be able to attain, or sustain or increase profitability on a quarterly or annual basis.

The Company's engagements with its customers involve complex arrangements which may require interpretation of GAAP and may result in deferral of revenue recognition.

The Company may be required to defer recognizing revenue from the sale of products until all the conditions necessary for revenue recognition have been satisfied. Conditions that can cause delays in revenue recognition include (i) arrangements that have undelivered elements for which objective evidence of fair value has not been established; (ii) requirements to deliver services for significant enhancements or modifications to customize Redknee's software for a particular customer; or (iii) material customer acceptance criteria. Redknee may be required to defer revenue recognition for a period of time after its products are delivered and billed to a customer, and such deferral may extend over one or more fiscal quarters. The period of deferral, if any, depends on the specific terms and conditions of each customer contract, and therefore it is difficult for the Company to predict with accuracy at the beginning of any fiscal period the amount of revenues that it will be able to recognize from anticipated customer deployments in that period. Moreover, any changes in accounting principles or interpretations and guidance could have a significant effect on the Company's reported financial results.

Use of Open Source Software

The Company uses certain "open-source" or "free-ware" software tools in the development of its software products which are not maintained or supported by the original developers thereof. The Company has conducted no independent investigation to determine whether the sources of these tools have the rights necessary to permit the Company to use these tools free of claims of infringement by third parties. The Company could be required to replace these components with internally developed or commercially licensed equivalents which could delay the Company's product development plans, interfere with the ability of the Company to support its customers and require the Company to pay licensing fees.

Dependence Upon Relationships With Sales Channel Partners

As the Company expects to sell an increasing number of its products and services through sales channel partners, rather than directly to the customer, it is increasingly dependent upon its ability to establish and develop new relationships and to build on existing relationships with sales channel partners. The Company cannot guarantee that it will be successful in developing, maintaining or advancing its relationships with sales channel partners or that such sales channel partners will act in a manner that will promote the success of the Company's products and services. Failure by the sales channel partners to promote and support the Company's products and services could adversely affect its business, financial condition or results of operations.

Dependence Upon Suppliers

The Company licenses certain technologies used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay the Company’s ability to ship its products while the Company seeks to implement alternative technology offered by other sources which may require significant unplanned investments on its part. In addition, alternative technology may not be available on commercially reasonable terms or may not be available at all. In the future, it may be necessary or desirable to obtain other third party technology licenses relating to one or more of the Company’s products or relating to current or future technologies to enhance the Company’s product offerings. There is a risk that the Company will not be able to obtain licensing rights to the required technology on commercially reasonable terms, if at all.

Economic and geopolitical uncertainty may negatively affect the Company.

The market for the Company’s products depends on economic and geopolitical conditions affecting the broader market. Economic conditions globally are beyond the Company’s control. In addition, acts of terrorism and the outbreak of a global health crisis or hostilities and armed conflicts between countries can create geopolitical uncertainties that may affect the global economy. Downturns in the economy or geopolitical uncertainties may cause end-users to delay or cancel projects, reduce their overall security or IT budgets or reduce or cancel orders for the Company’s products, which could have a material adverse effect on its business, results of operations and financial condition.

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.

Some of the Company’s employees are represented by trade unions.

Some of the Company’s employees in Europe are represented by trade unions, works councils and other employee representative bodies. To the extent that the Company is not able to develop and maintain an effective working relationship with such representative bodies and negotiate appropriate employment arrangements in accordance with applicable laws governing employees represented by such bodies, the Company may experience work stoppages or slowdowns or other labour disputes, which could materially adversely affect its reputation, business, operating results and financial condition.

Risks associated with the Credit Agreement

Redknee is exposed to interest rate risk from fluctuations in interest rates on advances under the Credit Agreement that bear interest at an annual rate of interest determined in accordance with the Credit Agreement. Redknee manages its interest rate risk by monitoring its respective mix of fixed and floating rate debt net of cash and cash equivalents and short term investments. Despite these steps, changes in interest rates could negatively affect the Company’s financial performance. Redknee also has to comply with certain financial covenants as required by the Credit Agreement. Failure to comply with these covenants may result in the loans becoming due and payable immediately, which could have a material adverse impact on the Company’s liquidity and financial position.

Risks associated with the fulfillment of the Global Frame Agreement arising from the BSS acquisition.

Redknee is still reliant upon Nokia to fulfil its obligations to invoice certain customers, collect and remit payments to the Company under the back-to-back arrangement as contemplated by the Global Frame Agreement. If Nokia is unable to collect amounts owing from end customers, then the Company may have to write-off the corresponding receivable, which could have a material adverse impact on the Company’s operating results and financial condition.

In addition, Redknee may not have identified all risks or have fully assessed risks identified with the acquisition of the BSS division. There is also a risk that the expected benefits of the acquisition may not be achieved in the expected timeframe or to the extent expected. The individual or combined effect of these risks could have a material adverse effect on Redknee’s business, operating results and financial condition.

Redknee has acquired contingent liabilities through the acquisition of businesses that could adversely affect Redknee.

The Company has acquired contingent liabilities in connection with prior acquisitions. Although Redknee’s management uses its best efforts to estimate the risks associated with these contingent liabilities and the likelihood that they will materialize, their estimates could differ materially from the liabilities actually incurred. For example, Redknee acquired certain long-term contracts that contain contingent liabilities associated with the acquired businesses. The contingent liabilities represent the difference between the maximum financial liabilities potentially due to customers less the estimated liability amounts recorded in connection with the contracts assumed on acquisition. Such maximum financial liabilities potentially due to customers under these acquired contracts may significantly exceed the maximum financial liabilities potentially due to customers pursuant to customer contracts entered into by Redknee in the course of its business prior to the acquisition of the acquired business. Among the acquired business’ contingent liabilities are liquidated damages contractually available to customers for breaches of contracts by predecessor businesses and for estimated damages available to customers for breaches of such contracts by predecessor businesses where such contracts did not contain specified penalties. In addition, as the acquirer of the acquired businesses, Redknee may acquire contingent liabilities in addition to liabilities assumed pursuant to the Agreement, such as statutory liabilities imposed on the acquirer of a business pursuant to applicable laws such as bulk sales and other creditor protection legislation related to the sale of assets other than in the ordinary course of business, legislation relating to the protection of personal information, and anti-bribery legislation. Any of the contingent liabilities referred to above may be material and could materially adversely affect Redknee’s operating results, cash flows and financial condition.

Redknee may not be able to realize the amount of receivables acquired from the Orga entities undergoing liquidation proceedings.

Redknee has acquired certain receivable balances from the Orga entities that are undergoing liquidation proceedings. The realization of the gross amount of these receivable balances is dependent upon the final outcome of the insolvency proceedings. There may be significant delays in realizing cash on such receivables, or the Company may never be able to realize the full amount of such receivables. If such receivables are not realized, Redknee will have to write-off these balances in the period in which the receivables are deemed uncollectible.

In addition, pursuant to the terms of the acquisition agreement with Orga, the Insolvency Administrator of Orga is entitled to terminate any contract that has not been transferred to Redknee within twelve months from the closing date. Further, a customer of Orga may not be willing to transfer its contract to Redknee. If any of these contracts are not transferred or terminated, there is no guarantee that Redknee would be able to enter into an agreement with any of these customers or suppliers, which could have a material adverse effect on Redknee's revenues, and consequently Redknee's business, operating results and financial condition.

Redknee may have difficulties maintaining or growing the business acquired from Orga.

The Orga business may sell products or provide services that Redknee has limited experience operating or managing. Redknee may experience unanticipated challenges or difficulties maintaining the businesses at their current levels or growing the acquired business. Factors that may impair Redknee's ability to maintain or grow the acquired business, its customers and personnel may include, but are not limited to:

- Challenges in integrating the acquired business with Redknee's business;
- Risks relating to any default by Orga of its obligations under the Acquisition Agreement and agreements entered into pursuant to the Agreement, whether pursuant to financial difficulty, unforeseen external events or otherwise;
- Loss of customers of, and/or suppliers to, the acquired business;
- Risk relating to infringement of third party intellectual property rights by software of the acquired business;
- Non-compatible business cultures;
- Difficulties in gaining necessary approvals in international markets to expand the acquired business as contemplated;
- Additional demands on resources, systems, procedures and controls; and
- Dealing with unfamiliar laws, customs and practices in foreign jurisdictions where Redknee has no prior business experience.

In addition, Redknee may not have identified all risks or have fully assessed risks identified with the Acquisition. There is also a risk that the expected benefits of the Acquisition may not be achieved in the expected timeframe or to the extent expected. The individual or combined effect of these risks could have a material adverse effect on Redknee's business, operating results and financial condition.

Issues relating to employees of the acquired Orga business may adversely affect Redknee.

Certain of the employees of the acquired business whose employment agreements are contemplated by the Acquisition Agreement to be assumed by Redknee may refuse to accept employment by Redknee or its subsidiary in the jurisdiction in which the employee provides services to the acquired business, and otherwise may be entitled under applicable laws governing the transfer of employment relationships to object to such transfer. If an employee does not accept employment by Redknee or its applicable subsidiary, or objects to the transfer of their employment, Redknee and its subsidiaries may not receive the benefit of such employee's services. To the extent that Redknee does not receive the benefit of the services of a significant number of employees in any one jurisdiction, or the services of certain personnel from the acquired business such as former executive officers or key technical personnel, the expected benefits of the Acquisition may not be achieved by Redknee and such event could have a material adverse effect on Redknee's business, operating results and financial condition.

Certain of the employees of the acquired business are represented by trade unions, works councils and other employee representative bodies. To the extent that Redknee is not able to develop and maintain an effective working relationship with such representative bodies and negotiate appropriate employment arrangements in accordance with applicable laws governing employees represented by such bodies, Redknee may experience work stoppages or slowdowns or other labour disputes, which could materially adversely affect its reputation, business, operating results and financial condition.

Changes to earnings resulting from the Orga Acquisition may adversely affect Redknee.

Under IFRS 3, Business Combinations, the accounting standard for business combinations, the total purchase price of the business assets and intangible assets acquired and liabilities assumed are allocated based on their values as of the date of the acquisition and the excess of the purchase price over these values is recorded as goodwill. Management's estimates of fair value are based upon assumptions believed to be reasonable but which are inherently uncertain. Subsequent to the completion of the Acquisition, the following factors, among others, may result in material changes that would materially adversely affect Redknee's operating results, cash flows and financial condition:

- Impairment of goodwill or intangible assets;
- A reduction in the useful lives of intangible assets acquired;
- Identification of assumed contingent liabilities after Redknee finalizes the purchase price allocation period; or
- Charges to Redknee's operating results resulting from revised estimates relating to the allocation of the purchase price, valuation of intangible assets, valuation of certain receivable balances and other estimates used in the Acquisition, such as deferred revenue and provision for onerous contracts.

Routine charges to Redknee's operating results associated with the Acquisition include amortization of intangible assets, as well as other Acquisition related charges. Charges to Redknee's operating results in any given period could differ substantially from other periods based on the timing and size of Redknee's future acquisitions and the extent of integration activities.

Redknee expects to continue to incur additional costs associated with combining the operations of the acquired business, which may be substantial. Additional costs may include costs of employee redeployment, relocation and retention, including salary increases or bonuses, severance payments, taxes, and termination of contracts that provide redundant or conflicting services. These costs would be accounted for as expenses and would decrease Redknee's net income and earnings per share for the periods in which those adjustments are made.

ADDITIONAL INFORMATION

Additional information, including the quarterly and annual consolidated financial statements, annual information form, management proxy circular and other disclosure documents may be examined by accessing the SEDAR website at www.sedar.com.