

Vecima reports strong first quarter fiscal 2009 financial results

- Revenue up 39%, net income more than doubles over first quarter of prior year -

VICTORIA, BC – (November 12, 2008) – Vecima Networks Inc. (“Vecima” or “the Company”) (TSX:VCM), today reported its financial results for the three months ended September 30, 2008, the first quarter of Vecima’s 2009 fiscal year. All dollar amounts are in Canadian funds unless otherwise stated.

Highlights for the first quarter included:

- 39% increase in total revenue to \$36.8 million in fiscal 2009 compared with \$26.4 million in fiscal 2008;
- Increased gross margin to 51% in first quarter compared with 40% last year;
- 276% increase in operating income in the first quarter of fiscal 2009 to \$10.6 million compared with \$2.8 million in the comparable period in fiscal 2008;
- 249% increase in net income to \$7.8 million in the first quarter of fiscal 2009 compared with \$2.2 million in the first quarter of fiscal 2008;
- EPS for the quarter of \$0.34 compared with \$0.10 last year;
- 64% year-over-year growth in converged wired products reflects rising worldwide demand for broadband access;
- Signing of co-branding agreement with major OEM for Cable Vista Edge Decoder leveraging their 90 country sales network;
- 126 new staff joined the Company during the 12 months ended September 30, 2008, up 16% from the same period last year;
- Subsequent to quarter-end, signing of a multi-year engineering, supply and maintenance contract with a leading, US-based cable MSO for a new cable network product to support transition to all-digital network; and
- Investment in a 14% position in Redline Communication Group Inc. (TSX:RDL) through the facilities of the Toronto Stock Exchange as at November 6, 2008.

“Ongoing consumer demand for bandwidth, and the associated need for MSOs to roll out new products while maintaining service standards, generated continued demand for OEM transmitter modules and bandwidth recovery products,” said Dr. Surinder Kumar, Chairman and CEO. “This translated into the strong gains reported this quarter as we once again focused on opportunities in our converged wired business. The investments we have made in expanding our product offering, markets and managerial capacity in the last few quarters are beginning to pay substantial dividends, especially in what has

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traditionally been our slowest quarter, which included a planned two-week plant shutdown of our manufacturing facilities.”

First Quarter Financial Review

Total revenue for the first quarter was \$36.8 million, an increase of 39% over sales in the first quarter of the previous fiscal year.

Sales in the Converged Wired Solutions market for the three months ended September 30, 2008, increased 64%, to \$29.3 million, compared with \$17.9 million in the first quarter of fiscal 2008. The Company experienced continued demand for edge devices from multiple-system operators (MSOs) and high-speed internet-over-cable data transmitter modules and its new return path demodulator from its original equipment manufacturers (OEMs).

Sales in the Broadband Wireless market were weak and Vecima needed to concentrate its productive capacity on reverse path demodulator products resulting in a reduced production of wireless products. Broadband Wireless sales decreased \$1.4 million to \$5.2 million for the first quarter this fiscal year, compared with \$6.5 million for the three months ended September 30, 2007.

YourLink revenue increased 22% to \$2.4 million for the first quarter of fiscal 2009, compared with \$2.0 million in the first quarter of fiscal 2008. Much of the YourLink revenue increase resulted from significant increases in enterprise installations.

Gross margin increased to 51% in the first quarter, providing a gross profit of \$18.7 million, compared with gross margin of 40% for the first quarter fiscal 2008 that provided a gross profit of \$10.6 million. Increases in manufacturing efficiencies and non-recurring engineering revenue contributed to the gain in gross margin.

Research and development expenses for the first quarter decreased to \$2.5 million, or 7% of revenue, compared with \$2.8 million, or 11% of revenue, for the same period in the prior year. Total research and development costs, net of deferrals, amortization of deferred development costs, income tax credits and Technology Partnerships Canada (TPC) funding for the first quarter of fiscal 2009 were \$4.3 million, or 12% of sales, down from \$3.5 million, or 13% of sales, for the first quarter last year.

Sales and marketing expenses were \$1.5 million for the three months ended September 30, 2008, about the same as for the first quarter of the prior fiscal year.

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General and administrative expenses for the first quarter this fiscal year were \$4.0 million compared with \$3.3 million for the same period last fiscal year.

Operating expense margin for the first quarter of fiscal 2009 was 22% of revenue, compared with 30% of sales in the first quarter last year.

Since gross margin is up, and operating expenses are flat, over last year, operating income for the first quarter of fiscal 2009 increased 276% to \$10.6 million, or \$0.46 per share, compared with \$2.8 million, or \$0.13 per share, for the three months ended September 30, 2007.

Net income for the first fiscal quarter increased 249% to \$7.8 million, compared with \$2.2 million in the three months ended June 30, 2007. The increase in net income is a result of the Company's strong growth in sales, improvements in productivity and close attention to expenses.

Summary:

Vecima enjoyed a record first quarter. Consumer appetite for bandwidth and digital video streaming has caused increased demand for infrastructure products to support digital television and data-over-cable services.

Subsequent to quarter-end, Vecima announced a multi-year design, supply and maintenance contract for a new network infrastructure product for a significant deployment by one of the largest cable MSOs in the U.S. This was significant because it is the first direct long-term supply contract with a major MSO. For many years, the Company has had long-term supply relationships with major equipment manufacturers like Cisco, Motorola and BigBand and for more than a decade, Vecima has sold equipment to MSOs both directly and through its US distributor, Mega Hertz. Deliveries of the new product are expected to begin late in the second quarter of our 2009 fiscal year.

According to industry studies, the global market for bandwidth reclamation products is expected to reach an aggregate of \$1.5 billion over the next five years as the industry-wide transition to all digital networks, focused on delivering higher video quality and a broader range of HDTV services, is completed. This contract is part of Vecima's broader growth strategy, designed to exploit opportunities to develop products with innovative technology that meets the needs of customers. The Company believes it is well positioned to capture a meaningful piece of this market.

New product introductions, success within its acquired business units and growing demand for existing products have allowed Vecima to generate 30% growth in revenue compounded annually over the

past five fiscal years. The compound annual growth rate of ordinary profit over the same time period has been 33%.

Vecima continues to strengthen its balance sheet by increasing capital assets and growing retained earnings. In the first quarter of the 2009 fiscal year, the Company invested \$3.0 million in capital assets and the repurchase of 2,700 shares through a Normal Course Issuer Bid. These investments will allow Vecima to continue to improve manufacturing capacity, fuel the research and development and sales pipelines and provide increased benefit to shareholders.

The Company's full interim consolidated financial statements and management's discussion and analysis for the three months September 30, 2008 is posted on www.SEDAR.com.

Vecima's quarterly consolidated financial statements and accompanying notes for the three months ended September 30, 2008 are available at http://www.vecima.com/financials_ir.php. A conference call and live audio webcast will be held on November 12, 2008 at 11 a.m. ET to discuss the results. To participate in the teleconference, dial 617-213-8897 or 1-866-543-6405 and enter the code 78411371#. The first quarter fiscal 2009 earnings call webcast is available at: http://www.vecima.com/events_ir.php.

All dollar amounts are in Canadian dollars.

About Vecima Networks

Vecima Networks Inc. (TSX:VCM) designs, manufactures and sells products that enable broadband access to cable, wireless, fibre and telephony networks. Vecima's hardware products incorporate original embedded software to meet the complex requirements of next-generation, high-speed digital networks. Service providers use Vecima's solutions to deliver services to a converging worldwide broadband market, including what are commonly known as "triple play" (voice, video and data) and "quadruple play" (voice, video, data and wireless) services. Vecima's solutions allow service providers to rapidly and cost-effectively bridge the final network segment that connects the system directly to end users, commonly referred to as "the last mile," by overcoming the bottleneck resulting from insufficient carrying capacity in legacy, last mile infrastructures. Vecima's products are directed at two principal markets: Converged Wired Solutions and Broadband Wireless. The Company has also developed, and continues to focus on developing, products to address emerging markets such as Voice over Internet Protocol, fibre to the home and IP video. www.vecima.com

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Forward-Looking Statements

Certain statements in this news release may constitute forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, 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 news release, such statements are generally identified by the use of such words as "may", "will", "expect", "believe", "plan", "intend" and other similar terminology. These statements reflect Vecima's current expectations regarding future events and operating performance and speak only as of the date of this news release. 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 including, but not limited to, the factors discussed under "Risk Factors" in the Company's Annual Report dated September 25, 2008 available on SEDAR (www.sedar.com), could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Vecima Networks

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