

Vecima rides rising worldwide demand for broadband access to a record \$30.4 million third quarter in 2008

-Quarter highlighted by a 26% revenue increase -

VICTORIA, BC – (May 15, 2008) – Vecima Networks Inc. (“Vecima” or “the Company”) (TSX:VCM), today reported its third quarter financial results for the three months ended March 31st 2008. (All dollar amounts are in Canadian funds unless otherwise stated.)

Highlights for the quarter included:

- 26% increase in total revenue to \$30.4M in 2008 compared to \$24.1M in 2007;
- Increased gross margin to 42% in 2008 compared with gross margin of 40% in 2007;
- 28% increase in net income to \$3.2M in 2008 compared with \$2.5M in 2007;
- EPS for the quarter increased to \$0.14 in 2008 compared with \$0.11 in 2007;
- 23% quarter over quarter growth in broadband wireless products demonstrating sector acceleration;
- Steady and highly profitable growth is showing strong evidence of the success of our long term strategy.

“Strong consumer demand for additional bandwidth in the last mile led to significant growth resulting in financial and operational performance that exceeded revenue and earnings estimates,” said Dr. Surinder Kumar, Chairman and CEO. “Vecima’s OEM and MSO partner orders are tracking industry bandwidth trends, while its steady and profit-focused approach to WiMAX, software defined radio and special purpose wireless technologies is beginning to accelerate.”

Financial Review

Total revenue for the third quarter was \$30.4 million, an increase of 26% over sales in the third quarter of the previous fiscal year.

Sales in the Converged Wired Solutions market increased \$3.3 million, or 17%, to \$22.1 million for the three months ended March 31, 2008, compared with \$18.9 million in the three months ended March 31, 2007. The Converged Wired Solutions sales for the three months ended March 31, 2007 is the sum of sales in the former core market categories of Data over Cable and Digital Video. The increase is primarily due to strong sales in products such as the Cable Vista edge decoder and the new reverse path demodulator product, as well as increased demand for the Company’s upconverter product. Vecima continues to diversify revenue sources with Converged Wired Solutions representing

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73% of sales in the three months ended March 31, 2008 compared with 78% of sales in the three months ended March 31, 2007.

Broadband Wireless sales increased \$1.1 million, or 23%, to \$6.1 million in the third quarter as compared to Q2. The increase is attributed to increases in demand for Vecima's wireless broadband access solutions.

YourLink revenue increased to \$2.2 million, or 13%, for the three months ended March 31, 2008, compared with \$1.9 million in the three months ended March 31, 2007. Much of the YourLink revenue increase resulted from significant increases in enterprise installations, including deployments for Cargill Inc.'s high-speed data network.

Gross margin increased to 42%, providing a gross profit of \$12.8 million, compared with a gross margin of 40% for the three months ended March 31, 2007 that provided a gross profit of \$9.6 million. An increase in manufacturing efficiencies helped offset the effects of the strong Canadian dollar.

Research and development expenses for the three months ended March 31, 2008 increased 34% to \$2.5 million, or 8% of revenue, compared with \$1.8 million, or 8% of revenue, for the same period in the prior fiscal year. The increase included \$0.7 million in costs from the acquired Spectrum Signal Processing. Total research and development costs net of deferrals, amortization of deferred development costs and income tax credits for the three months ended March 31, 2008 were \$3.1 million, or 10% of sales, up from \$2.9 million, or 12% of sales, for the three months ended March 31, 2007.

Sales and marketing expenses were \$1.9 million for the three months ended March 31, 2008, compared with \$1.1 million for the three months ended March 31, 2007. The increase is mainly due to additional sales and marketing staff along with increased tradeshow activity.

General and administrative expenses for the three months ended March 31, 2008 were \$4.1 million compared with \$3 million for the three months ended March 31, 2007. Acquiring Spectrum Signal Processing, rapid growth in the Saskatchewan wireless operations of YourLink and increases in amortization account for a majority of the increased general and administrative expenses.

Vecima has previously disclosed that strategic increases in research and development staff and sales and marketing expenses were expected to raise operating expense rate above its traditional model. The Company expects operating expenses to trend downward as a percentage of sales as its strategic investments in research and development and sales and marketing come to fruition. The third quarter

showed the first signs of payoff from strategic investments. Operating expenses were 29% of sales compared with 30% of sales in the previous quarter. Operating expenses for the three months ended March 31, 2008 increased to \$8.8 million, compared with \$6.2 million for the three months ended March 31, 2007. The increase was caused by significant investment in research and development as well as sales and marketing between the two periods. Administrative expenses also grew due to increased staffing, additional facilities and from the acquisition of Spectrum Signal Processing.

Net income before extraordinary gains for the third fiscal quarter increased to \$3.2 million compared with \$2.5 million in the three months ended March 31, 2007. The increase in net income is a result of the Company's strong growth more than offsetting its increase in research and development and marketing expenses.

Nine Month Financial Review

For the first nine months of the 2008 fiscal year, sales increased by \$16.8 million, or 25%, to \$84.2 million, up from \$67.4 million for the nine months ended March 31, 2007. The sequential revenue growth from the second to the third quarter was 11%.

Sales in the Converged Wired Solutions increased \$6.7 million to \$60.3 million for the nine months ended March 31, 2008, compared with \$53.6 million in the nine months ended March 31, 2007. Vecima continues to succeed in diversifying revenue sources, with Converged Wired Solutions representing 72% of sales in the nine months ended March 31, 2008, compared with 79% of sales in the nine months ended March 31, 2007.

Broadband Wireless sales increased 110%, or \$9.2 million, to \$17.5 million for the nine months ended March 31, 2008 compared with \$8.3 million for the nine months ended March 31, 2007.

YourLink revenue increased 16% to \$6.4 million for the nine months ended March 31, 2008, compared with \$5.5 million for the nine months ended March 31, 2007.

Gross margin increased to 41%, providing a gross profit of \$34.4 million for the period, compared with a gross margin of 38%, that provided a gross profit of \$25.8 million, for the nine months ended March 31, 2007.

Research and development expenses for the nine months ended March 31, 2008 increased 41% to \$8.0 million, or 9% of sales, compared with \$5.6 million, or 8% of sales, for the same period in the prior fiscal year. Total research and development costs net of deferrals, amortization of deferred development costs and income tax credits for the nine months ended March 31, 2008 were \$10.8

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million, or 13% of sales, up from \$8.2 million, or 12% of sales, for the nine months ended March 31, 2007. This increase was primarily due to higher staff levels and the inclusion of expenses from Spectrum Signal Processing.

General and administrative expenses for the nine months ended March 31, 2008 were \$11.3 million, or 13% of sales, compared with \$7.5 million, or 11% of sales, for the nine months ended March 31, 2007. The acquisition of Spectrum Signal Processing, rapid growth in the Saskatchewan wireless operations of YourLink, and increases in amortization account for a majority of the increased general and administrative expenses.

Sales and marketing expense was \$4.9 million, or 6% of sales, for the nine months ending March 31, 2008 compared to \$3.1 million or 5% of sales for the nine months ending March 31, 2007.

Operating expenses for the nine months ended March 31, 2008 increased to \$24.9 million, or 30% of sales, compared with \$17.0 million, or 25% of sales, for the nine months ended March 31, 2007. The Company expects operating expenses to trend downward as a percentage of sales as its strategic investments in research and development and sales and marketing come to fruition as exhibited in the third quarter.

Net income before extraordinary gains for the nine months ended March 31, 2008 increased to \$7.4 million, or 9% of sales, compared with \$6.4 million, or 9% of sales, in the nine months ended March 31, 2007. Strong growth over the past year has allowed the Company to maintain its net profit margin while strategically increasing operating costs as a percentage of sales by 5%.

Extraordinary gains for the nine months ended March 31, 2008 were \$nil compared to an extraordinary gain of \$6.5 million for the nine months ended March 31, 2007. The gain in the prior period resulted from the acquisition of WaveRider Communications Inc. and related companies.

Working capital represents the Company's current assets less current liabilities. Vecima's working capital remained strong at \$47.8 million on March 31, 2008, up from \$43.6 million as at June 30, 2007.

As at March 31, 2008, the Company had outstanding a total of 22,988,093 common shares.

Outlook:

Vecima enjoyed an excellent third quarter in its 2008 fiscal year. For the first time in Company history, quarterly sales exceeded thirty million dollars. Continued demand for bandwidth fuelled this

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momentum in sales, in line with Vecima's long term growth strategy. During the three months ended March 31, 2008, Vecima increased products shipped by 28% to 39,500 units from 30,800 units shipped in the second quarter. Dedicated efforts by employees allowed Vecima to deliver record production in the third quarter while laying a solid foundation for continued growth in future periods. New product introductions, success within its acquired business units and growing demand for existing products have allowed Vecima to generate 26% growth in revenue compounded annually over the past five fiscal years.

Vecima has previously disclosed that strategic increases in research and development staff and sales and marketing expenses were expected to raise the operating expense rate above its traditional level. As these strategic plans come to fruition, the Company expects revenue growth to outpace expense growth and that operating expense margins should fall back toward the traditional level of 20% to 25% of revenue. The Company's third quarter results showed the first signs of the strategic investment payoff.

Vecima continues to strengthen its balance sheet by growing retained earnings and reducing the draw on its bank line of credit. In the quarter, the Company improved its cash position by \$5.0 million. Vecima has invested \$9.1 million in capital assets through the first nine months of the 2008 fiscal year. These investments will allow Vecima to continue to improve manufacturing capacity and fuel the research and development and sales pipelines.

Vecima is highly confident that sales growth for the 2008 fiscal year will be within its previously announced 20% to 30% range.

The Company's full interim fiscal 2008 third quarter financial statement and management's discussion and analysis for the three months and nine months ended March 31, 2008 is posted on www.SEDAR.com.

Vecima's unaudited interim consolidated financial statements and accompanying notes for the three months and nine months ended March 31, 2008 are available at http://www.vecima.com/financials_ir.php. The fiscal 2008 third quarter earnings call webcast is available at: http://www.vecima.com/events_it.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

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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

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 Information Form dated September 25, 2007 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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