

Vecima reports revenue increase of 29% to \$120.6 million for fiscal 2008

-Operating income increased 71% over fiscal 2007 -

VICTORIA, BC – (September 25, 2008) – Vecima Networks Inc. (“Vecima” or “the Company”) (TSX:VCM), today reported its fourth quarter and annual financial results for the twelve months ended June 30, 2008. (All dollar amounts are in Canadian funds unless otherwise stated.)

Highlights for the fourth quarter included:

- 38% increase in total revenue to \$36.4 million in 2008 compared to \$26.3 million in 2007;
- Increased gross margin to 45% in 2008 compared with gross margin of 39% last year;
- A 368% increase in operating income to \$8.2 million for 2008 compared to \$1.8 million for 2007
- 40% increase in net income before extraordinary gains to \$4.4 million in 2008 compared with \$3.2 million in 2007;
- EPS before extraordinary gains for the quarter increased to \$0.18 in 2008 compared with \$0.14 last year; and
- 68% year-over-year growth in converged wired products reflects rising worldwide demand for broadband access.
- Products shipped increased by 32% to 52,000 units from 39,500 units shipped in the third quarter.
- 46 new staff joined the Company, up 6% from the third quarter

“Strong demand from bandwidth infrastructure partners like Cisco and Motorola and the need for major cable companies to provide customers additional bandwidth led to significant growth,” said Dr. Surinder Kumar, Chairman and CEO. “We generated improved financial performance in both the quarter and year periods across virtually every meaningful metric. These results highlight our ability to meet the expanding needs of our customers and execute on our growth strategy for our core businesses.”

Fourth Quarter Financial Review

Total revenue for the fourth quarter was \$36.4 million, an increase of 38% over sales in the fourth quarter of the previous fiscal year. The sequential revenue growth from the third to the fourth quarter was 20%.

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Sales in the Converged Wired Solutions market increased 68%, to \$28.8 million for the three months ended June 30, 2008, compared with \$17.2 million in the fourth quarter of fiscal 2007. Converged Wired Solutions sales for the fourth quarter last year is the sum of sales in the former core market categories of Data over Cable and Digital Video. The Company experienced very strong demand for high-speed internet-over-cable data transmitter modules from its original equipment manufacturers (OEMs). Vecima also enjoyed strong sales of edge devices to multiple-system operators (MSOs) and its new return path demodulator to OEMs.

To support increased demand for upconverter modules and other products for major OEM customers, Vecima reduced production of wireless products. Broadband Wireless sales decreased \$2.0 million to \$5.0 million for the fourth quarter this fiscal year, compared to \$7.0 million for the three months ended June 30, 2007.

YourLink revenue increased 20% to \$2.5 million for the three months ended June 30, 2008, compared with \$2.1 million in the fourth quarter of fiscal 2007. Much of the YourLink revenue increase resulted from significant increases in enterprise installations.

Gross margin increased to 45% in the fourth quarter, providing a gross profit of \$16.3 million, compared with a gross margin of 39% for the fourth quarter fiscal 2007 that provided a gross profit of \$10.1 million. An increase in manufacturing efficiencies helped offset the effects of the strong Canadian dollar.

Research and development expenses for the fourth quarter this year decreased to \$1.0 million, or 3% of revenue, compared to \$2.9 million, or 11% of revenue, for the same period in the prior year. The decrease included \$1.7 million in Technology Partners Canada (TPC) funding that directly reduces GAAP R&D expense. Total research and development costs, net of deferrals, amortization of deferred development costs, income tax credits and TPC funding for the fourth quarter of fiscal 2008 were \$5.3 million, or 10% of sales, up from \$3.9 million, or 15% of sales, for the fourth quarter last year. This increase was primarily due to the inclusion of expenses from Spectrum Signal Processing.

Sales and marketing expenses were \$2.0 million for the three months ended June 30, 2008, compared with \$1.5 million for the fourth quarter of fiscal 2007. The increase is mainly due to additional sales and marketing staff along with increased tradeshow activity.

General and administrative expenses for the fourth quarter this fiscal year were \$4.9 million compared with \$3.7 million for the same period last fiscal year. 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 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 model. As expected, these strategic decisions increased the operating expense margin, which peaked at 32% of sales in the fourth quarter last fiscal year. The Company expected operating expenses to trend downward as the strategic plans delivered increased sales. This has happened. The operating expense margin for the fourth quarter of fiscal 2008 was 22% of revenue, compared to 32% of sales in the fourth quarter last year. Operating expenses for the three months ended June 30, 2008 decreased to \$8.1 million, compared with \$8.4 million for the fourth quarter of fiscal 2007.

Since gross margin is up, and operating expenses are down, over last year, operating income for the fourth quarter of fiscal 2008 increased 368% to \$8.2 million, or \$0.35 per share, compared to \$1.8 million, or \$0.08 per share for the three months ended June 30th, 2007.

Net income before extraordinary gains for the fourth fiscal quarter increased 40% to \$4.4 million compared with \$3.2 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 and productivity.

Fiscal Year 2008 Financial Review

Total sales for the 2008 fiscal year increased by \$26.8 million, or 29%, to \$120.6 million, up from \$93.7 million for the year ended June 30, 2007.

Sales in the Converged Wired Solutions increased 26% to \$89.1 million for the 2008 fiscal year, compared with \$70.8 million last fiscal year.

Broadband Wireless sales increased 47% to \$22.5 million for the year ended June 30, 2008 compared with \$15.4 million for fiscal 2007. Broadband Wireless represented 19% of revenue in fiscal 2008, compared to 16% of sales last year.

YourLink revenue increased 17% to \$8.9 million for the year ended June 30, 2008, compared with \$7.6 million last fiscal year.

Gross margin increased to 42%, providing a gross profit of \$50.8 million for the 2008 fiscal year, compared with a gross margin of 38% that provided a gross profit of \$36.0 million for the year ended June 30, 2007.

Research and development expenses for fiscal 2008 increased 4% to \$8.9 million, or 7% of sales, compared to \$8.5 million, or 9% of sales, for the prior fiscal year. The increase includes the research and development costs from the acquisition of Spectrum Signal Processing. Total research and development costs net of deferrals, amortization of deferred development costs, income tax credits and TPC funding for the 2008 fiscal year were \$16.1 million, or 12% of sales, up from \$12.5 million, or 13% of sales, for last fiscal year. This increase was primarily due to increased staff levels and the inclusion of expenses from Spectrum Signal Processing.

Sales and marketing expense was \$6.9 million, or 6% of sales, for the year ended June 30, 2008, compared to \$4.6 million, or 5% of sales, for the prior fiscal year.

General and administrative expenses for the 2008 fiscal year increased to \$16.2 million, or 13% of sales, compared to \$11.2 million, or 12% of sales, for the prior fiscal year. About one third of the increase was contributed each by administrative costs from the acquired Spectrum Signal Processing, rapid growth in the SaskWireless operation and by increased amortization.

Operating expenses for the 2008 fiscal year increased to \$33.0 million, or 27% of sales, compared with \$25.4 million, or 27% of sales, for last fiscal year. Almost half of this increase resulted from inclusion of expenditures in Spectrum Signal Processing, which was acquired in May 2007. The Company increased operating expenditures in prior periods to fund strategic plans to increase Vecima's products, markets and managerial capacity. As expected, these strategic decisions increased the operating expense margin, which peaked at 32% of sales in the fourth quarter last fiscal year and fell to 22% of sales for the fourth quarter of fiscal 2008. The decrease in operating expense margin is evidence of the successful implementation of management's strategic plans.

Since gross margin is up and operating expenses are down, over last year, operating income for the 2008 fiscal year increased 67% to \$17.7 million, or \$0.76 per share, compared to \$10.6 million, or \$0.46 per share, for fiscal 2007.

Vecima's net income before extraordinary items increased 24% to \$11.9 million, or \$0.51 per share, for the 2008 fiscal year compared to \$9.5 million or \$0.42 per share last fiscal year. Last year, extraordinary gains on acquisitions added \$11.1 million, or \$0.49 per share, to net income. During the current year, the Company identified an error in its prior year future tax asset. The investment tax credits (ITC's) acquired in the purchase of Spectrum Signal Processing Inc. (SSP) were not recorded net of the future tax liability associated with the ITC and therefore the future tax asset was overstated by \$4.4 million. The result has no impact on operating income, but reduces the prior year extraordinary gain and the prior year tax asset by \$4.4 million.

Working capital represents the Company's current assets less current liabilities. Vecima's working capital remained strong at \$51.7 million on June 30, 2008, up from \$43.6 million as at June 30, 2007.

As at June 30, 2008, the Company had outstanding a total of 22,972,173 common shares.

Summary:

Vecima enjoyed an outstanding fourth quarter and record sales for the 2008 fiscal year. Consumer appetite for bandwidth and digital video streaming has caused increased demand for infrastructure products for digital television and data-over-cable services. During the fourth quarter of fiscal 2008, Vecima increased products shipped by 32% to 52,000 units from 39,500 units shipped in the third fiscal 2008 quarter. This follows sequentially on a 28% increase in units shipped between the second and third quarters of fiscal 2008. Products shipped increased 62%, to more than 200,000 units in the year ended June 30, 2008, compared to 125,000 units last fiscal year. The Company has implemented process improvements and increased production staff levels in Saskatoon and Victoria. Dedicated efforts by employees allowed Vecima to deliver record production results in the fourth quarter while laying a solid foundation for continued growth in the future periods.

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, growing retained earnings and reducing the draw on its bank line of credit. In the 2008 fiscal year, the Company improved its cash position by \$2.0 million, while investing \$12.8 million in capital assets and repurchasing \$1.9 million in 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 annual consolidated financial statements and management's discussion and analysis for the three months and year ended June 30, 2008 is posted on www.SEDAR.com.

Vecima's annual consolidated financial statements and accompanying notes for the three months and year ended June 30, 2008 are available at http://www.vecima.com/financials_ir.php. A conference call and live audio webcast will be held on September 25, 2008 at 11 a.m. ET to discuss the results. To participate in the teleconference, dial 617-597-5378 or 1- 866-510-0710 and enter the code

68281238#. The fiscal 2008 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 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.



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