

Vecima Reports Fiscal 2010 Q1 Results

VICTORIA – (November 12, 2009) – Vecima Networks Inc. (“Vecima” or “the Company”) (TSX:VCM), today reported its fiscal 2010 first quarter financial results for the three months ended September 30, 2009. (All dollar amounts are in Canadian funds unless otherwise stated.)

“In the first quarter, we began to see signs of recovery as our Q1 sales increased 38% quarter over quarter. This is an indication of the initial stages of recovery and is in line with a general strengthening of forecasts,” said Dr. Surinder Kumar, Chairman and CEO. “Gross margin also began to recover, increasing to 36% in the first quarter of fiscal 2010, two percentage points higher than Q4 fiscal 2009. The gross margin is back within our traditional model of 35 to 40% as compared to the 51% gross margin achieved in the first quarter last year, which was a particularly strong quarter before macroeconomic conditions worsened rapidly.”

Fiscal 2010 Q1 financial highlights:

- revenue increased by 38% to \$28.4 million in Q1 compared to \$20.5 million in the previous quarter;
- gross margin in first quarter was 36% compared to 34% in the fourth quarter;
- operating expenses were held to \$8.0 million in Q1, the same level as in Q1 last year;
- net income decreased to \$1.2 million or \$0.05 per share in the first quarter compared to \$7.8 million or \$0.34 per share in Q1 last year, largely due to the decrease in sales.

Recent operational highlights:

- late in the 2009 fiscal year, we began delivering production units of our new TerraceA multiunit digital transport adaptor (M-DTA) designed under a multi-year engineering, supply and maintenance contract with a leading, US-based cable multiple system operator. The TerraceA delivers breakthrough technology to provide a headend quality lineup of services at the entry to multiple dwelling units and allows the MSO to create the capacity for hundreds of HD channels or gigabits per second of high speed data as part of the all-digital transition. In Q1, our leading MSO customer deployed the TerraceA in some markets and Vecima shipped production volumes of the product. Meanwhile, all remaining major MSO’s are certifying the product and expect to deploy in the near term. Currently, 15 North American MSO’s are evaluating the product and in addition, we expect to launch ten more evaluation trials in the next few months;
- we have made rapid progress on the development of TerraceQAM, a follow-on product to our new TerraceA, that will deliver encrypted digital HD and SD television directly to newer flat-

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- panel digital television units. The TerraceQAM is being developed under contract with a leading US-based MSO and will be submitted for certification testing in the near term;
- in October 2009, Vecima's TerraceA MDU Gateway received a prestigious 5 out of 5 Diamond rating in the 2009 Broadband Gear Report Diamond Technology Review and Vecima's Terrace QAM Hospitality Gateway received a 4 Diamond rating. The annual review is conducted by a panel of MSO executives and evaluates leading-edge technology in the cable industry. The Diamond awards were announced at the annual SCTE Cable-Tec expo earlier in Q1, where the launch of TerraceA and Terrace QAM was a highlight of the show. Both products were exceptionally well received by MSOs who are eager to deploy the gateway solutions. Vecima is the world leader in gateways for the all-digital transition. Further, our decryption capacity is several times greater than any other solution;
 - earlier this month, we announced that WiMAX equipment designed and manufactured by Vecima is being installed by one of Canada's largest oil production and distribution companies. The 3.5 GHz VistaMAX® base stations and customer access equipment, based on the IEEE 802.16 wireless standard, successfully passed extensive, year-long field testing and full scale deployment started earlier in 2009. Vecima has already received purchase orders aggregating approximately \$1.5 million. The entire multi-million dollar deployment is expected to take approximately 3 years as the customer moves to bring most of its system onto this modern data network. We believe that the success of this break-through program will lead to further deployments in other areas and applications across the country. In addition to the deployment already mentioned, we have made significant progress towards further deployments of our broadband wireless WiMAX family of products in the utility and resource markets. A number of field trials are nearing successful completion;
 - we announced a partnership between Spectrum Signal Processing and LiveTV to supply next generation radios for Live TV's connectivity system, permitting in-flight internet access.

Outlook:

Vecima's business fundamentals remain strong and the Company is well positioned to capitalize on opportunities as macroeconomic conditions improve.

We remain committed to executing our growth strategy and generating continued improvements in financial performance as the economy recovers into fiscal 2010.

The Company's full consolidated financial statements and management's discussion and analysis for the three months ended September 30, 2009 are posted on www.SEDAR.com.

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Vecima's consolidated financial statements and accompanying notes for the three months ended September 30, 2009 are available at http://www.vecima.com/financials_ir.php. A conference call and live audio webcast will be held on November 12, 2009 at 11 a.m. EDT to discuss the results. To participate in the teleconference, dial 866-770-7125 or 617-213-8066 and enter the code 64660107. The first quarter fiscal 2010 earnings call webcast is available at http://www.vecima.com/events_ir.php.

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 press release may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intentions, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond our control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include, but are not limited to, the current significant general economic uncertainty and credit and financial market volatility and the distinctive characteristics of Vecima's operations and industry that may have a material impact on, or constitute risk factors in respect of Vecima's future financial performance, as set forth under the heading "Risk Factors" in the Company's Annual Information Form dated September 28, 2009, a copy of which is available at www.sedar.com. In addition, although the forward-looking statements in this press release are based on what management believes are reasonable assumptions, such assumptions may prove to be incorrect. Consequently, readers should not place undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are

made. Vecima disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

VECIMA NETWORKS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian dollars)

	As at Sept. 30 2009	As at June 30, 2009
Assets	(unaudited)	
Current assets		
Cash	\$ -	\$ -
Marketable securities	842	898
Accounts receivable	20,705	14,707
Inventories	46,701	49,058
Current portion of leases receivable	408	413
Prepaid expenses	929	516
Other current assets	61	65
Current future tax assets	861	861
	70,507	66,518
Leases receivable	276	246
Capital assets	36,750	37,592
Deferred development costs	8,664	7,495
Intangible assets	2,465	2,496
Investment tax credit asset	30,089	28,989
Future tax assets	3,936	4,445
	\$ 152,687	\$ 147,781
Liabilities		
Current liabilities		
Bank indebtedness	\$ 2,428	\$ 335
Accounts payable and accrued liabilities	13,759	12,158
Warranty accrual	500	500
Deferred revenue	1,699	1,471
Current portion of long-term debt	250	250
	18,636	14,714
Long-term debt	4,146	4,208
Future tax liability	-	-
	22,782	18,922
Shareholders' equity		
Share capital	35,317	35,317
Contributed surplus	2,104	2,276
Retained earnings	92,484	91,266
	129,905	128,859
	\$ 152,687	\$ 147,781

VECIMA NETWORKS INC.
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME AND RETAINED EARNINGS
(in thousands of Canadian dollars except net income per share data)

	Three months ended September 30,	
	2009	2008
	(unaudited)	(unaudited)
Sales	\$ 28,379	\$ 36,773
Cost of sales	18,261	18,091
Gross margin	10,118	18,682
Operating expenses		
Research and development	2,153	2,450
Sales and marketing	1,401	1,490
General and administrative	4,330	3,954
Stock-based compensation	45	135
Interest expense	73	14
	8,002	8,043
Operating income	2,116	10,639
Foreign exchange (loss) gain	(579)	396
Other income	188	148
Income before income taxes	1,725	11,183
Income taxes	507	3,375
Net income and Comprehensive income	1,218	7,808
Extraordinary gain	-	-
Net income and Comprehensive income	1,218	11,865
Retained earnings, beginning of period	91,266	78,580
Reduction of common shares purchased for cancellation		(5)
Retained earnings, end of period	\$ 92,484	\$ 86,383
Net income per share		
Basic and diluted	\$ 0.05	\$ 0.34
Weighted average number of Common Shares outstanding - basic and diluted	22,856,867	22,971,717

VECIMA NETWORKS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

Three months ended
September 30,

	2009 (unaudited)	2008 (unaudited)
Cash flows from (used in) operating activities		
Net income	\$ 1,218	\$ 7,808
Add (deduct) items not requiring cash		
Future income taxes recovery	509	3,147
Amortization of capital assets	1,390	1,411
Amortization of deferred development costs	1,262	626
Amortization of other assets	34	10
Stock-based compensation	45	135
Net change in non-cash working capital relating to operations	(3,566)	(12,884)
	892	253
Cash flows from (used in) investing activities		
Purchase of capital assets	(548)	(2,963)
Proceeds from the sale of marketable securities	56	-
Deferred development costs	(2,431)	(1,781)
Purchase of other assets	-	3
	(2,923)	(4,741)
Cash flows from (used in) financing activities		
Purchase and cancellation of shares	-	(14)
Repayment of long-term debt	(62)	(62)
	(62)	(76)
Increase (decrease) in cash during the period	(2,093)	(4,564)

Vecima Networks

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