



PRESS RELEASE

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DDS Wireless Reports record revenues for Q4 and FY 2009 Earns \$2.3 million & \$1.6 million EBITDAS¹ in Q4 & FY 2009

Richmond, BC, March 5, 2010 – DDS Wireless International Inc. (TSX: DD), a world leader in providing wireless data solutions for fleet management for more than 20 years, today reported financial results for the three months and year ended December 31, 2009. All financial information is expressed in Canadian (“CDN”) dollars and Canadian generally accepted accounting principles (“GAAP”), except as otherwise noted.

	FY2009	FY2008	Q4 2009	Q4 2008
Revenue	\$ 35,626,545	\$ 33,500,429	\$ 11,082,459	\$ 10,647,671
Gross Margin	46%	47%	53%	48%
EBITDAS ¹	\$ 1,614,606	\$ 1,455,226	\$ 2,301,977	\$ 1,518,439
Earnings (loss) per share	-0.16	-0.11	0.04	0.04
¹ EBITDAS is a non-GAAP measure. Refer to definition below.				

“We closed out 2009 with our seasonally strong Q4 delivering EBITDAS of \$2.3 million in the quarter, demonstrating the earnings leverage that is attainable by DDS Wireless,” said Vari Ghai, CEO of DDS Wireless. “Our ability to consistently deliver year over year quarterly growth throughout 2009 was due to the growth of our recurring revenues and growth in StrataGen Systems, our Transit business unit. For Q4 2009 we delivered record revenues of \$11.1 million and for the 2009 year, we delivered record revenues of \$35.6 million, achieving our guidance range of \$35 to \$36 million issued early in 2009. Although this represents modest growth of 6% over the prior year, we view this as a very significant achievement in light of the weakness in the global economy in 2009 and the 17% and 14% appreciation of the Canadian dollar against the US dollar and Euro respectively during the year. Since the Company’s revenues are predominantly denominated in US dollars and Euros, the achievement of 6% growth in Canadian dollar reported revenues underscores much higher rates of growth terms of the currency of origin.”

2009 Operational Highlights

- StrataGen, the Company’s transit business unit, was the largest contributor to growth as its revenues grew by 18% in 2009 to \$10.1 million. Underlying StrataGen’s revenue growth is a 40% year-over-year increase in shipments of DDS’ mobile devices to transit customers.

- Announced StrataGen contract awards included MTA New York City Transit, Broward County, Florida, Allen County, Ohio, Tuolumne County, California, the Massachusetts' Bay Transit Authority, the Hartford Transit District and the Regional District of Nanaimo in Canada.
- StrataGen also had several significant contract wins in Europe including the cities of Helsinki and Tampere in Finland and Suffolk and Harrow counties in the UK.
- Contract signings for Digital Dispatch, the Company's Taxi business unit, included a \$7 million contract with Taxi Dusseldorf and a \$1 million contract with ORIX Auto Infrastructure Services Limited of Mumbai. Both contracts include multi-year maintenance and support agreements and contributed to a record revenue backlog carried into 2010.
- Digital Dispatch also received and delivered on over \$1.6 million in further orders from Taxi G7 of France for its iPilot™ mobile data terminals.
- In the North American market, Digital Dispatch's key contract wins included Yellow Cab of Denver, Taxi de Sherbrooke in Quebec Canada, and a contract to upgrade Beverly Hills Transit Co-operative.
- The Company's eFleet unit grew revenues by 90% as it continued to add to its subscriber base.
- Recurring revenues including maintenance, subscription and transaction based revenues grew by 11% to \$23 million and accounted for 64% of the Company's total 2009 revenues.
- Subscription based revenues grew by over 25% in the year to \$3.5 million.

Non-GAAP Measures

The following and preceding discussion of financial results includes reference to EBITDAS. EBITDAS is a non-GAAP financial measure which the Company defines as Earnings before interest, taxes, depreciation, amortization and stock compensation expenses. The measure is provided as a proxy for the cash earnings of the business as net income for the Company includes a significant amount of non-cash amortization expense primarily related to acquisitions completed in prior years.

Financial Results for the Year Ended December 31, 2009

Total revenues for the year ended December 31, 2009 were \$35.6 million compared to \$33.5 million in the year ended December 31, 2008, an increase of \$2.1 million or 6.3%. The increase in revenues is accounted for by a \$1.3 million increase in Transit enterprise solution revenue and \$2.3 million increase in recurring revenues in the Taxi, Transit and eFleet business units offset by a \$0.9 million decrease in enterprise solutions revenues in Taxi and a \$0.6 million decrease in the Digital Wireless business unit. The increases in recurring revenues are the result of an increase in maintenance revenue in the Taxi and Transit businesses units due to an increase in customers under maintenance contracts (\$1.0 million increase); increases in ASP or subscription revenue in the Taxi and eFleet business units as a result of the addition of subscribers for our bundled subscription services (\$0.7 million increase); and an increase in transaction based revenues (\$0.4 million increase) resulting mainly from increased adoption of non-cash forms of payment processed through systems deployed with our Taxi customers.

Recurring revenues were 64% of total revenue for the year ended December 31, 2009 compared to 62% in the prior year.

For the year ended December 31, 2009, the Company posted a gross margin of 46.4% compared to 47% for the same period last year.

Total operating expenses for the year ended December 31, 2009 were \$15.1 million, a decrease of \$1.1 million from the year ended December 31, 2008 resulting from a decrease in research and development expenses of \$0.4 million, a

decrease in sales and marketing expense of \$0.3 million, as well as a decrease in general and administrative expenses of \$0.4 million.

Research and development expenses for the year ended December 31, 2009 decreased by \$0.4 million over the same period in the prior year due to an increase in the utilization of research and development personnel in revenue generating projects. Sales and marketing expenses for the year ended December 31, 2009 decreased by \$0.3 million over the same period in the prior year due to lower travel and general marketing expenses throughout 2009. The decrease in general and administration expense is mainly attributable to decrease in bad debt expenses of \$0.5 million.

Other expenses include items such as amortization of plant and equipment, amortization of intangible assets, foreign exchange gains and losses, and stock compensation expense. Other expense for the year ended December 31, 2009 increased to \$4.0 million, from \$1.8 million for the year ended December 31, 2008. The increase is attributed to a \$0.8 million foreign exchange loss in the year ended December 31, 2009, as compared to a foreign exchange gain of \$1.1 million in the same period in the prior year. In addition, stock compensation expense for the year ended December 31, 2009 increased by \$0.2 million.

During the three months ended December 31, 2009, the Company took an allowance against accumulated tax losses in a jurisdiction in the amount of \$884,000. The impact of this adjustment had the effect of reducing the tax recovery for the year ended December 31, 2009 by the same amount. Although there is a future expectation of profit in the business operations in this jurisdiction, management felt it was prudent to defer the recognition of the benefit of these tax losses as the Company also has reflected the benefit of investment tax credits and tax losses in other jurisdictions that will likely be utilized first".

DDS Wireless reported a net loss for the year ended December 31, 2009 of \$2.2 million, or \$(0.16) per share, compared to a net loss of \$1.5 million, or \$(0.11) per share, for the year ended December 31, 2008.

EBITDAS (as defined above) was \$1.6 million for 2009 compared to EBITDAS of \$1.5 million in the year ended December 31, 2008.

DDS Wireless added to its cash position during the year and at December 31, 2009, the Company had cash and short-term investments of \$1.6 million as compared to a nil balance as at December 31, 2008. The Company maintains a line of credit facility of \$4 million which had a balance drawn of \$158,389 as at December 31, 2009 as compared to an outstanding balance of \$1.4 million as at December 31, 2008.

During the year \$3.9 million in cash was generated from operations. The company used its cash resources during the period to repay long-term debt of \$0.3 million, and pay down its line of credit of \$1.5 million. In addition, the Company used its cash resources during the year ended December 31, 2009 to purchase capital equipment of \$0.7 million and repay deferred acquisition costs of \$0.8 million. The Company had long-term debt of \$0.3 million (including short-term portion) as at December 31, 2009 compared to \$0.6 million as at December 31, 2008.

As at December 31, 2009, the Company had 13,789,746 shares outstanding which is unchanged from December 31, 2008.

Financial Results for the Three Months Ended December 31, 2009

Revenues for the 3 months ended December 31, 2009 were \$11.1 million, an increase of \$0.4 million, or 4.1% over the same period in the prior year. The \$0.4 million increase in revenues over the three months ended December 31, 2008 is primarily attributable to an increase in revenues from enterprise solutions. Revenues from enterprise solutions in the Transit business unit improved by \$0.6 million compared to the three months ended December 31, 2008 but were

partially offset by a \$0.3 million decrease in enterprise solutions revenue in the Taxi business unit for the same period. Revenues compared to the prior quarter increased by \$2.8 million or 33.6% attributable to an increase in enterprise solution revenues in both the Transit business unit, of \$1.2 million, and the Taxi business unit, of \$1.5 million.

For the three months ended December 31, 2009, the company reported an increase in gross margin to 53.2% compared with 47.9% in the same period last year and 43.1% in the third quarter of 2009. The increase in gross margins over the same period in the prior year is primarily attributable to higher margins from the enterprise solutions business in both the Transit and Taxi business units. Gross margin improvements over the third quarter of 2009 is attributable to increases in enterprise solution revenues which drove higher rates of staff utilization, and sales of higher margin hardware and software licenses.

Operating expenses for the three months ended December 31, 2009 decreased to \$3.8 million from \$4.6 million for the same period in 2008, and \$3.7 million for the three months ended September 30, 2009. The decrease in operating expenses over the same period in the prior year amounting to \$0.8 million is attributable to a \$0.1 million reduction in sales and marketing expense and a \$0.7 million reduction in general and administrative expenses. The decrease in general and administrative expenses is accounted for by a \$0.5 million reduction in bad debt expenses as well as lower legal and other professional fees.

Other expenses include items such as amortization of plant and equipment, amortization of intangible assets, foreign exchange gains and losses, and stock compensation expense. Other expenses were \$0.8 million for the three months ended December 31, 2009 compared to \$0.05 million in the three months ended December 31, 2008, and \$1.3 million in the prior quarter. The \$0.75 million increase in other expenses over the same period in the prior year is attributable to a \$0.1 million decrease in intangible asset amortization, and a \$0.1 million foreign exchange loss for the three months ended December 31, 2009 as compared to a \$0.8 million exchange gain for the same period in the prior year. The \$0.5 million decrease in other expenses compared with the previous quarter is primarily the result of fluctuation in foreign exchange gains and losses.

During the three months ended December 31, 2009, the Company took an allowance against accumulated tax losses in a jurisdiction in the amount of \$884,000. The impact of this adjustment had the effect of reducing the tax recovery for the three months ended December 31, 2009 by the same amount. Although there is a future expectation of profit in the business operations in this jurisdiction, management felt it was prudent to defer the recognition of the benefit of these tax losses as the Company also has reflected the benefit of investment tax credits and tax losses in other jurisdictions that will likely be utilized first".

Net income after tax for the three months ended December 31, 2009 was \$0.6 million, or \$0.04 earnings per share, compared with net income of \$0.6 million, or \$0.04 per share, for the same period in the prior year and a net loss of \$1.1 million, or (\$0.08) per share, in the previous quarter.

EBITDAS (as defined above) was \$2.3 million for the three months ended December 31, 2009 compared to EBITDAS of \$1.5 million for the same period in the prior year, and an EBITDAS loss of \$0.4 million in the previous quarter of 2009.

Outlook

"Looking forward, we are very excited about the prospect for accelerated growth in our business in 2010 and beyond," stated Mr. Ghai. "The launch of our latest generation iMax™ mobile data computers with advanced features and functionality such as 3D mapping, turn-by-turn navigation, leading edge graphics and touch screen technology is in demand from both existing and prospective customers that recognize the return on investment that can be gained from

adopting class leading technology. In addition, we expect to see continued growth in the deployment of our bundled subscription solutions such as TaxiBook™ and eFleet™ in the small and mid size fleet markets..”

Based on the Company’s current outstanding customer orders and anticipated contract wins for 2010, the Company is providing guidance for growth in revenues to \$40 - \$41 million for the year ending December 31, 2010 and to have positive earnings for the year. Actual revenues may vary significantly from guidance given current economic conditions, foreign exchange and other factors. We also expect a softer first quarter based on historical trends and seasonality.

Conference Call

The Company will also host a conference call at 12:00 PM Eastern time today to discuss the financial results. Please call 416-340-8061 / 866-225-0198 to participate in the call. A replay of this conference call will be available through March 14, 2010, by dialing 416-695-5800 / 800-408-3053 and entering access code 2024488

Forward-Looking Statements

This press release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, operations, anticipated financial performance, business prospects and strategies, statements about future market conditions, supply and demand conditions, revenues, gross margins, operating expenses, profits, and other expectations, intentions, and plans contained in this press release that are not historical facts. Such forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors which could cause actual results or events to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, business risks, changes in market and competition, technological and competitive developments and potential downturns in economic conditions generally. Given these risks and uncertainties DDS Wireless cannot guarantee that any forward looking statements will be realized.

About DDS Wireless International Inc.

DDS Wireless International Inc. is a global leader in providing application software for multiple vertical markets within the transportation industry. The Company specializes in transit routing and scheduling, real-time dispatching, vehicle location and tracking software applications, communications infrastructure as well as in-vehicle wireless devices. DDS Wireless operates four businesses dedicated for Transit, Taxi, Limousines and Work Truck, and Wireless Devices and Communication Infrastructure. The Company supports its customers worldwide through its offices in Canada, Finland, Singapore, Sweden, U.K. and U.S.A.

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SEE ATTACHED SUMMARY FINANCIAL STATEMENTS

DDS WIRELESS INTERNATIONAL INC.

Consolidated Balance Sheets

(unaudited)

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,603,384	\$ -
Short-term investments	-	-
Accounts receivable, net	4,520,061	6,943,023
Contract work-in-progress	4,066,082	3,241,843
Income taxes receivable	14,104	86,491
Inventories	1,966,090	2,165,696
Prepaid expenses	508,993	831,404
Current portion of leases receivable	541,044	501,484
Future income taxes	650,000	19,253
	13,869,758	13,789,194
Plant and equipment	2,315,939	3,938,256
Investment	102,565	102,565
Long-term leases receivable	1,592,701	1,926,872
Investment tax credit receivable	4,482,536	3,782,385
Future income taxes	1,108,042	2,086,889
Acquired intangibles	6,612,217	9,407,286
Goodwill	3,333,973	3,533,201
	\$ 33,417,731	\$ 38,566,648
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank overdraft	\$ -	\$ 62,748
Lines of credit	158,389	1,401,431
Acquisition purchase price payable	-	763,243
Accounts payable and accrued liabilities	4,286,339	5,093,321
Income taxes payable	-	-
Future income taxes	478,844	695,336
Deferred revenue	3,085,547	1,883,984
Current portion of long-term debt	199,043	313,666
	8,208,162	10,213,729
Long-term deferred gain		
Long-term debt	71,549	287,187
Future income taxes	1,287,441	1,661,733
	9,567,152	12,162,649
Shareholders' equity:		
Share capital	24,608,226	24,608,226
Contributed surplus	1,118,410	814,459
(Accumulated deficit) retained earnings	(1,632,709)	628,936
Accumulated other comprehensive (loss) income	(243,348)	352,378
	23,850,579	26,403,999
	\$ 33,417,731	\$ 38,566,648

DDS WIRELESS INTERNATIONAL INC.

Consolidated Statements of Operations
(unaudited)

	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Revenue	\$ 11,082,459	\$ 10,647,671	\$ 35,626,545	\$ 33,500,429
Cost of sales				
Sales related expenses	4,992,467	5,354,643	18,226,287	17,129,620
Amortization of sales related assets	192,375	197,165	865,744	626,340
	5,184,842	5,551,808	19,092,031	17,755,960
	5,897,617	5,095,863	16,534,514	15,744,469
Operations expenses:				
Research and development	1,402,433	1,402,396	5,524,402	5,954,392
Sales and marketing	966,235	1,062,384	3,888,276	4,140,100
General and administrative	1,402,517	2,105,388	5,639,347	6,066,780
	3,771,185	4,570,168	15,052,025	16,161,272
Profit (Loss) before under noted	2,126,432	525,695	1,482,489	(416,803)
Other (income) expense:				
Amortization of plant and equipment	126,345	125,181	477,289	476,481
Amortization of acquired intangibles	569,474	594,610	2,479,996	2,408,375
Foreign exchange loss (gain)	92,540	(794,812)	800,004	(1,120,966)
Stock compensation	30,996	96,704	303,951	154,228
Other	(58,532)	13,206	(66,377)	(70,843)
	760,823	34,889	3,994,863	1,847,275
Income (Loss) before income taxes	1,365,609	490,806	(2,512,374)	(2,264,078)
Income tax provision (recovery)				
Current income taxes	(27,598)	(575,420)	95,507	67,542
Future income taxes	833,138	530,589	(394,364)	(854,395)
	805,540	(44,831)	(298,857)	(786,853)
Net Profit (Loss)	\$ 560,069	\$ 535,637	\$ (2,213,517)	\$ (1,477,225)
Loss per common share:				
Basic and Diluted	\$ 0.04	\$ 0.04	\$ (0.16)	\$ (0.11)
Weighted average number of shares outstanding	13,789,746	13,635,212	13,789,746	13,635,212