



PRESS RELEASE

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DDS Wireless Reports Second Quarter 2009 Financial Results Delivers 11% Revenue Growth for the Quarter

Richmond, BC, August 7, 2009 – DDS Wireless International Inc. (TSX: DD), a world leader in providing wireless data solutions for fleet management for over 20 years, today released financial results for the three and six months ended June 30, 2009. All financial information is expressed in Canadian (“CDN”) dollars and Canadian generally accepted accounting principles (“GAAP”), except as otherwise noted.

“I am pleased to report that for the second quarter of 2009, we delivered revenues of \$9.1 million representing 11.3% growth over the prior year, and positive EBITDAS. This strong performance is a direct result of our strategic efforts to drive geographic expansion and increase our base of recurring revenues. Our recurring revenues increased by 18% in the second quarter over the same period last year and now comprise 65% of our total revenues. In addition, almost 50% of our revenues were from outside North America. These important developments to our business have enabled DDS Wireless International to prosper and grow despite the challenging economic environment.” said Vari Ghai, CEO of DDS Wireless.

Highlights

In addition to the strong revenue growth delivered in Q2 the Company made a number of significant announcements in the quarter and subsequent period as follows:

- StrataGen Systems, DDS’s business unit serving the transit market, secured contracts with MTA New York Transit, one of the largest para-transit operators in the world, and Massachusetts’s Bay Transit Authority.
- StrataGen also garnered several new contract wins in the mid market, including Regional District of Nanaimo in British Columbia, Allen County, Ohio, and Tuolumne County, California.
- The Transit business also closed an important contract with Tampere, Finland for the Company’s demand response routing and scheduling system, which follows the City of Helsinki contract win in the first quarter.
- DDS’s taxi business unit, Digital Dispatch announced two key enterprise deals: a significant order from Taxi G7 in France and the signing of a contract to upgrade Beverly Hills Taxi, a longstanding customer, to the Company’s latest generation wireless fleet management solution
- The Company’s eFleet unit, announced a number of key deals that will add significant new subscribers in the waste management, limousine, ground transportation and work fleet markets.

Non-GAAP Measures

The following 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 Three Months Ended June 30, 2009

Revenues for the 3 months ended June 30, 2009 were \$9.1 million, an increase of \$0.9 million, or 11.3% over the same period in the prior year. The increase over the same period in the prior year is due to growth in recurring revenues in the Taxi and eFleet business units of \$0.8 million and \$0.1 million respectively, and growth in the Transit solutions revenues \$0.8 million over the prior year. These increases were offset by a decrease in revenue in the Digital Wireless business unit of \$0.5 million. Revenue increased by \$2.0 million or 28.6% from the previous quarter ending March 31, 2009, due to a \$1.9 million increase in solutions revenues for the Taxi and the Transit business units.

For the three months ended June 30, 2009, the company posted gross margin of 43.8% compared with 48.4% in the same period last year and 43.0% in the first quarter of 2009. The decrease in gross margin over prior year is attributable to an increase in the amortization of sales related assets resulting from additional deployments of the Company's Bundled Subscription Services, an increase in inventory reserves, and product trade-ins taken in the period.

Operating expenses for the three months ended June 30, 2009 totaled \$3.7 million compared to \$4.1 million for the same period in 2008, and \$3.8 million for the three months ended March 31, 2009. The decrease over the three months ended June 30, 2008 of \$0.4 million is attributed to a decrease in research and development expenditures as a result of the deployment of a higher percentage of research and development staff for chargeable software enhancements and in other revenue producing projects in addition to specialized one-time research and development expenditures incurred in the three months ended June 30, 2008 which did not recur in the same period in the current year. The quarter over quarter decrease in operating expenses is attributable to a decrease of \$0.1 million in General and Administration as a result of a decrease in legal and professional fees as compared to the previous quarter.

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 three months ended June 30, 2009 increased to \$1.3 million from \$0.6 million in the same period in the prior year, and increased from \$0.7 million in the three months ended March 31, 2009. The increase is primarily related to a \$0.3 million foreign exchange loss recognized in the three months ended June 30, 2009 as compared to a foreign exchange gain of \$0.04 million in the prior year. Amortization of intangible assets increased \$0.1 million in the three months ended over the same period in the prior year. Stock based compensation for the current quarter totaled \$188,344 compared to prior quarter of \$nil and \$23,984 of the same period in the prior year.

Net loss after tax for the three months ended June 30, 2009 was \$(0.7) million or \$(0.05) loss per share ("LPS") compared with \$(0.6) million net loss after tax or \$(0.04) loss per share ("LPS") for the same period in the prior year.

EBITDAS (as defined above) was \$0.2 million for the three months ended June 30, 2009 compared to a EBITDAS of \$0.01 million for the same period ended in the prior year and an EBITDAS loss of \$(0.5) million for the previous quarter.

Financial Results for the Six Months Ended June 30, 2009

Total revenues for the six months ended June 30, 2009 were \$16.2 million compared to \$15.2 million in the six months ended June 30, 2008, an increase of \$1.0 million or 6.8%. The increase in revenues for the six months ended June 30, 2009 is attributable to an increase of \$1.9 million or 19% growth in recurring revenues, offset by \$0.6 million decline in revenues in the Digital Wireless business unit as compared with the six months ended June 30, 2008.

For the first six months ended June 30, 2009, the company posted a lower gross margin of 43.5% compared with the same period last year of 47.0%. The decrease in gross margin is attributable to an increase in the amortization of sales related assets resulting from increased deployments of Bundled Subscription Services, an increase in inventory reserves, product trade-ins taken in the period, and a project that experienced higher than expected costs to complete in the first quarter of 2009.

Total operating expenses (excluding amortization and stock compensation) for the six months ended June 30, 2009 was \$7.6 million and equaled operating expenses for the six months ended June 30, 2008. Research and development expenses for the six months ended June 30, 2009 decreased by \$0.2 million over the same period in the prior year due to specialized one-time research and development expenditures incurred in the six months ended June 30, 2008 which did not recur in the same period in the current year and to technical personnel utilized for the deployment of chargeable software enhancements and other revenue generating projects. This decrease was offset by an increase of \$0.2 million in General and Administrative expenses attributable to increased legal costs and bad debt expenses incurred in the first quarter.

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 six months ended June 30, 2009 increased to \$2.0 million, from \$1.2 million for the six months ended June 30, 2008. The increase is attributed to a \$0.3 million foreign exchange loss in the six months ended June 30, 2009, as compared to a foreign exchange gain of \$0.2 million in the comparative period. In addition, amortization of intangible assets increased by \$0.1 million. Stock compensation for the six month ended June 30, 2009 totaled \$188,344 compared to \$57,524 for the comparative period in 2008.

Net loss for the six months ended June 30, 2009 was \$(1.7) million or \$(0.13) loss per share ("LPS") compared to a net loss of \$(1.2) million or \$(0.09) loss per share ("LPS") for the six months ended June 30, 2008. The net loss for the six months ended June 30, 2009 includes amortization and stock compensation expenses of \$2.2 million compared to \$1.7 million for the same period in the prior year.

EBITDAS (as defined above) was negative \$(0.3) million for the first six months of 2009 compared to a positive EBITDAS of \$3,100 in the same period of last year.

The Company has line of credit facilities totaling \$4.5 million. At June 30, 2009, the Company had \$0.2 million drawn on its line of credit facilities compared to \$1.4 million drawn as at December 31, 2008. The Company had cash and short term investments of \$0.4 million at June 30, 2009 as compared to an overdraft of \$0.1 million as at December 31, 2008. The Company also recorded a decline in long term debt from \$0.6 million at December 31, 2008 to \$0.5 million inclusive of the short term portion at June 30, 2009. The improvement in the cash position and decrease in the lines of

credit drawn is attributable to an improvement of cash-flow from operations, including changes in non-cash working capital. As at June 30, 2009, the Company had 13,789,746 shares outstanding, no change over December 31, 2008.

Outlook

The Company's management is reaffirming its previously issued guidance of revenues in the \$35 million to \$36 million range and positive earnings before interest, stock compensation, taxes, foreign exchange, and amortization for the year ending December 31, 2009. Actual revenues may vary significantly from guidance given due to economic conditions, foreign exchange and other factors.

Conference Call

The Company will host a conference call at 12:00 PM Eastern time (9:00 AM Pacific time) on August 7th, 2009, 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 until August 16, 2009 11:59PM, by dialing 416-695-5800 or 800-408-3053 and entering access code 8588153.

Forward-Looking Statements

This press release contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking information. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the ability to successfully integrate Mobisoft Oy and StrataGen Systems Inc. the need to develop, integrate and deploy applications to meet our customer's requirements; the possibility of development or deployment difficulties or delays; the dependence on our customer's satisfaction with DDS Wireless' products; the timing of entering into significant contracts; our customers' continued commitment to the deployment of our solutions; the risks involved in developing integrated software and hardware solutions and integrating them with third-party communication and other services; the performance of the global economy and growth in software industry sales; market acceptance of the Company's products and services; customer and industry analyst perception of the Company and its technology vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; political unrest or acts of war; possible disruptive effects of organizational or personnel changes; technological change, new products and standards; risks related to acquisitions and international expansion; reliance on large customers; concentration of sales; international operations and sales; management of growth and expansion; dependence upon key personnel and hiring; reliance on a limited number of suppliers; industry growth; competition; intellectual property; product defects and product liability; currency exchange rate risk; concentration of ownership; and including but not limited to other factors described in DDS Wireless' reports filed on Sedar, including its Annual Information Form and financial report for the year ended December 31, 2008. In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; the acceptance of the Company's products and services by its customers; the timing of execution of outstanding or potential customer contracts by the Company; the sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historic ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. All forward-looking statements made in this press release are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

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.

For further information, please contact

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SEE ATTACHED SUMMARY FINANCIAL STATEMENTS

DDS WIRELESS INTERNATIONAL INC.

Consolidated Balance Sheets (unaudited)

	As at,	
	June 30, 2009 (unaudited)	December 31, 2008 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 417,317	\$ -
Accounts receivable, net (Note 8)	4,732,786	6,943,023
Contract work-in-progress (Note 8)	3,179,688	3,241,843
Income taxes receivable	-	86,491
Future income taxes	16,814	19,253
Inventories (Note 10)	2,425,980	2,165,696
Prepaid expenses	798,251	831,404
Current portion of leases receivable (Note 11)	493,202	501,484
	12,064,038	13,789,194
Plant and equipment (Note 6)	3,005,172	3,938,256
Investment (Note 12)	102,565	102,565
Long-term leases receivable (Note 11)	1,703,479	1,926,872
Future income taxes	5,641,973	4,970,208
Acquired intangibles (Note 9)	8,232,046	9,407,286
Goodwill (Note 7)	3,587,759	3,533,201
	34,337,032	37,667,582
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank overdraft	-	62,748
Lines of credit (Note 13)	196,868	1,401,431
Acquisition purchase price payable	609,326	763,243
Accounts payable and accrued liabilities	4,374,800	5,093,321
Future income taxes	414,565	695,336
Deferred revenue	2,632,957	1,883,984
Current portion of long-term debt (Note 14)	321,032	313,666
	8,549,548	10,213,729
Long-term debt (Note 14)	207,038	287,187
Future income taxes	593,484	762,667
	9,350,070	11,263,583
Shareholders' equity:		
Share capital (Note 16)	24,608,226	24,608,226
Contributed surplus (Note 16)	1,002,803	814,459
(Deficit) Retained earnings	(1,099,413)	628,936
Accumulated other comprehensive income (loss)	475,346	352,378
	24,986,962	26,403,999
	\$ 34,337,032	\$ 37,667,582

DDS WIRELESS INTERNATIONAL INC.

Consolidated Statements of Operations
(unaudited)

	Three months ended		Six months ended	
	June 30, 2009 (Unaudited)	June 30, 2008 (Unaudited)	June 30, 2009 (Unaudited)	June 30, 2008 (Unaudited)
Revenue (Note 20)	\$ 9,140,393	\$ 8,215,978	\$ 16,246,901	\$ 15,216,978
Cost of sales				
Sales related expenses	4,913,479	4,135,587	8,739,444	7,837,618
Amortization of sales related assets	220,474	104,012	446,491	227,561
	5,133,953	4,239,599	9,185,935	8,065,179
	4,006,440	3,976,379	7,060,966	7,151,799
	44%	48%	43%	47%
Operations expenses:				
Research and development	1,288,631	1,697,686	2,715,478	2,968,133
Sales and marketing	1,075,682	1,076,668	2,011,653	2,014,971
General and administrative	1,361,243	1,334,941	2,832,736	2,612,782
	3,725,556	4,109,295	7,559,867	7,595,886
Profit/(Loss) before under noted	280,884	(132,916)	(498,901)	(444,087)
Other (income) expense:				
Amortization of plant and equipment	118,942	88,510	232,675	232,446
Amortization of acquired intangibles (Note 9)	653,902	574,181	1,311,138	1,207,181
Foreign exchange (gain) loss	345,737	(40,855)	251,939	(219,625)
Stock compensation (Note 16)	188,344	23,984	188,344	57,524
Other (Note 15)	15,202	(13,284)	24,198	(54,880)
	1,322,127	632,536	2,008,294	1,222,646
Loss before income taxes	(1,041,243)	(765,452)	(2,507,195)	(1,666,733)
Income tax provision (recovery)				
Current	48,052	234,981	73,292	563,214
Future (recovery)	(417,089)	(398,672)	(852,138)	(982,632)
	(369,037)	(163,691)	(778,846)	(419,418)
Net loss	\$ (672,206)	\$ (601,761)	\$ (1,728,349)	\$ (1,247,315)
Loss per common share:				
Basic and Diluted	\$ (0.05)	\$ (0.04)	\$ (0.13)	\$ (0.09)
Weighted average number of shares outstanding	13,789,746	13,789,746	13,789,746	13,477,126