



PRESS RELEASE

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DDS Wireless Reports Third Quarter 2009 Financial Results Delivers 9% Revenue Growth for the Quarter

Richmond, BC, November 5, 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 nine months ended September 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 we delivered revenue growth of 9% for our third quarter ended September 30, 2009. Our growth in Q3 has been the direct result of our strategy over the last three fiscal years to build our recurring revenues and expand into new and complimentary market verticals. These strategic initiatives have enabled us to achieve this growth despite the combined headwinds of the relentless rise in the Canadian dollar and continued tentativeness in the global economy." said Vari Ghai, CEO of DDS Wireless.

During the third quarter the Company announced a number of significant deals including a \$7.0 million contract with Taxi Düsseldorf eG, a \$1.0 million contract with ORIX Auto Infrastructure Services Limited of India, and a \$0.7 million order from the Massachusetts Bay Transportation Authority (Boston). These contracts along with pending contracts that the Company expects to sign before the end of the year, and continued growth in the Company's recurring revenues, point to a very exciting 2010 for DDS.

"For DDS, the third quarter is traditionally a seasonally soft quarter for the Company as project deliveries and sales order decline in the summer months," said Mr. Ghai. "In contrast, the fourth quarter is typically the strongest and based on our outlook at this point we are reaffirming our previously issued guidance of revenues in the range of \$35 million to \$36 million for the year ending December 31, 2009. With impact of the movement in the Canadian dollar over the past quarter, however, we are now guiding to the lower end of this range."

Revenue levels expected in the fourth quarter will enable the Company to deliver positive earnings before interest, stock compensation, taxes, foreign exchange, and amortization. Management cautions however, that actual results may vary significantly due to the continued economic uncertainty and volatility in foreign exchange rates.

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 September 30, 2009

Revenues for the 3 months ended September 30, 2009 were \$8.3 million, an increase of \$0.7 million, or 8.7% over the same period in the prior year. Revenues compared to the prior quarter decreased by \$0.8 million or 9.2% attributable to a decrease in recurring revenues (\$0.4 million) as a result of the expiration of some maintenance contracts and a seasonal decline in transaction based revenues; a decline in enterprise solutions revenues in the Taxi business unit (\$0.5 million decrease); offset by an increase in hardware sales in the Digital Wireless business over prior period (\$0.1 million increase).

The \$0.7 million increase in revenues over the three months ended September 30, 2008 is primarily attributable to a \$0.4 million increase in recurring revenues. Maintenance revenues for the Taxi business unit accounted for most of the increase as the business has increased the number of customers under support and maintenance and ASP contracts over the same period in the prior year.

For the three months ended September 30, 2009, the company posted gross margin of 43.1% compared with 45.8% in the same period last year and 43.8% in the second quarter of 2009. The decrease in gross margins over the same period in the prior year is primarily attributable to lower gross margins from our enterprise solutions business in both the Taxi and Transit business units as several specific projects experienced higher than budgeted completion costs, and higher charges for product trade-ins.

Operating expenses for the three months ended September 30, 2009 totaled \$3.7 million compared to \$4.0 million for the same period in 2008, and \$3.7 million for the three months ended June 30, 2009. The decreased in operating expenses over the same period in the prior year amounting to \$0.3 million is attributable to a \$0.2 million reduction in research and development and a \$0.1 million reduction in sales and marketing expenses. The decrease in research and development expense in the three months ended September 30, 2009 over the prior year is attributable to the utilization of research and development staff in revenue generating projects. The decrease in sales and marketing expenses over the comparative the period is attributable to lower headcounts.

Other expenses for the three months ended September 30, 2009 are comparable to those of the prior quarter, and increased by \$0.7 million over the three months ended September 30, 2008. The increase in other expenses over the same period in the prior year is attributable to changes in foreign exchange and stock compensation expense. The increase is primarily related to a \$0.5 million foreign exchange loss recognized in the three months ended September 30, 2009 as compared to a foreign exchange gain of \$0.1 million in the same period in the prior year. Stock based compensation for the current quarter totaled \$84,611 compared to prior quarter of \$188,344 and \$nil of the same quarter in 2008.

Net loss after tax for the three months ended September 30, 2009 was \$(1.1) million or \$(0.08) loss per share ("LPS") compared with \$(0.8) million net loss after tax or \$(0.06) "LPS" for the same period in the prior year.

EBITDAS (as defined above) was a loss \$(0.4) million for the three months ended September 30, 2009 compared to an EBITDAS loss of \$(0.1) million for the same period ended in the prior year and an EBITDAS gain of \$0.2 million for the previous quarter.

Financial Results for the Nine Months Ended September 30, 2009

Total revenues for the nine months ended September 30, 2009 were \$24.5 million compared to \$22.8 million in the nine months ended September 30, 2008, an increase of \$1.7 million or 7.4%. The increase in revenue is attributed to increases in recurring revenues in the Taxi, Transit and eFleet business units (\$2.1 million increase), and an increase in enterprise solutions revenues in the Transit business. These increases were offset by decreases in enterprise solutions revenues in the Taxi and Digital Wireless business units. The increases in recurring revenue 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 (\$0.3 million increase) resulting mainly increased adoption of non-cash forms of payment.

For the first nine months ended September 30, 2009, the company posted a lower gross margin of 43.3% compared with the same period last year of 46.6%. The decrease in gross margin percentage is attributed to projects that experienced higher than expected costs to complete, an increase in the amortization of sales related assets which resulted from an increase in the deployment of the Company's Bundled Subscription Solutions. The decrease in gross margin percentage is also attributed to inventory reserves and product trade-ins taken in the nine months ended September 30, 2009.

Total operating expenses for the nine months ended September 30, 2009 were \$11.3 million, a decrease of \$0.3 million from the nine months ended September 30, 2008 resulting from lower research & development and sales and marketing expenses.

Research and development expenses for the nine months ended September 30, 2009 decreased by \$0.4 million over the same period in the prior year due to specialized one-time research and development expenditures incurred in the nine months ended September 30, 2008 which did not recur in the same period in the current year, and to an increase in the utilization of research and development personnel in revenue generating projects. Sales and marketing expenses for the nine months ended September 30, 2009 decreased by \$0.2 million over the same period in the prior year due to a decline in staffing. These decreases were offset by an increase of \$0.3 million in General and Administrative expenses attributable to an increases in legal fees and bad debt expenses and non-recurring compensation costs.

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 nine months ended September 30, 2009 increased to \$3.2 million, from \$1.8 million for the nine months ended September 30, 2008. The increase is attributed to a \$0.7 million foreign exchange loss in the nine months ended September 30, 2009, as compared to a foreign exchange gain of \$0.3 million in the same period in the prior year. In addition, amortization of intangible assets increased by \$0.1 million. Stock compensation for the nine month ended September 30, 2009 totaled \$272,955 as compared to \$57,524 for the nine months ended September 30, 2008.

Net loss for the nine months ended September 30, 2009 was \$(2.8) million or \$(0.20) loss per share ("LPS") compared to a net loss of \$(2.0) million or \$(0.15) loss per share ("LPS") for the nine months ended September 30, 2008.

EBITDAS (as defined above) was a loss of \$(680,000) for the first nine months of 2009 compared to EBITDAS loss of \$(43,800) in the nine months ended September 30, 2008.

As at September 30, 2009, the Company had cash and short-term investments of \$1.5 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 no

outstanding balance as at September 30, 2009 as compared to an outstanding balance of \$1.4 million as at December 31, 2008.

The \$1.5 million increase in cash and cash equivalents during the 9 months ended September 30, 2009 was generated from operation (\$3.4 million), primarily from a positive change in non-cash working capital. The company used its cash resources during the period to repay long-term debt (\$0.2 million) and repay its line of credit (\$1.5 million). In addition, the Company used its cash resources during the nine months ending September 30, 2009 to purchase capital equipment (\$0.4 million) and repay deferred acquisition costs of \$0.4 million. The Company had long-term debt of \$0.4 million (including short-term portion) as at September 30, 2009 compared to \$0.6 million as at December 31, 2008.

As at September 30, 2009, the Company had 13,789,746 shares outstanding which is unchanged from December 31, 2008.

Outlook

The Company's management is reaffirming its previously issued guidance of revenues in the lower side of 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

DDS Wireless will announce its 2009 third quarter financial results on November 5, 2009 before the market opens. The financial statements and MD&A will be available on the Company's web site and on SEDAR at that time. The Company will also host a conference call at 12:00 PM Eastern time on the same day 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 November 14, 2009, 11:59PM, by dialing 416-695-5800 or 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)

	As at,	
	September 30, 2009 (unaudited)	December 31, 2008 (audited)
Assets		
Current assets:		
Cash and cash equivalents (note 17)	\$ 1,523,789	\$ -
Accounts receivable, net (note 8)	2,679,382	6,943,023
Contract work-in-progress (note 8)	3,465,871	3,241,843
Income taxes receivable	42,090	86,491
Future income taxes	404,000	19,253
Inventories (note 10)	2,493,501	2,165,696
Prepaid expenses	726,082	831,404
Current portion of leases receivable (note 11)	485,316	501,484
	11,820,031	13,789,194
Plant and equipment (note 6)	2,634,866	3,938,256
Investment (note 12)	102,565	102,565
Long-term leases receivable (note 11)	1,509,554	1,926,872
Future income taxes	5,712,839	4,970,208
Acquired intangibles (note 9)	7,316,676	9,407,286
Goodwill (note 7)	3,387,228	3,533,201
	\$ 32,483,759	37,667,582
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank overdraft (note 17)	\$ -	62,748
Lines of credit (note 13)	-	1,401,431
Acquisition purchase price payable	428,862	763,243
Accounts payable and accrued liabilities	4,513,978	5,093,321
Future income taxes	520,248	695,336
Deferred revenue	2,530,936	1,883,984
Current portion of long-term debt (note 14)	234,807	313,666
	8,228,831	10,213,729
Long-term debt (note 14)	188,165	287,187
Future income taxes	453,526	762,667
	8,870,522	11,263,583
Shareholders' equity:		
Share capital (note 16)	24,608,226	24,608,226
Contributed surplus (note 16)	1,087,414	814,459
(Accumulated Deficit) Retained earnings	(2,192,778)	628,936
Accumulated other comprehensive income	110,375	352,378
	23,613,237	26,403,999
	\$ 32,483,759	\$ 37,667,582

DDS WIRELESS INTERNATIONAL INC.

Consolidated Statements of Operations (unaudited)

	Three months ended		Nine months ended	
	Sep 30, 2009 (Unaudited)	Sep 30, 2008 (Unaudited)	Sep 30, 2009 (Unaudited)	Sep 30, 2008 (Unaudited)
Revenue (note 20)	\$ 8,297,186	\$ 7,635,780	\$ 24,544,087	\$22,852,758
Cost of sales				
Sales related expenses	4,494,376	3,937,359	13,233,820	11,774,977
Amortization of sales related assets	226,878	201,614	673,369	429,175
	4,721,254	4,138,973	13,907,189	12,204,152
	3,575,932	3,496,807	10,636,898	10,648,606
Operations expenses:				
Research and development	1,406,491	1,583,863	4,121,969	4,551,996
Sales and marketing	910,388	1,062,745	2,922,041	3,077,716
General and administrative	1,404,095	1,348,610	4,236,831	3,961,392
	3,720,974	3,995,218	11,280,841	11,591,104
Loss before under noted	(145,042)	(498,411)	(643,943)	(942,498)
Other (income) expense:				
Amortization of plant and equipment	118,269	118,854	350,944	351,300
Amortization of acquired intangibles (note 9)	599,384	606,584	1,910,522	1,813,765
Foreign exchange loss (gain)	455,525	(106,529)	707,464	(326,154)
Stock compensation (note 16)	84,611	-	272,955	57,524
Other (note 15)	16,085	(29,169)	40,283	(84,049)
	1,273,874	589,740	3,282,168	1,812,386
Loss before income taxes	(1,418,916)	(1,088,151)	(3,926,111)	(2,754,884)
Income tax provision (recovery)				
Current	49,813	79,749	123,105	642,963
Future (recovery)	(375,364)	(402,352)	(1,227,502)	(1,384,984)
	(325,551)	(322,603)	(1,104,397)	(742,021)
Net loss	(1,093,365)	(765,548)	(2,821,714)	(2,012,863)
Loss per common share:				
Basic and Diluted	\$ (0.08)	\$ (0.06)	\$ (0.20)	\$ (0.15)
Weighted average number of shares outstanding	13,789,746	13,789,746	13,789,746	13,789,746