



PRESS RELEASE

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FOR IMMEDIATE RELEASE
November 8, 2006

Digital Dispatch Earns \$0.05 Per Share for Q3

Richmond, BC, November 8, 2006 – Digital Dispatch Systems Inc. (TSX: DD), a leading provider of mobile data solutions, today released unaudited financial results for the third quarter ended September 30, 2006. (All financial information is expressed in CDN dollars and Canadian GAAP)

Financial Results

Total revenues for the three months ended September 30, 2006 were \$6.0 million compared to \$5.5 million in the three months ended June 30, 2006 and \$5.9 million in the same quarter of the prior year. The company posted gross margins of 53% for the three months ended September 30, 2006 which is consistent with the prior quarter and higher than the 52% for the same period in the prior year. Total operating expenses were \$2.3 million for the three months ended September 30, 2006, compared with \$2.5 million for the three months ended September 30, 2005 representing a decrease of 7%. The Company reported net income of \$614,000 or \$0.05 per share for the three months ended September 30, 2006 compared to a net loss of \$236,000 or (\$0.02) per share for the same period in the prior year.

Total revenues for the nine months ended September 30, 2006 were \$17.5 million compared to \$18.2 million for the same period in the prior year. The Company reported net income of \$1.1 million or \$0.09 per share for the nine months ended September 30, 2006 compared to \$309,000 or \$0.02 per share for the same period in the prior year.

The Company had \$20.1 million in cash and short term investments with 11,897,781 shares outstanding as at September 30, 2006.

Highlights During Q3

- Digital Dispatch partnered with RouteMatch Software Inc. to provide a turnkey solution to Regional Transportation District (“RTD”) of Denver, Colorado representing a new customer for the Company’s paratransit market.
- The Company also signed two additional new major customers during the period:
 - Ace Cabs of Las Vegas, Nevada
 - Town Car International of New York, NY

- A special dividend of \$0.60 per share was issued to Digital Dispatch shareholders. The record date for the dividend was September 29, 2006 with the dividend payment date being October 16, 2006.
- Digital Dispatch appointed George Reznik as its Chief Financial Officer.

For a more detailed analysis, please refer to Management's Discussion and Analysis of Financial Conditions and Results of Operations, which is available on the Company website (www.digital-dispatch.com) and on SEDAR.

Outlook

Due primarily to unexpected delays which were beyond the control of the Company regarding the anticipated delivery of several customer orders prior to December 31, 2006, the Company now projects 2006 annual revenues of approximately \$25 million. The strengthening of the Canadian dollar versus the US dollar during the year also contributes to this reduced outlook as the majority of the Company's revenues are generated in US dollars. The Company expects to deliver these delayed customer orders during its 2007 fiscal year.

The Company is also transitioning into a recurring revenue and transaction based revenue business with products like its credit and debit Payment Gateway, eFleet ASP service and in-vehicle advertising revenues which will take time to come to fruition.

The Company had \$20.1 million in cash and cash equivalents as at September 30, 2006 which was subsequently reduced by the \$7.1 million special dividend payment on October 16, 2006 resulting in \$13.0 million in cash and cash equivalents after dividend payment. The Company continues to pursue acquisitions actively and is looking for accretive value, synergies and the ability to leverage its products in new markets.

Conference Call

The Company will host a conference call at 5:00 PM EST today to discuss the results. Please call 416-695-5259 or 1-877-461-2814 to participate in the call. A replay of this conference call will be available until Wednesday, November 15, 2006, by dialing 416-695-5275 or 1-888-509-0081 and entering access code 634531.

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. Such forward-looking statements may include financial and other projections as well as statements regarding the Company's future plans, market opportunities, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. 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 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 Digital Dispatch Systems' products; 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 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 Digital Dispatch Systems' reports filed on Sedar, including its Annual Information Form for the year ended December 31, 2005 and report for the quarter ended September 30, 2006. 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.

The Toronto Stock Exchange has neither approved nor disapproved the contents of this press release.

About Digital Dispatch Systems Inc.

Digital Dispatch Systems Inc. is a worldwide provider of mobile data solutions for fleet and mobile workforce management. Founded in 1987, we have an installed base of 70,000 wireless mobile data devices and nearly 200 wireless data systems in four continents. We offer products and services to manage vehicle fleets and mobile workforces, including dispatch software, wireless communication infrastructure and a range of in-vehicle mobile devices.

Visit www.digital-dispatch.com for more information.

For further information, please contact

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SEE ATTACHED FINANCIAL STATEMENTS

DIGITAL DISPATCH SYSTEMS INC.

Consolidated Balance Sheets

	September 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,054,486	\$ 6,770,989
Short-term investments	10,082,402	12,122,610
Accounts receivable	4,667,305	7,173,391
Unbilled receivables	3,202,732	3,457,030
Investment tax credits recoverable	462,354	462,354
Future income taxes	263,345	564,212
Inventories	2,782,130	3,109,315
Prepaid expenses	423,993	406,988
Current portion of leases receivable	916,582	764,507
	<u>32,855,329</u>	<u>34,831,396</u>
Capital assets	461,130	549,484
Investment tax credits recoverable	2,192,840	1,849,412
Long term leases receivable	437,918	868,921
Future income taxes	1,364,311	1,048,370
	<u>\$ 37,311,528</u>	<u>\$ 39,147,583</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,730,149	\$ 2,044,315
Dividend payable	7,141,549	-
Deferred revenue	330,115	2,022,540
Deferred gain	191,076	191,076
Current income tax payable	974,195	740,262
Current portion future income taxes	1,131,319	1,253,534
	<u>12,498,403</u>	<u>6,251,727</u>
Long-term portion of deferred gain	191,077	334,384
Future income taxes	1,051,543	726,296
Shareholders' equity:		
Share capital	19,822,322	20,922,358
Contributed surplus	341,274	195,226
Retained earnings	4,303,523	11,614,206
Cumulative translation adjustments	(896,614)	(896,614)
	<u>23,570,505</u>	<u>31,835,176</u>
	<u>\$ 37,311,528</u>	<u>\$ 39,147,583</u>

DIGITAL DISPATCH SYSTEMS INC.

Consolidated Statements of Operations and Retained Earnings

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2006 (Unaudited)	2005 (Unaudited)	2006 (Unaudited)	2005 (Unaudited)
Revenue	\$ 6,047,441	\$ 5,865,101	\$ 17,542,527	\$ 18,193,190
Cost of sales	2,830,366	2,844,488	8,254,123	9,017,561
	3,217,075	3,020,613	9,288,404	9,175,629
Operations expenses:				
Research and development	871,207	956,082	2,779,270	3,052,503
Sales and marketing	692,609	710,524	2,143,074	2,364,112
General and administrative	743,491	824,178	2,228,724	2,292,982
	2,307,307	2,490,784	7,151,068	7,709,597
Earnings before undernoted	909,768	529,829	2,137,336	1,466,032
Other (income) expense:				
Amortization of capital assets	78,398	68,005	236,269	211,905
Foreign exchange	(84,452)	805,467	330,518	815,248
Other	(47,769)	(47,769)	(143,307)	(137,700)
Stock compensation	81,247	37,907	146,049	128,973
	27,424	863,610	569,529	1,018,426
Earnings (loss) before income taxes	882,344	(333,781)	1,567,807	447,606
Income taxes				
Current	90,724	(203,031)	270,915	(96,874)
Future	177,271	105,535	199,427	235,631
	267,995	(97,496)	470,342	138,757
Net earnings (loss)	614,349	(236,285)	1,097,465	308,849
Retained earnings, beginning of period	11,276,627	10,571,579	11,614,206	10,496,581
Dividend declared	(7,141,549)	-	(7,141,549)	-
Stock repurchase	(445,904)	(340,715)	(1,266,599)	(810,851)
Retained earnings, end of period	\$ 4,303,523	\$ 9,994,579	\$ 4,303,523	\$ 9,994,579
Earnings per common share				
Basic	\$ 0.05	\$ (0.02)	\$ 0.09	\$ 0.02
Diluted	\$ 0.05	\$ (0.02)	\$ 0.09	\$ 0.02

DIGITAL DISPATCH SYSTEMS INC.

Consolidated Statements of Cash Flows

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2006 (Unaudited)	2005 (Unaudited)	2006 (Unaudited)	2005 (Unaudited)
Cash provided by (used in):				
Operations:				
Net earnings	\$ 614,349	\$ (236,285)	\$ 1,097,465	\$ 308,849
Items not involving cash:				
Amortization	78,398	58,083	236,269	211,905
Future income taxes	177,271	91,128	199,427	255,467
Amortization of gain on disposition of land and building	(47,769)	(47,769)	(143,307)	(143,307)
Stock compensation	81,247	37,907	146,049	128,973
	903,496	(96,936)	1,535,903	761,887
Change in non-cash operating working capital	6,628,632	(1,610,642)	8,735,041	(2,871,946)
	7,532,128	(1,707,578)	10,270,944	(2,110,059)
Investments:				
(Increase) decrease in short-term investments	1,653,543	(4,913,995)	2,040,208	(4,509,833)
Purchase of capital assets	(36,060)	(29,347)	(174,160)	(139,556)
Repayments on leases receivable	302,922	725,059	766,651	1,111,134
	1,920,405	(4,218,283)	2,632,699	(3,538,255)
Financing:				
Repurchase of share capital	(814,424)	(593,189)	(2,366,636)	(1,600,785)
Dividend	(7,141,549)	-	(7,141,549)	-
	(7,955,973)	(593,189)	(9,508,185)	(1,600,785)
Effect of foreign currency exchange rates on cash and cash equivalents	(33,454)	172,645	(111,961)	262,367
Increase (decrease) in cash and cash equivalents	1,463,106	(6,346,405)	3,283,497	(6,986,732)
Cash and cash equivalents, beginning of period	8,591,380	8,886,050	6,770,989	9,526,377
Cash and cash equivalents, end of period	\$ 10,054,486	\$ 2,539,645	\$ 10,054,486	\$ 2,539,645