



PRESS RELEASE

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Digital Dispatch Reports 2007 Q2 Operating Results

Richmond, BC, August 14, 2007 – Digital Dispatch Systems Inc. (TSX: DD), a leading provider of mobile data solutions, today released unaudited financial results for the second quarter and six months ended June 30, 2007. (All financial information is expressed in CDN dollars and Canadian GAAP.)

Total revenues for the three months ended June 30, 2007, were \$4.3 million compared with total revenues of \$3.9 million in the three months ended March 31, 2007, and \$5.5 million for the same period in the prior year. The decrease from the prior year is due to the timing of delivery of outstanding customer orders, foreign exchange impact from the strengthened Canadian dollar against the US dollar and a lower sales volume.

The Company experienced overall gross margin of 50% for the three months ended June 30, 2007 compared with a gross margin of 52% and 53% for the three months ended March 31, 2007 and June 30, 2006, respectively. Total operating expenses were \$2.8 million for the three months ended June 30, 2007, compared to \$2.5 million for the three months ended March 31, 2007, and \$2.3 million in the same period last year. This increase in operating expenses is due to incremental sales and marketing expenses for the Company's New York City Taxi and Limousine Commission ("TLC") initiative in addition to TLC project costs of \$238,000 incurred prior to the receipt of Notice to Proceed expensed during the period.

For the three months ended June 30, 2007, the Company reported a net loss of \$1.2 million or (\$0.10) per share compared to net loss of \$574,000 or (\$0.05) per share and net earnings of \$8,000 or \$0.00 per share for the three months ended March 31, 2007, and June 30, 2006, respectively. As reported on July 3, 2007, the Company incurred a foreign exchange loss of \$1.0 million during the three months ended June 30, 2007, which is attributable to the strengthened Canadian dollar relative to the US dollar. Most of Digital Dispatch's revenues are generated in the US dollar.

Total revenues for the six months ended June 30, 2007, were \$8.2 million compared to the total revenues of \$11.5 million for the same period last year. The Company experienced overall gross margin of 51% for the six months ended June 30, 2007, compared to a gross margin of 53% for the six months ended June 30, 2006. Total operating expenses were \$5.3 million for the six months ended June 30, 2007, compared to \$4.8 million for the same period of the previous year. For the six months ended June 30, 2007, the Company reported a net loss of \$1.8 million or (\$0.15) per share compared to net earnings of \$483,000 or \$0.04 per share for the six months ended June 30, 2006.

The Company had \$9.7 million in cash and short-term investments and 11,863,201 shares outstanding as at June 30, 2007. The Company's updated guidance provided on July 3, 2007, for revenues for its 2007 fiscal year of \$24 million during this period remains unchanged.

"While we are disappointed that revenues for the first half of 2007 were lower due to the stronger Canadian dollar against the US dollar, the timing of execution of certain contracts, and lower sales volume, we remain excited about our prospects for the remainder of 2007. Our new business initiatives, eFleet ASP offering and iView launch with the New York City Taxi and Limousine Commission, in addition to continuing to serve our core market of large taxi fleets, are expected to drive growth for 2008 and beyond," stated Vari Ghai, CEO and President for Digital Dispatch. "We also remain active in our pursuit of acquisition opportunities which is expected to further enhance future shareholder value."

Quarterly Highlights

- Europe's largest taxi company and a long-time Digital Dispatch customer, TAXIS G7 of Paris, France, awarded the Company a new contract with a potential value of over \$6 million (CAD) over the next 2-3 years. Under this new Framework Agreement, Taxis G7 has the potential to procure 4,000 to 5,000 iPilot 8000™, one of the most advanced mobile computers in the market today.
- The Company further strengthened its presence in the European taxi market with a new order from its existing customer, Sammenslutningen Københavns Taxa (TAXA 4x35) of Copenhagen, Denmark.
- Sales orders won by the Company during 2007 also include purchases from the East Texas Council of Governments, Silver Cab of P.G. in Maryland, the Longview Transit Management in Texas, SCR Medical Transportation in Chicago, and All Yellow Taxi in Los Angeles.
- Commercial availability of the Company's iView 8000™ which is designed to enhance the passenger experience in the backseat of a taxicab. The iView 8000™ is an integrated multimedia interactive terminal with the capability of providing taxi passengers with a variety of interesting information including street maps which indicate the route being traveled, news, city sights, advertising, taxi regulations and much more in addition to enabling passengers to perform secure payment transactions with a signature-based debit or credit card.
- Awarded Notice to Proceed ("NTP") from the Taxi and Limousine Commission ("TLC") of New York City to roll-out its new state-of-the-art SmartCab™ taxi management solution to enhance passenger experience in New York City's approximately 13,000 medallion yellow cabs.
- The Company's ASP mobile fleet management business initiative eFleet™, is gaining momentum with the addition of new customers in 2007. The Company's eFleet™ initiative provides mobile fleet management, merging the benefits of wireless dispatch with value added automatic vehicle location ("AVL"), navigation, and card payment features resulting in optimizing overall fleet efficiency.

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's website (www.digital-dispatch.com) and on SEDAR.

Conference Call

The Company will host a conference call at 5:00 PM EST (2:00 PM PST) on Tuesday, August 14, 2007, to discuss the financial results. Please call 416-641-6125 or 1-866-542-4238 to participate in the call. A

replay of this conference call will be available until Tuesday, August 21, 2007, by dialing 416-695-5800 or 1-800-408-3053 and entering access code 3231496.

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 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's 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 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's reports filed on Sedar, including its Annual Information Form and financial report for the year ended December 31, 2006. 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.

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.

Interim Consolidated Balance Sheets
(Unaudited)

	June 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,536,936	\$ 6,712,786
Short-term investments	7,191,543	4,381,016
Accounts receivable	6,021,192	7,627,088
Income taxes receivable	-	777,629
Future income taxes	75,790	81,087
Inventories	4,991,473	3,465,262
Prepaid expenses	539,667	387,893
Current portion of leases receivable	787,169	968,708
	<hr/> 22,143,770	<hr/> 24,401,469
Plant and equipment	662,904	491,180
Long-term leases receivable	1,986,193	1,940,441
Future income taxes	2,839,711	1,903,985
	<hr/> \$ 27,632,578	<hr/> \$ 28,737,075
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,939,254	\$ 2,604,899
Income taxes payable	26,429	-
Future income taxes	644,266	521,900
Deferred revenue	690,052	562,296
Deferred gain	191,076	191,076
	<hr/> 4,491,077	<hr/> 3,880,171
Long-term portion of deferred gain	47,769	143,308
Shareholders' equity:		
Share capital	19,764,711	19,764,711
Contributed surplus	528,069	378,069
Retained earnings	3,697,566	5,467,430
Accumulated other comprehensive loss	(896,614)	(896,614)
	<hr/> 23,093,732	<hr/> 24,713,596
	<hr/> \$ 27,632,578	<hr/> \$ 28,737,075

DIGITAL DISPATCH SYSTEMS INC.

Interim Consolidated Statements of Operations and Retained Earnings

Three and six months ended June 30, 2007 and 2006

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Revenue	\$ 4,328,885	\$ 5,488,793	\$ 8,184,575	\$11,495,086
Cost of sales	2,176,555	2,593,157	4,037,623	5,423,757
	2,152,330	2,895,636	4,146,952	6,071,329
Operations expenses:				
Research and development	968,270	879,148	1,928,022	1,908,063
Sales and marketing	1,127,552	781,465	2,038,425	1,450,465
General and administrative	681,663	657,850	1,359,225	1,485,233
	2,777,485	2,318,463	5,325,672	4,843,761
(Loss) earnings before undernoted	(625,155)	577,173	(1,178,720)	1,227,568
Other (income) expense:				
Amortization of plant and equipment	73,455	77,074	142,945	157,871
Foreign exchange loss	962,267	509,259	1,094,889	414,970
Stock based compensation	75,000	26,526	150,000	64,802
Other	(37,208)	(47,769)	(84,384)	(95,538)
	1,073,514	565,090	1,303,450	542,105
(Loss) earnings before income taxes	(1,698,669)	12,083	(2,482,170)	685,463
Income taxes				
Current	(221,012)	42,633	(439,669)	180,191
Future	(281,464)	(39,000)	(272,637)	22,156
	(502,476)	3,633	(712,306)	202,347
Net (loss) earnings and comprehensive (loss) income	(1,196,193)	8,450	(1,769,864)	483,116
Retained earnings, beginning of period	4,893,759	12,002,253	5,467,430	11,614,206
Excess paid on share repurchase and cancellation of common shares	-	(734,076)	-	(820,695)
Retained earnings, end of period	\$ 3,697,566	\$11,276,627	\$ 3,697,566	\$11,276,627
Basic and diluted (loss) earnings per common share	\$ (0.10)	\$ 0.00	\$ (0.15)	\$ 0.04

DIGITAL DISPATCH SYSTEMS INC.

Interim Consolidated Statements of Cash Flows
 Three and six months ended June 30, 2007 and 2006
 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Cash provided by (used in):				
Operations:				
Net earnings (loss)	\$(1,196,193)	\$ 8,450	\$(1,769,864)	\$ 483,116
Items not involving cash:				
Amortization of plant and equipment	73,455	77,074	142,945	157,871
Future income taxes	(281,464)	(39,000)	(272,637)	22,156
Amortization of gain on disposition of property	(47,769)	(47,769)	(95,538)	(95,538)
Stock based compensation	75,000	26,526	150,000	64,802
Loss on asset disposal	10,892	-	10,892	-
Unrealized foreign exchange loss	305,205	-	305,205	-
	(1,060,874)	25,281	(1,528,997)	632,407
Change in non-cash operating working capital:	346,347	699,680	514,261	2,106,409
	(714,527)	724,961	(1,014,736)	2,738,816
Investments:				
(Decrease) increase in short-term investment	(2,544,955)	621,500	(2,810,527)	386,665
Purchase of plant and equipment	(125,504)	(39,794)	(325,561)	(138,100)
Repayments on lease receivables	326,258	273,338	603,697	463,729
	(2,344,201)	855,044	(2,532,391)	712,294
Financing:				
Cash paid on share repurchase and cancellation	-	(1,374,463)	-	(1,552,212)
	-	(1,374,463)	-	(1,552,212)
Effect of foreign currency exchange rates on cash and cash equivalents	(628,723)	(120,263)	(628,723)	(78,507)
Increase (decrease) in cash and cash equivalents	(3,687,451)	85,279	(4,175,850)	1,820,391
Cash and cash equivalents, beginning of period	6,224,387	8,506,101	6,712,786	6,770,989
Cash and cash equivalents, end of period	\$ 2,536,936	\$ 8,591,380	\$ 2,536,936	\$ 8,591,380