



PRESS RELEASE

Listed: TSX
Symbol: DD

FOR IMMEDIATE RELEASE
March 15, 2007

Digital Dispatch Achieves Sixteenth Consecutive Year of Profitability with \$2.3 million Net Income and \$0.19 Per Share

Richmond, BC, March 15, 2007 – Digital Dispatch (TSX: DD), a leading provider of mobile data solutions, today released financial results for the year ended December 31, 2006. All financial information is expressed in Canadian dollars and in accordance with Canadian generally accepted accounting principles (“GAAP”).

Highlights in 2006:

- ❖ \$0.19 earnings per share representing a 12% increase over the prior year
- ❖ Sixteenth consecutive year of profitability
- ❖ Special dividend of \$0.60 per common share or \$7.1 million paid to Digital Dispatch shareholders
- ❖ Strengthened management team with the additions of George Reznik, CFO; George Lipski, VP Development and Operations; Cliff Snelling, VP Marketing; Ken Piaggio, VP International Operations; and Ray Fast, President of ASP Business Solutions
- ❖ Appointed Sal Visca, Chief Technology Officer of Business Objects, as Director
- ❖ New customers include: Ace Cabs in Nevada, US; Town Car International in New York, US; Chilliwack Taxi, Empress Taxi, Guildford Cabs and Delta Sunshine, in British Columbia, Canada; and Biloxi City Cab, Mississippi, US
- ❖ Additional sales from existing customers including Minutemen in New York, US
- ❖ Continued expansion into the Paratransit market with purchases by the following customers:
 - Southland Transit, California, US
 - SCR Medical Transportation, Illinois, US
 - Victor Valley Transit Authority, California, US
 - Regional Transportation District of Denver, Colorado, US
- ❖ Successful completion of Phase I of the New York City Taxi and Limousine Commission’s Technology Enhancement project in December 2006

“Digital Dispatch continues its heritage of strong financial performance through continued profitability by focusing on the success of our customers” stated Vari Ghai, President and CEO. “We look forward to continued success in the global fleet management market in 2007 while expanding with new recurring revenue initiatives including payment transaction processing fees, advertising and ASP eFleet. In addition, we aggressively pursue accretive acquisition opportunities to augment our future organic growth and leverage our products into new markets to increase shareholder value.”

2006 Financial Results

Total revenues for the year ended December 31, 2006 were \$23.6 million compared to \$27.2 million in 2005. The decrease in 2006 revenue from the Company's revenue guidance of approximately \$25.0 million is primarily due to unanticipated events in the year that caused several customer opportunities to be completed after 2006. The Company posted a gross margin of 52% which is higher than the 51% gross margin achieved in 2005. Gross profit for 2006 (defined as total revenues less cost of sales) was \$12.3 million compared to \$13.8 million in the prior year.

Total operating expenses decreased in 2006 to \$9.9 million from \$10.1 million in 2005 with EBITDA (earnings before interest, taxes, depreciation and amortization) of \$2.5 million for 2006 compared to \$3.3 million for 2005. EBITDA is not defined under GAAP and may not be comparable with other entities.

During 2006, the Company benefited from a foreign exchange gain with the strengthening of foreign-denominated currencies against the Canadian dollar towards the end of the year; an increase to \$371,000 in 2006 compared to a loss of \$432,000 in 2005. In addition, the Company benefited from settlement of a tax reassessment with Canadian and US authorities resulting in a reversal of previously established provisions of \$617,000. The combination of the Company's operating results and the foreign exchange gain and income tax reversal resulted in net earnings of \$2.3 million or \$0.19 per share in 2006 compared to \$2.1 million or \$0.17 per share in the prior year representing the Company's sixteenth consecutive year of profitability.

As at December 31, 2006, the Company had \$11.1 million in cash and short term investments with 11,863,201 shares outstanding. The decrease is primarily due to the Company's normal course issuer bid, where 694,866 shares were purchased and cancelled at an aggregate cost of \$2.5 million and the special dividend of \$7.1 million distributed in October 16, 2006 offset by cash generated from operations during 2006.

Fourth Quarter

Revenues for the fourth quarter of 2006 totaled \$6.1 million representing an increase of 1% over the prior quarter ended September 30, 2006 and a decrease from the same quarter in 2005 which totaled \$9.0 million. Gross margin for the three months ended December 31, 2006 was 49% which is lower than the prior quarter of 53% due to incremental costs related to the delivery of customer projects.

Total operating expenses increased to \$2.8 million for the three months ended December 31, 2006 representing an increase over the quarter ended December 31, 2005 of \$2.4 million which is primarily due to increased bad debt expense of \$160,000 with incremental investment in sales and marketing. Net income after tax was \$1.2 million or \$0.10 earnings per share ("EPS") for the quarter ended December 31, 2006 (including a foreign exchange gain of \$702,000 attributable to the strengthening of foreign-denominated currencies against the Canadian dollar, the benefit of the above referred tax reassessment settlement of \$617,000 offset by \$190,000 expenses related to a non-completed acquisition) compared with \$1.8 million net income after tax or \$0.14 EPS in the same quarter in the prior year.

Outlook

Based on the Company's current outstanding customer orders and anticipated future sales opportunities, the Company projects its total 2007 annual revenues to be approximately \$26.0 million. While the Company's revenue from its taxi orientated business is expected to be comparable to 2006, the Company's new recurring

revenue and transaction based business initiatives including payment transaction processing fees, in-vehicle advertising and ASP eFleet are expected to provide incremental growth going forward.

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 Thursday, March 22, 2007, by dialing 416-695-5275 or 1-888-509-0081 and entering access code 640818.

The Company's financial statements and Management's Discussion and Analysis of Financial Conditions and Results of Operations will be available on the Company website (www.digital-dispatch.com) and on SEDAR on March 23, 2007.

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 and financial report for the year ended December 31, 2005 and quarterly report for the three months 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

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 75,000 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

George Reznik, CFO, investors@digital-dispatch.com

(604) 241-1441

###

SEE ATTACHED SUMMARY FINANCIAL STATEMENTS

DIGITAL DISPATCH SYSTEMS INC.

Consolidated Balance Sheets

December 31, 2006 and 2005
(Unaudited)

	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,712,786	\$ 6,770,989
Short-term investments	4,381,016	12,122,610
Accounts receivable	6,752,615	7,173,391
Unbilled receivables	874,473	3,457,030
Future Income taxes	336,816	231,703
Inventories	3,465,262	3,109,315
Prepaid expenses	387,893	406,988
Current portion of leases receivable	968,708	764,507
	<hr/>	<hr/>
	23,879,569	34,036,533
Capital assets	491,180	549,484
Long-term leases receivable	1,940,441	868,921
Future Income taxes	1,903,985	972,553
	<hr/>	<hr/>
	\$28,215,175	\$36,427,491
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,604,899	\$ 2,044,315
Deferred revenue	562,296	2,022,540
Deferred gain	191,076	191,076
	<hr/>	<hr/>
	3,358,271	4,257,931
Long-term portion of deferred gain	143,308	334,384
Shareholders' equity:		
Share capital	19,764,711	20,922,358
Contributed surplus	378,069	195,226
Retained earnings	5,467,430	11,614,206
Cumulative translation adjustments	(896,614)	(896,614)
	<hr/>	<hr/>
	24,713,596	31,835,176
	<hr/>	<hr/>
	\$ 28,215,175	\$ 36,427,491

DIGITAL DISPATCH SYSTEMS INC.

Consolidated Statements of Operations and Retained Earnings
(Unaudited)

	Three months ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Revenue	\$ 6,079,980	\$ 9,027,687	\$ 23,622,507	\$ 27,220,877
Cost of sales	3,114,453	4,439,319	11,368,576	13,456,873
	2,965,527	4,588,368	12,253,931	13,764,004
Operating expenses:				
Research and development	824,748	736,472	3,604,018	3,788,975
Sales and marketing	969,673	826,742	3,112,747	3,190,854
General and administrative	957,568	795,727	3,186,292	3,088,709
	2,751,989	2,358,941	9,903,057	10,068,538
Earnings before under noted	213,538	2,229,427	2,350,874	3,695,466
Other (income) expense:				
Amortization of capital assets	82,175	74,649	318,444	286,554
Foreign exchange	(701,838)	(383,067)	(371,320)	432,181
Stock compensation	36,794	16,240	182,843	145,213
Other	142,131	(47,768)	(1,176)	(185,462)
	(440,738)	(339,946)	128,791	678,486
Earnings before income taxes	654,276	2,569,373	2,222,083	3,016,980
Income taxes:				
Current	251,147	353,240	522,062	256,366
Future	(811,790)	391,977	(612,363)	627,609
	(560,643)	745,217	(90,301)	883,975
Net earnings	1,214,919	1,824,156	2,312,384	2,133,005
Retained earnings, beginning of period	4,303,523	9,994,579	11,614,206	10,496,581
Dividends paid	-	-	(7,141,549)	-
Excess paid on share repurchase and cancellation	(51,012)	(204,529)	(1,317,611)	(1,015,380)
Retained earnings, end of period	\$ 5,467,430	\$ 11,614,206	\$ 5,467,430	\$ 11,614,206
Earnings per common share:				
Basic	\$ 0.10	\$ 0.14	\$ 0.19	\$ 0.17
Diluted	\$ 0.10	\$ 0.14	\$ 0.19	\$ 0.17
Weighted average common shares:				
Basic	11,874,308	12,745,481	12,181,787	12,873,458
Diluted	11,874,308	12,745,481	12,181,787	12,873,458