

FIRST QUARTER REPORT

Three months ended March 31, 2008



DDS WIRELESS
INTERNATIONAL

About DDS Wireless International

DDS Wireless International Inc. (TSX: DD) is a global leader in providing application software and solutions for fleet management to multiple markets

- We operate four businesses dedicated to Taxi, Transit, Limousines and Work Truck, and Wireless Devices and Communications Infrastructure
- We provide fleet management solutions, transit routing and scheduling software application, in-vehicle wireless devices and communications products
- We acquired businesses of Finland-based Mobisoft OY and Washington-based StrataGen Systems Inc. in 2007 to further diversify and expand our business
- Our customers include four of the top five, and 10 of the top 20 transit authorities in North America; 6 of top 10 taxi operators in the world; the largest AAA clubs in North America
- We support customers worldwide from our offices in Canada, Finland, India, Singapore, Sweden, U.K., and U.S.A.
- We have installed approximately 75,000 wireless data devices and nearly 200 wireless data systems on five continents

Letter to Shareholders

Fellow Shareholders,

Our market and product diversification plan was in high gear and culminated in the acquisitions of Washington-based StrataGen Systems Inc. ("StrataGen") and Finland-based MobiSoft Oy ("MobiSoft") in late 2007. This has accelerated our expansion into markets outside of the core taxi business in 2008 resulting in the restructuring of our company into four separate and distinct market-focused business units on January 1, 2008: Taxi, Transit, eFleet and Digital Wireless (wireless devices and communications infrastructure).

We have aligned and allocated our resources into these new business units in addition to the appointment of new presidents who are driving the market expansion and diversification strategy for their respective business units. We also changed our corporate name to DDS Wireless International Inc. to more appropriately reflect the Company's evolution into a diversified, global leader in application software for wireless fleet management solutions for multiple vertical markets.

In our core taxi market, we effectively diversified our taxi solutions to meet the specific needs of all sizes of taxi fleets through the acquisition of MobiSoft and its TaxiBook™ product. TaxiBook™, a bundled taxi dispatch solution offered as a subscription, enables us to access the small taxi fleets market, which constitutes approximately 85% of the taxi market in North America. We continue to increase our market share in the large fleet enterprise taxi market with the addition of several new customers.

Our Transit business unit, StrataGen Systems Inc. ("StrataGen"), acquired on December 7, 2007, is experiencing strong momentum and recently was awarded a \$3.32 million contract with Access Services Inc. of Los Angeles, California. In addition, several existing customers have purchased upgrades or enhancements to their software validating StrataGen's position as the most robust and scalable large paratransit/demand-response fleet management solution deployed in the market. The new license upgrade by MTA New York City Transit enables it to schedule and dispatch up to 50,000 trips per day, to accommodate the increasing demand for, and complexity of, its variable transit fleet operation while providing efficient service in its community.

Our eFleet™ hosted fleet management subscription solution is also experiencing momentum with the addition of the world's largest junk removal company, 1-800-GOT-JUNK? as a customer. The eFleet™ system enables efficient fleet management through remote monitoring of vehicle movements; two-way text messaging between fleet managers and drivers; integrated GPS navigation that automatically guides drivers to their dispatched jobs; and in-vehicle credit card payment processing with receipt printing. It is deployed as a turnkey, hosted, subscription-based service, including lease of the Company's market leading mobile data terminals (MDTs). eFleet™ has also experienced initial success in the Limousine and heavy equipment markets through partnerships with other software suppliers. eFleet™ allows existing software applications to add wireless capability by integrating with eFleet.

Digital Wireless continues to capitalize on increasing opportunities for the deployment of our mobile data terminal and communications infrastructure technology into new markets by partnering with independent software vendors, system integrators and value-added resellers. We have continued to strengthen our presence within the American Automobile Association, and executed on our geographic market expansion plan by entering the Indian and South African markets in 2008 which are very promising for our Company.

The Company's guidance for its 2008 fiscal year provided previously for total revenues of \$36 million to \$38 million remains unchanged at this time. We remain excited about our long-term prospects commencing in 2008 and have significant opportunities ahead of us. We look forward to delivering results through our organic growth and acquisition oriented initiatives.



Vari Ghai,
President and Chief Executive Officer

This letter to shareholders accompanies and should be read in conjunction with the Company's Management Discussion and Analysis, including the "Forward-Looking Statements" disclaimer contained therein.

Notice To No Auditor Review

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

A handwritten signature in black ink, appearing to read "Kelly Chow". The signature is fluid and cursive, with a large loop at the end.

Kelly Chow
Vice President, Finance
May 14, 2008

Financial Statements

Consolidated Balance Sheets

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 686,060	\$ 1,075,203
Accounts receivable (note 4)	10,129,991	10,799,802
Income taxes receivable	41,346	147,601
Future income taxes	22,479	76,100
Inventories	3,113,141	2,917,686
Prepaid expenses	824,419	620,444
Current portion of leases receivable (note 7)	384,365	475,377
	<u>15,201,801</u>	<u>16,112,213</u>
Plant and equipment (note 5)	2,856,624	2,660,921
Long-term leases receivable (note 7)	1,715,999	1,784,818
Future income taxes	4,428,400	3,933,562
Acquired intangibles (note 6)	10,378,000	11,011,000
Goodwill (note 15)	3,329,000	3,329,000
	<u>37,909,824</u>	<u>38,831,514</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Line of credit (note 8)	330,000	1,255,954
Deferred acquisition costs payable (note 11)	2,413,558	4,097,802
Accounts payable and accrued liabilities	3,900,130	4,527,892
Future income taxes	763,655	820,761
Deferred revenue	2,619,559	1,459,894
Deferred gain (note 14)	95,538	143,308
Current portion of long-term debt (note 9)	153,196	144,193
	<u>10,275,636</u>	<u>12,449,804</u>
Long-term portion of debt (note 9)	633,903	506,053
Future income taxes long-term	1,054,213	1,139,849
	<u>11,963,752</u>	<u>14,095,706</u>
Shareholders' equity:		
Share capital (note 11)	24,608,246	22,836,687
Contributed surplus (note 11)	693,771	660,231
Retained earnings	1,460,607	2,106,161
Accumulated other comprehensive loss	(816,552)	(867,271)
	<u>25,946,072</u>	<u>24,735,808</u>
	<u>\$ 37,909,824</u>	<u>\$ 38,831,514</u>

See accompanying notes to consolidated financial statements.

Financial Statements

Consolidated Statements of Operations

Three months ended March 31, 2008 and 2007

	March 31, 2008 (Unaudited)	March 31, 2007 (Unaudited)
Revenue (note 15)	\$ 7,001,000	\$ 3,855,690
Cost of sales		
Sales related expenses	3,702,031	1,861,068
Amortization of sales related assets	123,549	-
<u>Total cost of sales</u>	<u>3,825,580</u>	<u>1,861,068</u>
Gross margin	3,175,420	1,994,622
Operations expenses:		
Research and development	1,270,447	959,752
Sales and marketing	938,303	910,873
General and administrative	1,277,841	677,562
	<u>3,486,591</u>	<u>2,548,187</u>
Loss before under noted	(311,171)	(553,565)
Other (income) expense:		
Amortization of plant and equipment	143,936	69,490
Amortization of acquired intangibles (note 6)	633,000	
Foreign exchange	(178,770)	132,622
Stock compensation (note 11)	33,540	75,000
Other (note 10)	(41,596)	(47,176)
	<u>590,110</u>	<u>229,936</u>
Loss before income taxes	\$ (901,281)	\$ (783,501)
Income taxes		
Current (recovery)	328,233	(218,657)
Future (recovery)	(583,960)	8,827
	<u>(255,727)</u>	<u>(209,830)</u>
Net loss	(645,554)	(573,671)
Loss earnings per common share (note 12):		
Basic	\$ (0.05)	\$(0.05)
Diluted	\$ (0.05)	\$(0.05)

See accompanying notes to consolidated financial statements.

Financial Statements

Consolidated Statements of Comprehensive loss

Three months ended March 31, 2008 and 2007

	March 31, 2008 (Unaudited)	March 31, 2007 (Audited)
Net loss	\$ (645,554)	\$ (573,671)
Other Comprehensive (Loss) Income		
Unrealized gain on translation of self-sustaining foreign operations	50,719	-
Comprehensive (Loss) Income	(594,835)	\$ (573,671)

Consolidated Statements of Changes in Retained Earnings and Accumulated Other Comprehensive loss

Three months ended March 31, 2008 and 2007

	March 31, 2008 (Unaudited)	March 31, 2007 (Audited)
Retained Earnings		
Beginning of period	\$ 2,106,161	\$ 5,467,430
Net (loss) earnings	(645,554)	(573,671)
	1,460,607	4,893,759
Accumulated Other Comprehensive Loss on translation of Self-sustaining Foreign Operations		
Beginning of period	(867,271)	(896,614)
Net unrealized gain on translation of self-sustaining foreign operations in the year	50,719	-
	(816,552)	(896,614)
Total Retained Earnings and Accumulated Other Comprehensive Loss	\$ 644,055	\$ 3,997,145

See accompanying notes to consolidated financial statements.

Financial Statements

Consolidated Statements of Cash Flows

Three months ended March 31, 2008 and 2007

	March 31, 2008 (Unaudited)	March 31, 2007 (Unaudited)
Cash provided by (used in):		
Operations:		
Net (loss) earnings	\$ (645,554)	\$ (573,671)
Items not involving cash:		
Amortization of plant and equipment	267,485	69,490
Amortization of acquired intangibles	633,000	-
Future income taxes	(583,960)	8,827
Amortization of gain on disposition property	(47,770)	(47,769)
Stock compensation	33,540	75,000
	(343,259)	(468,123)
Change in non-cash operating working capital	1,096,112	167,914
	752,853	(300,209)
Investing:		
Increase (decrease) due to short-term investment	-	(265,572)
Purchase of plant and equipment	(463,188)	(200,057)
Acquisitions, net of cash and cash equivalents	87,315	-
Repayments of lease receivables	159,831	277,439
	(216,042)	(188,190)
Financing:		
Decrease in line of credit	(925,954)	-
	(925,954)	-
Decrease in cash and cash equivalents	(389,143)	(488,399)
Cash and cash equivalents, beginning of period	1,075,203	6,712,786
Cash and cash equivalents, end of period	\$ 686,060	\$ 6,224,387

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Nature of operations:

DDS Wireless International Inc. (the "Company") operates in the wireless mobile data industry and is engaged in the design, development and deployment of turnkey solutions including application software, mobile devices, infrastructure products, project implementation services and maintenance.

The Company is incorporated under the laws of the Province of British Columbia and is listed on the Toronto Stock Exchange under the symbol DD. The Company changed its name to DDS Wireless International Inc. from Digital Dispatch Systems Inc. on March 4, 2008.

2. Consolidated financial statement presentation:

These interim financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements, and accordingly, these interim financial statements should be read in conjunction with the Company's audited financial statements as at and for the year ended December 31, 2007.

3. Significant accounting policies:

These interim financial statements follow the same accounting policies and methods of application used in the Company's audited financial statements as at and for the year ended December 31, 2007 with the exception of the following:

(i) Inventories

Commencing with the Company's 2008 fiscal year, the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") for accounting for inventories (CICA Handbook section 3031) will apply to the Company. Under the new requirements, inventory must be valued at the lower of cost and net realizable value with any write-down reversed (to the extent of the original write-down) if circumstances change in subsequent periods. The new section also enhances guidance regarding the definition of cost and disclosure costs. The Company has commenced application of this section as of January 1, 2008.

(ii) Capital Disclosures

Commencing with the Company's 2008 fiscal year, the new recommendations of the CICA for capital disclosures (CICA Handbook Section 1535) will apply to the Company. This section will require quantitative and qualitative disclosure in the footnotes to the financial statements about the Company's capital requirements and objectives. The Company has commenced application of this section as of January 1, 2008.

(iii) Presentation and Disclosure of Financial Instruments

Commencing with the Company's 2008 fiscal year, the new presentation and disclosure recommendations of the CICA for financial instruments (CICA Handbook Section 3862 and 3863) will apply to the Company. These new recommendations increase the disclosure of the nature and extent of risks arising from financial instruments and how the Company manages those risks. The Company has commenced application of these sections as of January 1, 2008.

4. Accounts receivable:

	March 31, 2008	December 31, 2007
Accounts receivable	\$ 7,409,096	\$ 7,986,978
Unbilled receivables	3,228,242	3,326,299
	10,637,338	11,313,277
Less allowance for doubtful accounts	(507,347)	(513,475)
	\$ 10,129,991	\$ 10,799,802

Notes to Consolidated Financial Statements

5. Plant and equipment:

March 31, 2008			
	Cost	Accumulated amortization	Net book value
Furniture	\$ 2,615,312	\$ 2,357,804	\$ 257,508
Computer equipment and software	7,632,352	5,203,778	2,428,574
Intellectual property	80,585	80,585	-
Leasehold improvements	300,115	129,573	170,542
	\$ 10,628,364	\$ 7,771,740	\$ 2,856,624

December 31, 2007			
	Cost	Accumulated amortization	Net book value
Furniture	\$ 2,763,885	\$ 2,480,146	\$ 283,739
Computer equipment and software	6,751,136	4,540,695	2,210,441
Intellectual property	80,585	80,585	-
Leasehold improvements	281,810	115,069	166,741
	\$ 9,877,416	\$ 7,216,495	\$ 2,660,921

6. Intangibles:

		March 31, 2008		March 31, 2008
Estimated useful life	Cost	Accumulated amortization	Net book value	
Acquired software	6	\$ 7,143,000	\$ 563,000	\$ 6,580,000
Customer relationships	6	1,998,000	73,000	1,925,000
Trademarks and brand	4	239,000	89,000	150,000
Non-compete agreements	3 to 5	479,000	36,000	443,000
Dispatch service agreements	2.5	1,115,000	274,000	841,000
Patent portfolio	6	317,000	4,000	313,000
Customer obligations	1	168,000	42,000	126,000
		\$ 11,459,000	\$ 1,081,000	\$ 10,378,000

Notes to Consolidated Financial Statements

7. Lease receivable:

	March 31, 2008	December 31, 2007
Leases receivable	\$ 2,501,803	\$ 2,701,040
Less unearned finance income	401,439	440,845
Net leases receivable	2,100,364	2,260,195
Current portion	384,365	475,377
	\$ 1,715,999	\$ 1,784,818

Future minimum lease payments receivable are as follows as at March 31, 2008:

Nine months ending December 31, 2008	\$ 424,775
Year ending December 31, 2009	485,474
Year ending December 31, 2010	498,156
Year ending December 31, 2011	534,156
Year ending December 31, 2012	523,007
Thereafter	36,235
	\$ 2,501,803

8. Line of credit:

On November 9, 2007 the Company increased its line of credit to \$4.0 million which bears interest at prime plus 0.5%. The Company is the beneficiary of a guarantee provided by Viksun Enterprise Inc., a company controlled by the Company's Chief Executive Officer in the amount of \$2.0 million with the remainder of the line of credit secured by all the assets of the Company. As at March 31, 2008, the Company had \$330,000 (December 31, 2007 – \$1,255,954) on this line of credit.

The Company's subsidiary, Mobisoft, has an undrawn \$243,660 (€150,000) operating line of credit available as at March 31, 2008, which bears interest at one month Euribor rate plus 1%. It is secured by way of a General Securities Agreement of Mobisoft and requires Mobisoft to maintain certain bank covenants.

9. Long term debt:

The Company assumed long term debt through its acquisition of Mobisoft as follows:

(a) A loan with the Nordea Bank for the purchase of the Telia Sonera business secured by the assets of Mobisoft consisting of the net dispatch service call fees payable by Telia Sonera. The loan bears an interest rate of 4.86% with the balance as at March 31, 2008 of \$207,114 (€127,499). The loan has a four year term expiring March 15, 2010 with monthly payments of \$8,630 (€5,313) excluding interest.

(b) The Company has unsecured government loans with the State Treasury of Finland for the development of specific products totaling \$563,821 (€347,095) as at March 31, 2008 as follows:

(i) Loan for software product development payable in the amount of \$196,707 (€121,095) as at March 31, 2008 with an interest rate of 1% and repayment commencing April 7, 2006 and ending April 7, 2010 with annual payments on each anniversary date of \$65,569 (€40,365) excluding interest.

Notes to Consolidated Financial Statements

9. Long term debt (continued):

(ii) Loan for software product application service provider ("ASP") development payable in the amount of \$175,435 (€108,000) as at March 31, 2008 (2006 - €86,400) with an interest rate of 1% and repayment commencing November 24, 2009 and ending November 29, 2011 with annual payments on each anniversary date of \$58,478 (€36,000) excluding interest.

(iii) Loan for payment related software product development for \$191,679 (€118,000) as at March 31, 2008 with an interest rate of 1% with payment commencing December 12, 2009 and ending December 20, 2011 with annual payments on each anniversary date of \$63,892 (€39,333) excluding interest.

(c) The Company also assumed a capital lease through its acquisition with a balance payable of \$15,420 as at March 31, 2008 with \$10,000 payable within twelve months after March 31, 2008.

The long term debt of the Company is as follows as at March 31, 2008:

Nordea Bank	\$	207,114
Government loans with Finland State Treasury		563,821
Capital lease obligation		16,164
		787,099
Current portion		(153,196)
	\$	633,903
<hr/>		
Loan repayments for the years ending December 31,		
Nine months ending December 31, 2008	\$	153,196
Year ending December 31, 2009		299,702
Year ending December 31, 2010		212,557
Year ending December 31, 2011		121,644
	\$	787,099

10. Other (income) expense:

	March 31, 2008	March 31, 2007
Amortization of gain on disposal of land and building	\$ (47,769)	\$ (47,769)
Other	6,173	593
	\$ (41,596)	\$ (47,176)

The gain on disposal of land and building is amortized over the life of the original lease.

11. Share capital:

- (a) Authorized:
- 200,000,000 common shares, without par value
 - 50,000,000 preferred shares, without par value

Notes to Consolidated Financial Statements

11. Share capital (continued):

(b) Issued and outstanding:

	Number of Shares		Amount
Balance at, December 31, 2005	12,558,067	\$	20,922,358
Redeemed and cancelled for cash	(694,866)		(1,157,647)
Balance at, December 31, 2006	11,863,201		19,764,711
Shares Issued on acquisition	1,279,990		3,071,976
Balance at, December 31, 2007	13,143,191		22,836,687
Shares issued during period	646,555	\$	1,771,560
Balance at, March 31, 2008	13,789,746	\$	24,608,247

(c) Stock options:

The Company has granted stock options to a wide group of management, directors and employees. Under the approved plan, options may be granted for up to 1,000,000 shares of common stock in aggregate. Options generally vest over a three-year term, with one-sixth of the option grant vesting at the end of each six-month interval.

The Company has a broadly distributed stock option plan for management, directors and employees. The maximum authorized number of common share options that can be granted under the plan is 1,000,000. As at March 31, 2008, the Company had outstanding 758,748 options to acquire common shares at prices ranging from \$3.00 to \$3.75 per share out of a maximum of 1,000,000 options that have already been approved by the shareholders. The Company has an obligation to issue a total of 388,000 options to employees of StrataGen and MobiSoft under the terms of the acquisition subject to shareholder approval by the Company.

Stock option activity since December 31, 2005 is presented below:

	Number of shares		average exercise price
Outstanding, December 31, 2005	485,167	\$	4.36
Granted	324,500	\$	3.50
Cancelled	(265,667)	\$	3.54
Outstanding, December 31, 2006	544,000	\$	3.52
Granted	555,000	\$	3.00
Cancelled	(264,166)	\$	3.86
Outstanding, December 31, 2007	834,834	\$	3.23
Granted	172,500	\$	3.01
Cancelled	(248,586)	\$	3.46
Outstanding, March 31, 2008	758,748	\$	3.11
Exercisable, March 31, 2008	146,403	\$	3.28

Notes to Consolidated Financial Statements

11. Share capital (continued):

The following table summarizes the stock options outstanding and exercisable at March 31, 2008:

	Exercise prices	Number of shares	Options outstanding	Options exercisable
			Remaining contractual life (years)	Number exercisable
\$	3.00	601,248	2.41	66,111
\$	3.50	145,500	1.27	70,792
\$	3.55	3,000	0.58	2,000
\$	3.75	9,000	0.72	7,500
		758,748	2.16	146,403

The stock option expense in the three months ended March 31, 2008 was \$33,540 (three months ended March 31, 2007 - \$75,000). The weighted average fair value of options granted in the three months ended March 31, 2008 was \$3.01 (three months ended March 31, 2007 - \$3.00) determined using the Black-Scholes option-pricing model at the date of each grant with the following assumptions:

	March 31, 2008	March 31, 2007
Expected option lives	3 years	3 years
Risk-free interest rate	3.7-4.5%	3.7-4.4%
Expected dividend yield	0%	0%
Expected stock price volatility	71 - 84%	71 - 86%

(d) Contributed surplus for the three months ended March 31:

	2008		2007	
Balance, beginning of period	\$	660,231	\$	378,069
Stock options expense (Note 11(c))		33,540		75,000
Balance, end of period	\$	693,771	\$	453,069

(f) Warrants:

Part of the consideration for the acquisition of StrataGen was a future maximum payment to the StrataGen shareholders of US\$2.3 million in DDS common shares issued from treasury or cash at DDS' sole discretion. Such payment is based on revenue from certain contracts that StrataGen was negotiating at the time of the acquisition. As payment for such revenue is received DDS common shares will be issued from treasury unless the Company chooses to pay cash. The right to obtain such shares is represented by warrants issued on December 7, 2007 to the StrataGen shareholders entitling them to receive at the option of DDS, cash or DDS common shares, which for financial reporting purposes are classified in liabilities at March 31, 2008. The number of common shares to be issued is based on the revenue and related payment received and the trading price of the shares at the time of their issuance. Prior to March 31, 2008, the Company issued 646,555 shares from treasury for payment of US\$1.8 million deferred acquisition consideration payable resulting in total issued and outstanding shares of 13,789,746.

Notes to Consolidated Financial Statements

12. (Loss) earnings per share for the three months ended March 31:

	2008			2007		
	Net loss	Common shares	Per share amount	Net loss	Common shares	Per share amount
Basic and diluted earnings per common share	\$ (645,554)	13,164,506	(\$0.05)	\$(573,671)	11,863,201	(\$0.05)

For the above periods, the effect of outstanding stock options was antidilutive.

13. Financial instruments:

(a) Fair value of financial instruments:

The fair values of the Company's interest bearing lease receivables have been calculated based on the discounted market rate of interest and approximate fair market value. The fair values of cash, cash equivalents, short term investments, accounts and unbilled receivables, income taxes receivable and payable, accounts payable and accrued liabilities approximate their carrying values due to the near-term maturity of these financial instruments. The fair values of long-term debt approximates carrying values, except for the State Treasury of Finland loans for which fair value was determined (Note 9).

(b) Concentration of credit risk:

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents consist primarily of deposits with major commercial banks. With respect to accounts receivable and lease receivables, allowances are maintained for potential credit losses consistent with the credit risk of specific customers.

(c) Foreign exchange risk.

Substantially all of the Company's revenues are denominated in currencies other than the Canadian dollar. Fluctuations in the exchange rates between these currencies and the Canadian dollar can have a material effect on the Company's business, financial condition and results of operations. The Company mitigates a portion of this risk by denominating certain of its payment obligations in foreign currencies.

(d) Interest rate risk

The Company's line of credit bears interest at a floating rate and therefore the Company is exposed to changes in cash flows due to fluctuations in interest rates.

14. Commitments and contingencies:

(a) Operating leases:

The Company has entered into various operating lease agreements for leased premises, with remaining terms of up to 6 years. Of the total lease obligations, approximately 83% relates to a lease agreement with a company controlled by the majority shareholder for the land and building occupied by the Company. This lease arose as part of a sale and leaseback transaction entered into in 2003, resulting in a gain to the Company of \$955,381, which is amortized over the initial five year term of the lease expiring September 2008. The deferred gain represented by the unamortized portion is \$95,538 as at March 31, 2008 (March 31, 2007 - \$286,616). The payments with respect to this lease are based on fair market value and aggregated \$153,360 for the three months ended March 31, 2008 (three months ended March 31, 2007 - \$147,258). This facility lease agreement was extended in January 2008 by

Notes to Consolidated Financial Statements

14. Commitments and contingencies (continued):

the Company for a five year period ending September 2013. Under this extension the consolidated minimum lease payments in each of the next five years total as follows:

Nine months ending December 31, 2008	\$	685,518
Year ending December 31, 2009		925,211
Year ending December 31, 2010		862,396
Year ending December 31, 2011		716,913
Year ending December 31, 2012		714,227
Year ending December 31, 2013		549,405
	\$	4,453,670

(b) Legal Proceedings:

A claim has been filed against the Company in the United States District Court of New York for damages against DDS for infringement of copyright and breach of partnership agreement. The Company has filed its answer to the claim, denying it in its entirety and counterclaiming against the plaintiff for breach of contract.

(c) Performance bonds:

For certain contracts, the Company was required to post performance bonds totaling USD\$3,549,200. The Company arranged the bonds with Canada Export Development Corporation ("EDC") and has agreed to indemnify EDC. Under certain conditions the Company may be required to increase one performance bond by the amount of USD\$250,000 to USD\$750,000.

15. Segment information:

(a) The Company operates in the wireless mobile data industry and all sales of its products and services are made in this industry. The revenue and plant and equipment of the geographic segments are as follows for the three months ended March 31:

	2008	2007
Revenues:		
United States	\$ 2,791,771	\$ 1,927,368
Canada	1,132,513	679,888
Europe	2,851,513	1,021,757
Asia	225,203	226,677
	\$ 7,001,000	\$ 3,855,690

	2008	2007
Plant and equipment:		
Canada	\$ 786,206	\$ 558,988
United States	1,878,006	21,472
Europe	192,154	30,802
Asia	258	10,485
	\$ 2,856,624	\$ 621,747

Notes to Consolidated Financial Statements

15. Segmented information (continued):

	2008		2007	
Acquired intangibles:				
United States	\$	5,323,766	\$	-
Europe		5,054,234		-
	\$	10,378,000	\$	-

	2008		2007	
Goodwill:				
Canada	\$	722,000	\$	-
Europe		2,607,000		-
	\$	3,329,000	\$	-

Effective January 1, 2008, the Company reorganized itself into four distinct business units; Taxi, Transit, eFleet and Wireless Devices and Communications as a result of the Mobisoft and StrataGen acquisitions in late 2007.

	Taxi	Transit	eFleet	Hardware	Total
Revenues from external customers	\$4,727,322	\$1,981,399	\$67,598	\$224,681	\$7,001,000
Amortization of plant and equipment	159,745	28,616	14,834	64,290	267,485
Amortization of intangibles	365,000	268,000	-	-	633,000
Income tax (recovery) expense	42,298	(249,631)	(57,696)	9,302	(255,727)
Expenditures for plant and equipment	304,809	158,379	-	-	463,188

The Company does not allocate interest revenue and expenses and non-cash share based compensation to individual segments, rather these are reported internally at the consolidated level.

For the three months ended March 31, 2007, none of the segments, other than taxi, were reportable, and therefore segmented information was not required to be provided.

Notes to Consolidated Financial Statements

15. Segmented information (continued):

(b) The Company's revenue is earned through the following activities for the three months ended March 31:

	2008		2007	
Products and services	\$	6,955,191	\$	3,697,379
Investments		3,300		109,924
Financing lease income		42,509		48,387
	\$	7,001,000	\$	3,855,690

There was no customer that individually represents in excess of 10% of the Company's total revenues for the 3 months ended March 31, 2008.

16. Related party transactions:

The Company is party to an operating lease agreement with a company controlled by the majority shareholder, as detailed in Note 14.

The Company is a beneficiary of a guarantee provided by the company controlled by the majority shareholder, as detailed in Note 8.

The Company provides sales and services to a customer that is related to a director. In the three months ended March 31, 2008 the total sales and services to this customer were \$62,762 (three months ended March 31, 2007 - \$88,399). These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the respective parties.

Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") of DDS Wireless International Inc. (the "Company" or "DDS Wireless") has been prepared by management as of May 14, 2008, and should be read in conjunction with the unaudited consolidated financial statements and related notes thereto of the Company for the three months ended March 31, 2008, which were prepared in accordance with Canadian generally accepted accounting principles.

Forward-Looking Statements

This filing 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 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 customers' 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, 2007. 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.

Statements in this filing about future results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in any forward-looking statements. These factors include, among others, business and economic risks and uncertainties, those described in connection with the forward-looking statements included herein and the risk factors set forth above.

In some cases, forward-looking statements can be identified by the use of words such as "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential" or "continue" and statements that an event or result "may," "will," "should," "could," "might occur," "be achieved", "the negative," or other variations of these words, or other comparable words or phrases. Forward-looking statements are based on estimates and opinions of management at the date the statements are made.

Although the Company believes that the expectations reflected in its forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements or other future events. Moreover, neither the Company nor anyone else assumes

Management Discussion and Analysis

responsibility for the accuracy and completeness of forward-looking statements. The Company is under no duty to update any of its forward-looking statements after the date of this filing. All forward-looking statements in this filing are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. For the reasons set forth above, the reader should not place undue reliance on forward-looking statements.

Overall Performance

Company Overview

DDS Wireless is a global leader in providing application software and solutions for wireless fleet management for multiple markets. It is diversified in taxi, transit, trucking, roadside assistance and other transportation related markets worldwide. Previously known as Digital Dispatch Systems Inc., a world leader in providing wireless data dispatch systems to the taxi market for over 20 years, the Company had primarily focused on the taxi industry but restructured its operations into four market focused businesses in late 2007 to facilitate diversification and growth and effectively integrate the newly acquired businesses of MobiSoft and StrataGen. DDS Wireless offers a range of solutions for diverse transportation market segments through the four different businesses; Taxi, Transit, eFleet and Digital Wireless - each committed to providing the best in class solutions for its specific market with a clear customer focus and dedicated resources. With offices in Canada, the U.S., the U.K., Sweden, Finland, India and Singapore, the Company serves its customers worldwide.

For financial reporting purposes prior to 2008, all of the four market segments do not meet the criteria for separate disclosure.

Taxi Business Unit: Digital Dispatch Systems Inc.

The Company's most established and largest business operates under the names of Digital Dispatch and MobiSoft. Digital Dispatch is a global provider of computerized dispatching and turnkey wireless fleet management solutions for taxi fleets ranging in size from ten to several thousand vehicles. The addition of MobiSoft's bundled subscription solution for fleet management has further expanded Digital Dispatch's portfolio of offerings, and has enabled it to address the needs of small taxi fleets. In addition, Digital Dispatch provides mobile commerce (credit & debit cards) and interactive

multimedia solutions information, entertainment and advertising solution for taxis through a passenger information monitor and called SmartCab™. Working with taxi companies and advertising partners, this business is focused on leveraging the Company's strong taxi heritage to introduce new leading-edge services and solutions to the taxi industry.

Transit Business Unit: StrataGen Systems Inc.

Boasting a customer base that includes four of the top five, and 10 of the top 20 transit authorities in North America, as well as small demand response operators in Europe, the Transit operations of StrataGen combines DDS Wireless' ongoing business as a supplier of mobile devices and wireless communications infrastructure with StrataGen's advanced scheduling, dispatching and client management software and MobiSoft's bundled scheduling and dispatching solution. This has positioned StrataGen as a premier solutions provider in the transit market with an end-to-end solution using core technologies from within DDS Wireless. The combination of DDS Wireless transit business with that of MobiSoft and StrataGen has provided critical mass to this business unit under a dedicated and focused team.

Dispatch Fleet Management Business Unit: DDS eFleet Services Inc.

Catering to commercial fleets like limousines and work trucks, eFleet™ extends some of the core functionalities of computerized dispatching to commercial fleet operators without the upfront costs of maintaining an in-house solution. The eFleet™ is a subscribed bundled solution that includes software, hardware and data networks that are securely accessible via any Internet web browser. The eFleet™ system provides dispatching and management functionality for fleets of commercial vehicles. It integrates computer aided wireless dispatch, GPS fleet tracking, GPS navigation, two-way text messaging, and point-of-sale payment processing into a single hosted system that is available as a subscription service. It is particularly successful in extending other third party applications to provide wireless capability by interfacing to eFleet™ services.

Wireless Devices and Communications Business Unit: DW Digital Wireless Inc.

Dedicated to developing a wide range of in-vehicle wireless data computers and communications infrastructure products, the Digital Wireless division is the hardware

Management Discussion and Analysis

manufacturing, quality control and hardware development hub of DDS Wireless. Digital Wireless provides each of the other DDS Wireless' businesses with the devices used in their solutions. Digital Wireless is pivotal in positioning the Company as a transit and taxi solutions provider offering end-to-end indigenously developed solutions. Digital Wireless also markets its products as an original equipment manufacturer ("OEM") directly to customers and third-party solution providers.

Financial Results

The financial performance for the quarter ended March 31, 2008, can be summarized as follows:

- EBITDAS (defined as earnings before interest, tax, depreciation, amortization and stock compensation expense) was \$33,000 for the quarter compared to (\$602,000) in the previous quarter and (\$639,000) in the same period of last year.
- Revenues increased by 82% to \$7,001,000 over the same period in the prior year primarily due to revenues attributable to MobiSoft and StrataGen being included in the Company's consolidated financial results since their respective acquisition dates of October 8, 2007, and December 7, 2007. Revenue decreased by 4% from the previous quarter ending December 31, 2007, as the Company has traditionally experienced seasonality in revenues with the latter half of the year posting stronger revenues.
- Recurring revenues (defined as revenues from long-term maintenance and support services, Bundled Subscription Solutions ("BSS"), transaction-based revenues and miscellaneous accessory sales to existing customers) accounted for 63% of total revenues in the first quarter of 2008 and 55% in the previous quarter (Q4 2007). Due to the acquisitions of MobiSoft and StrataGen in the fourth quarter of 2007, no meaningful data is available for periods before that so the management has provided estimates for comparative reasons (refer to "Revenue" section in the next page). The remainder of revenues (defined as revenues from sales of complete wireless dispatch and software development systems, mobile fleet management software licenses, and additional and replacement devices) is derived from enterprise customers. This reflects the Company's overall strategy of moving into a recurring revenue based model.
- Gross margin increased to 45% for the three months ended March 31, 2008, from 44% in the previous quarter and decreased from 52% in the same period in the prior year. Gross margin before amortization of capitalized assets charged to cost of sales is 47% in the current quarter which is close to the company's target gross margin of 50%.
- The Company's operating expenses were \$3,486,591 for the three months ended March 31, 2008, compared to \$3,971,938 from the previous quarter and \$2,548,187 for the same period in 2007. The expenses in the last quarter were unusually high due to certain costs associated with acquisitions.
- Net loss for the quarter was (\$645,554) compared to a net loss of (\$998,926) and (\$573,671) respectively for the previous quarter and the first quarter of 2007. This includes amortization and stock compensation expenses of \$934,025.
- As of March 31, 2008, the Company had \$0.7 million in cash with \$0.3 million drawn on its \$4.2 million line of credit facility.
- The Company had 13,789,746 shares outstanding as at March 31, 2008.

Management Discussion and Analysis

Summary of Quarterly Results

(in \$000's other than EPS)	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008
Revenue	\$5,489	\$6,047	\$6,080	\$3,856	\$4,329	\$5,096	\$7,278	\$7,001
Gross margin %	52.8%	53.2%	48.8%	51.7%	49.7%	51.2%	43.5%	45%
Gross margin	\$2,896	\$3,217	\$2,966	\$1,995	\$2,152	\$2,610	\$3,169	\$3,175
Operating expenses	\$2,318	\$2,307	\$2,752	\$2,548	\$2,777	\$2,567	\$3,972	\$3,487
Net income	\$8	\$614	\$1,215	(\$574)		(\$592)	(\$999)	(\$646)
Earnings per common share	\$0.00	\$0.05	\$0.10	(\$0.05)	(\$0.10)	(\$0.05)	(\$0.08)	(\$0.05)

The Company's quarterly financial statements are not reviewed by the Company's auditor with the exception of the three months ended June 30, 2007 and September 30, 2007. The quarterly financial statements are the responsibility of management and are reviewed by the Company's audit committee.

The majority of the Company's sales are into export markets, primarily denominated in US dollars and Euros.

Selected Quarterly Information

	Q1 2008	Q4 2007	Q1 2007
Revenue	7,001,000	\$7,278,156	\$3,855,690
Net income	(\$646,554)	(\$998,926)	(\$573,671)
Basic earnings per common share	(\$0.05)	(\$0.08)	(\$ 0.05)
Common shares outstanding (weighted average)	13,164,506	13,143,191	11,863,201
Total assets	\$37,909,824	\$38,831,514	\$28,584,663
Total long term financial liabilities	\$787,099	\$650,246	Nil

Management Discussion and Analysis

Results of Operations

	Q1 2008	Q4 2007	Q1 2007
Revenue	100.0%	100.0%	100.0%
Cost of sales	54.6%	56.5%	48.3%
Gross margin (with amortization of sales related assets)	45.4%	43.5%	51.7%
Gross margin (without amortization of sales related assets)	47.1%	44.6%	51.7%
Operations expense			
Research and development	18.1%	21.7%	24.9%
Sales and marketing	13.4%	13.4%	23.6%
General and administrative	18.3%	19.5%	17.6%
Other expenses	8.4%	6.5%	6.0%
Earnings before income taxes	-12.9%	-17.5%	-20.3%
Income taxes	-3.7%	-3.8%	-5.4%
Net (loss) earnings	-9.2%	-13.7%	-14.9%

Revenue

Q1 2008	Q4 2007	Q1 2007
\$7,001,000	\$7,278,156	\$3,855,690

Revenues increased by 82% to \$7,001,000 over the same period in the prior year primarily due to revenues attributable to MobiSoft and StrataGen being included in the Company's consolidated financial results since their respective acquisition dates of October 8, 2007, and December 7, 2007. Revenue decreased by 4% from the previous quarter ending December 31, 2007, as the Company has traditionally experienced seasonality in revenues with the latter half of the year posing stronger revenues. The revenue for the three months ended March 31, 2008 was relatively consistent with the last quarter except for slightly lower enterprise solution sales in this quarter. The revenue in Q1 2007 was lower because revenues associated with enterprise solutions was less than normal due to delays in project delivery. This had the effect of increasing the recurring revenue component as the revenue was largely made up of customer services and accessory sales.

The revenue contributions of the respective markets compared to the prior periods are summarized in the following table.

(in \$'000s)	Q1 2008 ¹	Q4 2007 ²	Q1 2007 ²
Taxi	\$4,727	\$5,540	\$3,409
Transit	1,981	1,496	183
eFleet	68	49	34
Hardware & Infrastructure	225	193	230
Total Revenue	\$7,001	\$7,278	\$3,856
% Recurring	63.0%	54.6%	68.1%

¹ Unaudited

² Management's estimate, Unaudited

Management Discussion and Analysis

Commencing in 2008, the Company has segregated its operations into the following business units and as such, reports the results on a segmented basis for the three months ended March 31, 2008, as follows:

(in \$'000s)	Taxi	Transit	eFleet	Hardware & Infrastructure	Total
Revenue	\$4,727	\$1,981	\$68	\$225 ⁽¹⁾	\$7,001
Gross Margin % without amortization of sales related assets	43%	57%	33%	55%	47%
Gross Margin without amortization of sales related assets	\$2,014	\$1,139	\$22	\$123	\$3,298
Gross Margin % with amortization of sales related assets	40%	57%	17%	55%	45%
Gross Margin with amortization of sales related assets	\$1,902	\$1,138	\$11	\$123	\$3,175

Note:

(1) Includes some corporate level revenue.

The Company's revenues are internally further segmented into the following. All except the last is considered recurring revenue:

- Customer service contracts for maintenance,
- Transaction based revenue from credit and debit card transactions, call center revenue in Finland for call booking,
- Bundled subscription service for Taxi Book, New York City Taxi Limousine Commission (TLC), and eFleet services,
- Accessories and small repetitive orders from existing customers in all markets,
- Enterprise system sales, advertising revenue and hardware sales.

Gross Margin

	Q1 2008		Q4 2007		Q1 2007	
Revenue	\$7,001,000	100%	\$7,278,156	100.0%	\$3,855,690	100.0%
Costs of sales	\$3,825,580	54.6%	\$4,108,846	56.5%	\$1,861,068	48.3%
Gross Margin without amortization of sales related assets	\$3,298,969	47.1%	\$3,246,457	44.6%	\$1,994,622	51.7%
Gross Margin with amortization of sales related assets	\$3,175,420	45.4%	\$3,169,310	43.5%	\$1,994,622	51.7%

Gross margin percentage increased to 45% for the three months ended March 31, 2008, from 44% in the previous quarter and decreased from 52% in the same period in the prior year. Gross margin before amortization of capitalized assets for sale is 47% in the current quarter which is close to the company's target gross margin of 50%.

Gross margin for the current quarter was \$3.2 million representing an increase of 59% from \$2.0 million for the first quarter of 2007 and a 0.2% increase from the \$3.2 million reported for the three months ended December 31, 2007. Gross margin before amortization of capitalized assets charged to cost of sales is \$3.3 million for the quarter. The Company expects costs associated with amortization of capitalized assets charged to cost of sales related to its bundled subscription services (Taxi Book, TLC, and eFleet initiatives) to increase with the growth of this business. However, this will be offset by increased utilization of fixed capital costs and resources associated with these revenues as the costs are spread out over a greater number of subscriptions.

Management Discussion and Analysis

Operating Expenses

Operating expenses for the three months ended March 31, 2008, and 2007 totaled \$3.5 and \$2.5 million, respectively, compared to \$4.0 million for the three months ended December 31, 2007. The increase over the first quarter in 2007 is primarily attributable to the Company's acquisitions of MobiSoft and StrataGen in late 2007 with their expenses included in the Company's financial results since their respective dates of acquisition. The decrease compared to the operating expenses for the prior quarter is attributable to reduced bad debt expenses and lowering of some accruals estimates, increase in research oriented projects which yield higher investment tax credits and less integration expenses in Q1 2008 than in Q4 2007.

	Q1 2008	Q4 2007	Q1 2007
Total operating expenses	\$3,486,591	\$3,971,938	\$2,548,187
% of revenue	49.8%	54.6%	66.1%

Research and Development

The Company has research and development groups located in Richmond, B.C., Canada; Tampere, Finland; and Kirkland, Washington, U.S.A with the large majority of its research and development employee headcount based in Richmond, B.C., Canada. The Taxi group's research and development team located in Tampere, Finland is involved in development of the Taxi Book product and the Richmond, B.C. group is responsible for the development of the Pathfinder™ and SmartCab™ products. The Transit group develops products in Kirkland, WA and Richmond, Canada and all of eFleet and Digital Wireless development teams are located in Richmond as well. Substantially all of the research and development expenditures relate to employee compensation and facilities costs. All R&D costs stated are net of investment tax credits available from the Canadian government for R&D activities in Canada.

	Q1 2008	Q4 2007	Q1 2007
R&D	\$1,270,447	\$1,581,036	\$959,752
% of revenue	18.1%	21.7%	24.9%

Research and development expenditures increased to \$1.3 million in the three months ended March 31, 2007 from \$960,000 in the same period in the prior year and decreased from \$1.6 million in the three months ended December 31, 2007. The increase over Q1 2007 is due to acquisitions of MobiSoft and StrataGen and their associated costs of development. The decrease from the prior quarter is due to efficiencies realized from resource sharing and reduction in overlap. The Taxi, Transit, Digital Wireless and eFleet group spent \$609,000, \$289,000, \$319,000 and \$78,000 respectively in R&D activities. In accordance with its strategic plan, the Company intends to continue to invest a significant portion of future revenues in the enhancement of existing products and the development of new products.

Sales and Marketing

	Q1 2008	Q4 2007	Q1 2007
Sales & marketing	\$938,303	\$972,908	\$910,873
% of revenue	13.4%	13.4%	23.6%

The Company maintains a direct sales force with staff in Canada, US, India, Finland and the UK. A centralized marketing department in Richmond, B.C. supports the worldwide sales organization. Sales and marketing expenses are made up mainly of employee compensation and related travel, trade shows, advertising, promotion, communications and facilities costs.

Sales and marketing costs are relatively consistent at \$938,000 for the three months ended March 31, 2008 compared to \$911,000 in the same period in the prior year and \$973,000 in the three months ended December 31, 2007. The Company expects to continue investing in sales and marketing activities as it grows its newly formed market-focused business units.

General and Administrative

	Q1 2008	Q4 2007	Q1 2007
G&A	\$1,277,841	\$1,417,994	\$677,562
% of revenue	18.3%	19.5%	17.6%

Management Discussion and Analysis

General and administrative expenses include executive and administrative staff, facilities, public company costs, insurance, bad debt expense, audit and legal fees as well as administrative costs. General and administrative expenses increased to \$1.3 million for the three months ended March 31, 2008 over \$678,000 for the same period in the prior year and decreased from \$1.4 million in the previous quarter. The increase from Q1 2007 is primarily attributable to the addition of MobiSoft and StrataGen after their respective acquisition dates. The decrease from Q4 2007 is primarily attributable to reduced bad debt expense, and lowering of some accruals estimates and less integration expenses in Q1 2008 than in Q4 2007.

Other (Income) and Expense

	Q1 2008	Q4 2007	Q1 2007
Other (income) & expense	\$590,110	\$474,300	\$229,935
% of revenue	8.42%	6.5%	(6.0%)

The change from the three months ended March 31, 2008 over the prior periods is attributable to foreign exchange and stock compensation expense as follows:

- Amortization of plant and equipment of \$144,000 for the quarter (Q4 2007 - \$92,000; Q1 2007 - \$69,000);
- Amortization of acquired intangibles of MobiSoft and StrataGen of \$633,000 (Q4 2007 - \$448,000; Q1 2007 - nil);
- Net foreign exchange gain of \$179,000 was attributable to the impact of the strengthening of the US dollars, Euros, and UK Sterling pounds relative to the Canadian dollar as compared to the prior periods gain of \$86,000 and loss of \$133,000 in Q1 2007;
- Stock compensation expense (which represents the estimated cost to the Company of stock options, using the Black-Scholes option-pricing model factoring in additional options granted by the Company during the period) totaled \$34,000 compared to \$57,000 in Q4 2007 and \$75,000 Q1 2007; Other income of \$42,000 for the quarter (Q4 2007 - \$37,000; Q1 2007 - 47,000).

Foreign currency risk is the risk to the Company's earnings that arises from fluctuations in foreign currency exchange rates, and the degree of volatility of these rates with a substantial portion of the Company's sales derived in U.S. dollars. The Company has not entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

Income Tax

The Company's effective tax rate for the current quarter was a net recovery of (28.4%) as compared to the Q4 2007 and Q1 2007 recoveries of (21.8%) and (26.8%) respectively, which is primarily attributable to the Company experiencing losses in its operations. The Company is subject to corporate income tax rates in varying jurisdictions, ranging principally from 20% to 35%, and the effective rate in any given year or quarter depends on the proportion of income or losses in each jurisdiction with the expected effective tax rate to be consistent with that experienced in prior years.

Liquidity and Capital Resources

Net Cash is defined as total cash and cash equivalents less amount borrowed against its line of credit. The Company had Net Cash of \$0.4 million as of March 31, 2008 compared to (\$0.2) million as at December 31, 2007. The change is attributable to the Company's positive EBITDAS experienced during the three months ended March 31, 2008. The Company entered into a line of credit facility during 2007 which had a balance payable of \$0.3 million as at March 31, 2008. The Company had long term debt of \$0.8 million (including short term portion) as at March 31, 2008 which was obtained in its acquisitions of MobiSoft and StrataGen compared to \$650,000 as at December 31, 2007.

The Company's cash and short-term investments are primarily intended for use in the Company's growth strategy which includes acquisitions, geographic expansion and product development activities. The Company believes that with its current working capital, in addition to its line of credit facilities and cash flow from operations, it will have sufficient resources to carry on operations in the short term and the long term and to pursue its business plan.

Management Discussion and Analysis

Commitments

The Company had the following commitments as at March 31, 2008:

Contractual Obligations	Payments Due by Period as at January 1, 2007				
	Total	< 1 year	1 - 3 years	4 - 5 years	> 5 years
Long Term Debt	770,935	143,243	627,692	-	-
Capital Lease Obligations	16,164	9,953	6,211	-	-
Operating Leases	4,453,670	685,518	2,504,520	1,263,632	-
Purchase Obligations	2,145,001	2,145,001	-	-	-
Other Long Term Obligations	-	-	-	-	-
Acquisition Purchase Price Payable - MobiSoft	1,102,539	1,102,539	-	-	-
Acquisition Purchase Price Payable - StrataGen	1,311,019	796,019	515,000	-	-
Total Contractual Obligations	9,799,328	4,882,273	3,653,423	1,263,632	-

The Company entered into operating leases in the normal course of business which are primarily attributable to facility leases for its operations. The Company also has purchase obligations with vendors in the normal course of business. The Company does not foresee any liquidity risk with these items which will be funded from the Company's working capital in the next twelve months.

Off-Balance Sheet Arrangements

For certain contracts, the Company was required to post performance bonds totalling USD\$3,549,200. The Company arranged the bonds with Canada Export Development Corporation ("EDC") and has agreed to indemnify EDC.

Legal Proceeding

A claim has been filed against the Company in the United States District Court of New York for damages against DDS Wireless for infringement of copyright and breach of partnership agreement. The Company has filed its answer to the claim, denying it in its entirety and counterclaiming against the plaintiff for breach of contract.

Transactions with Related Parties

The Company leases its head office land and building located in Richmond, BC, Canada, from a company controlled by the Company's majority shareholder, under an operating lease expiring in September 2008. This lease arose as part of a sale and leaseback transaction entered into in 2003, resulting in a gain to the Company of \$955,381, which is amortized over the term of the initial lease term expiring September 2008. The deferred gain represented by the unamortized portion is currently \$95,538 (three

months ended March 31, 2007 - \$286,616). The payments with respect to this lease are based on fair market value and aggregated \$153,360 for the three months ended March 31, 2008 (three months ended March 31, 2007 - \$147,258). This lease agreement has been extended in 2008 by the Company for a five year period ending September 2013. The minimum lease payments under the lease are \$685,518 for the nine months ended December 31, 2008.

On November 9, 2007 the Company increased its line of credit to \$4.0 million which bears interest at prime plus 0.5%. The Company's Finnish subsidiary MobiSoft also has a line of credit for \$0.2 million. The Company is the beneficiary of a guarantee provided by Viksun Enterprises Inc., a company controlled by the Company's Chief Executive Officer in the amount of \$2.0 million with the remainder of the line of credit secured by all the assets of the Company. As at March 31, 2008, the Company had a balance payable of \$330,000 (December 31, 2007 - \$1,255,954) drawn on this line of credit.

The Company provides sales and services to a customer that is related to a director. During the three months ended March 31, 2008, the total sales and services to this customer were \$62,762 (three months ended March 31, 2007 - \$88,399). These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the respective parties.

Management Discussion and Analysis

Proposed Transactions

As of May 14, 2008, the Board of Directors had not committed to proceed with any proposed asset or business acquisitions or dispositions.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles, and all dollar amounts are expressed in Canadian dollars. For a complete description of the Company's significant accounting policies, please refer to note 2 to the financial statements.

Revenue recognition:

The Company's revenues come from these primary sources:

- Contracts for complete wireless dispatch and software development systems
- Provision of bundled subscription solutions for mobile fleet management solutions
- Sales of mobile fleet management software licenses
- Maintenance and support services related thereto
- Sales of additional and replacement devices

Contracts for complete wireless dispatch systems include multiple deliverables, which are separated into discrete units of accounting based on the residual method. Revenues from installation of system infrastructure are recorded using the percentage-of-completion method, which results in deferred revenue on the balance sheet when services are invoiced in advance of the revenue being earned, and unbilled receivables on the balance sheet when revenue is earned prior to invoicing the customer. Profit estimates on contracts where the percentage-of-completion method is applied are revised periodically based on changes in circumstances, and losses on contracts are recognized immediately. Revenues from system devices related to contracts for complete wireless dispatch systems are recorded when all significant acts have been completed and delivery has occurred with no substantial risk of return and collectability is reasonably assured. While the Company maintains a security interest in certain systems and devices until payment has been received in full, such right does not preclude the buyer from full use in the ordinary course of business or rights thereto.

Contracts for software development systems include multiple deliverables, which are separated into discrete units of accounting based on the residual method. Revenues from installation and customization of system infrastructure and sales of third party hardware and software are recorded using the percentage-of-completion method. Where reliable input measures and estimates for completion exist, the input method is used to determine the percent complete, otherwise, the output method, using contract milestones to estimate percentage completion is used. These estimates result in deferred revenue on the balance sheet when services are invoiced in advance of the revenue being earned, and unbilled receivables on the balance sheet when revenue is earned prior to invoicing the customer. Profit estimates on contracts where the percentage-of-completion method is applied are revised periodically based on changes in circumstances, and losses on contracts are recognized immediately.

Revenue for the provision of taxi dispatch services and subscribed service offerings are recognized as these services are provided with any related costs recorded as cost of sales.

Software licenses which are perpetual in nature and sold to MobiSoft's enterprise customers are recognized upon delivery where persuasive evidence of an arrangement existing, the selling price is fixed or determinable and collection is reasonably assured. Software licenses sold to subscription customers that are required to use the subscription service are deferred and recognized over the related term of the subscription service agreement.

Maintenance and support service revenues are recognized proportionately over the term of the contract in the case of long-term contracts, and at the time of performance for other services.

Revenue from embedded maintenance both for contracts and sales orders are deferred and recognized over the effective life of the contract.

Revenues from sales of additional and replacement devices are recognized once delivery has occurred with no substantial risk of return and collectability is reasonably assured.

Revenue associated with devices shipped but not yet delivered to the customer's location is deferred and recognized when delivery occurs. There was no deferred revenue in respect of such goods in transit at March 31, 2008 (December 31, 2007 – nil).

Management Discussion and Analysis

Changes in Accounting Policies including Initial Adoption

(i) Inventories

Commencing with the Company's 2008 fiscal year, the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") for accounting for inventories (CICA Handbook section 3031) will apply to the Company. Under the new requirements, inventory must be valued at the lower of cost and net realizable value with any write-down reversed (to the extent of the original write-down) if circumstances change in subsequent periods. The new section also enhances guidance regarding the definition of cost and disclosure costs. The Company has commenced application of this section as of January 1, 2008.

(ii) Capital Disclosures

Commencing with the Company's 2008 fiscal year, the new recommendations of the CICA for capital disclosures (CICA Handbook Section 1535) will apply to the Company. This section will require quantitative and qualitative disclosure in the footnotes to the financial statements about the Company's capital requirements and objectives. The Company has commenced application of this section as of January 1, 2008.

(iii) Presentation and Disclosure of Financial Instruments

Commencing with the Company's 2008 fiscal year, the new presentation and disclosure recommendations of the CICA for financial instruments (CICA Handbook Section 3862 and 3863) will apply to the Company. These new recommendations increase the disclosure of the nature and extent of risks arising from financial instruments and how the Company manages those risks. The Company has commenced application of these sections as of January 1, 2008.

Financial Instruments and Other Instruments

The Company's use of financial instruments and other instruments is limited to highly liquid short term investments whose fair values approximate their carrying values; lease receivables resulting from the sale of certain systems using sales-type leases; and trade accounts receivable and payable.

Risks associated with financial instruments are minimal as they are fixed rate and short term. Currently there are no lease receivables resulting from sales-type leases.

Disclosure of Outstanding Share Data

Share capital	Issued and outstanding	Convertible
200,000,000 Common shares without par value	13,789,746	Non-convertible
50,000,000 Preferred shares without par value	None	Non-convertible

The Company has a broadly distributed stock option plan for management, directors and employees. The maximum authorized number of common share options that can be granted under the plan is 1,000,000. As of March 31, 2008 there were 758,748 options outstanding. As at May 14, 2008, the Company had 668,873 options outstanding to acquire common shares at prices ranging from \$3.00 to \$3.75 per share out of a maximum of 1,000,000 options that have already been approved by the shareholders. The Company has an obligation to issue a total of 388,000 options to employees of StrataGen and MobiSoft subject to shareholder approval by the Company.

Part of the consideration for the acquisition of StrataGen was a future maximum payment to the StrataGen shareholders of US\$2.3 million in DDS Wireless common shares issued from treasury or cash at DDS Wireless' sole discretion. Such payment is based on revenue from certain contracts that StrataGen was negotiating at the time of the acquisition. As payment for such revenue is received DDS Wireless common shares will be issued from treasury unless the Company chooses to pay cash. The right to obtain such shares is represented by warrants issued on December 7, 2007 to the StrataGen shareholders entitling them to receive at the option of DDS Wireless, cash or DDS Wireless common shares, which for financial reporting purposes are classified in liabilities at March 31, 2008. The number of common shares to be issued is based on the revenue and related payment received and the trading price of the shares at the time of their issuance. On March 28, 2008, the Company issued 646,555 shares from treasury for payment of US\$1.8 million deferred acquisition consideration payable resulting in total issued and outstanding shares of 13,789,746.

Management Discussion and Analysis

Disclosure Controls and Procedures and Controls Over Financial Reporting

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of December 31, 2006 (the "Evaluation Date") as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective in timely alerting them to the material information relating to the Company (or its consolidated subsidiaries) required to be included in the Company's periodic SEDAR filings.

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management has concluded that the internal controls of the Company have been adequately designed. Management has determined that it will assess the need for improvements pertaining to the Company's internal controls, if any, including ensuring that the personnel implementing its internal controls have appropriate skills and training, that checklists are used to ensure that internal control processes are well defined and adhered to and that its internal controls are sufficiently documented regarding the review and evidence of operation.

Changes in Internal Controls

Other than as noted above, there were no changes made to the Company's internal controls over financial reporting during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Audit Committee Financial Expert

The Company appointed Erik Dysthe, an independent director, as Chairman of the Audit Committee. All members of the Audit Committee are independent and meet the qualifications of a financial expert.

Code of Business Conduct

In May 2006, the Company adopted a Code of Business Conduct

Additional Information

Additional information related to the Company, including the Company's Annual Information Form for the year ended December 31, 2007, is available on SEDAR at www.sedar.com.

Form 52-109F2 Certification of Interim Filings

I, Vari Ghai, President and Chief Executive Officer of DDS Wireless International Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of DDS Wireless International Inc. for the interim period ending March 31, 2008;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: May 14, 2008



Vari Ghai
President and CEO

Form 52-109F2 Certification of Interim Filings

I, Kelly Chow, Vice President – Finance of DDS Wireless International Inc., certify that:
I, Travis Dormuth, Financial Controller of DDS Wireless International Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of DDS Wireless International Inc. for the interim period ending March 31, 2008;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: May 14, 2008



Kelly Chow
Vice President – Finance



Travis Dormuth
Financial Controller

Corporate Information

Listing

DDS Wireless International is listed on the Toronto Stock Exchange (TSX) under trading symbol DD.

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Board of Directors

Erik Dysthe

Investor and Director
of various companies

Mark Joseph

President and COO
Veolia Transit Inc.

Vari Ghai

President, CEO and Chairman
DDS Wireless International Inc.

Daniel Daviau

Principal
Genuity Capital Markets

Sal Visca

Chief Technology Officer
Business Objects SA.

Executive Management

Vari Ghai

President and Chief Executive Officer

Steven Juliver

President, Digital Dispatch Systems Inc.

Mike Nienhuis

President, StrataGen Systems Inc.

George Lipski

President, DW Digital Wireless Inc.

Raymond D. Fast

President, DDS eFleet Services Inc.



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