



PRESS RELEASE

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DDS Wireless Delivers 25% Revenue Growth in Q1 2010

Richmond, BC, May 6, 2010 – DDS Wireless International Inc. (TSX: DD), a world leader in providing wireless data solutions for fleet management for more than 20 years, today reported financial results for the three months ended March 31, 2010. All financial information is expressed in Canadian ("CDN") dollars and Canadian generally accepted accounting principles ("GAAP"), except as otherwise noted.

"I am pleased to report year-over-year revenue growth of 25% in the first quarter of 2010," said Vari Ghai, CEO of DDS Wireless. "Our reported revenues of \$8.9 million represent a record level of Q1 revenues for DDS Wireless, a quarter which has traditionally been our seasonally slowest quarter. The growth in revenues was the direct result of a significant increase in enterprise solutions revenue from new contract wins in the second half of 2009 and the first quarter of 2010. The underlying growth of the company is even more significant considering the rise in the Canadian dollar against the US dollar and Euro during the recent periods. I am also pleased to report that we were EBITDAS positive in the first quarter."

Q1 2010 Operational Highlights

- StrataGen Systems, the Company's Transit business unit, delivered strong results with revenue growth of 40% over Q1 of 2009, delivering on significant contracts in the US and the UK.
- During the first quarter, StrataGen also announced \$4.1 million in new contracts, including a deal with MTA New York City Transit ("NYCT") to add Interactive Voice Response (IVR) capability to the existing StrataGen ADEPT™ installation and a second deal with Broward County, Florida to add Dispatch Alert.
- Subsequent to the close of the first quarter, StrataGen announced a further contract with NYCT to provide further customization and enhancements to ADEPT™. Combined, the two contracts with NYCT will provide additional gains in efficiency and functionality to ADEPT™ which is managing the routing and scheduling for over 26,000 passenger trips per day for NYCT.
- Digital Dispatch, the Company's Taxi business unit, delivered revenue growth of 19% over Q1 of 2009 as it benefited from a strong contract backlog carried forward from 2009 from significant international contracts signed in the second half of 2009 including Taxi Düsseldorf in Germany and Orix in India.
- Digital Dispatch also announced an important new customer win with a leading taxi operator in the Greater Toronto Area and recently signed an important partnership with RideCharge to integrate RideCharge's electronic booking service with DDS' dispatch and fleet management application.
- The Company's eFleet unit, also showed significant growth in revenues of 20% from a strong build up in its subscriber base in prior periods. Subsequent to the close of Q1, eFleet signed its largest contract to date with one of the largest US based limousine and shuttle services operators. The contract will significantly add to its subscriber base in 2010.

- The Digital Wireless business unit launched the new Vector 800™ mobile data terminal in the first quarter. With a full colour, high resolution display and five wire touch screen, the Vector 800™ establishes a new level of functionality for small and mid-sized segments and enterprise customers seeking high functionality at a very competitive price point.

Non-GAAP Measures

The following discussion of financial results includes reference to EBITDAS. EBITDAS is a non-GAAP financial measure which the Company defines as Earnings before interest, taxes, depreciation, amortization and stock compensation expenses. The measure is provided as a proxy for the cash earnings of the business as net income for the Company includes a significant amount of non-cash amortization expense primarily related to acquisitions completed in prior years.

Financial Results for the Three Months Ended March 31, 2010

Revenues for the three months ended March 31, 2010 were \$8.9 million, an increase of \$1.8 million or 25% over the same period in 2009. The primary driver of growth was revenue realized from a record solutions revenue backlog carried forward from the prior fiscal year. Overall solutions revenue grew by \$2.0 million or 159% on a year over year basis with an almost even contribution from the Taxi and Transit business units, and a small contribution in growth from the Digital Wireless business unit. This was offset by a slight decrease in recurring revenues due mainly to adverse foreign exchange movements and a decline in recurring sales orders as resources were focused on solutions revenue fulfillment. The overall growth in revenue was achieved despite the offsetting effects of the decline in the US dollar and Euro against the Canadian dollar. Of the Company's \$8.9 million in revenues for the quarter, 53% were denominated in US dollars and 32% in Euros.

Revenues from markets outside of Canada accounted for 87% of total revenues for the three months ended March 31, 2010, up from 85% in the same period in the prior year. The Transit business unit saw its primary growth in the US market while the Taxi and Digital Wireless business units drove growth in Europe and the rest of the world.

Gross margin for the three months ended March 31, 2010 increased to 45%, as compared to 43% for the three months ended March 31, 2009. Gross margins improved slightly over the three months ended March 31, 2009 due to higher revenue levels which drove higher rates of utilization. Management expects gross margins to improve in the latter part of 2010.

Operating expenses for the three months ended March 31, 2010 decreased to \$3.7 million from \$3.8 million for the same period in 2009. The decrease in operating expenses is attributable to a \$0.1 million reduction in sales and marketing expense as a result of unfilled positions and lower marketing program expenses, and a decline in general and administrative expenses resulting from a decrease in legal and other professional fees. These were partially offset by an increase in research and development expenses as a result of increased staffing and research and development activities.

Other expenses include items such as amortization of plant and equipment, amortization of intangible assets, foreign exchange gains and losses, and stock compensation expense. Other expenses were \$1.0 million for the three months ended March 31, 2010 compared to \$0.7 million in the three months ended March 31, 2009, and \$0.8 million in the prior quarter. The increase in other expenses over the comparable periods is largely attributed to an increase in foreign exchange losses in the three months ended March 31, 2010 resulting from the rise of the Canadian dollar against the

USD and Euro during the period. The increase in foreign exchange loss was partly offset by a reduction in amortization expense related to intangible assets.

For the three months ended March 31, 2010, DDS Wireless reported a net loss after tax of \$0.6 million, or (\$0.04) per share, compared with net loss of \$1.1 million, or (\$0.08) per share.

EBITDAS (as defined above) was \$0.1 million for the three months ended March 31, 2010 compared to EBITDAS loss of \$0.5 million for the same period in the prior year.

The Company has line of credit facilities totaling \$4.2 million. At March 31, 2010, the Company had no balance drawn on its credit facilities and \$1.6 million in cash, or \$0.11 per share. This compares to \$1.6 million in cash and \$0.2 million drawn on its lines of credit at December 31, 2009. As at the date of this release, the Company was not drawn on its line of credit.

As at March 31, 2010 the Company had 13,789,746 shares outstanding which is unchanged from December 31, 2010.

Outlook

Based on our first quarter results, backlog, and sales pipeline, we remain very positive on our growth objectives for the year. We are maintaining our revenue guidance issued in March for revenues of \$40 - \$41 million for the year ending December 31, 2010 which translates to year-over-year growth of 12% - 15%.

Conference Call

The Company will also host a conference call at 12:00 PM Eastern time today to discuss the financial results. Please call 416-340-8061 / 866-225-0198 to participate in the call. A replay of this conference call will be available through May 15, 2010, by dialing 416-695-5800 / 800-408-3053 and entering access code 2024488

Forward-Looking Statements

This press release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, operations, anticipated financial performance, business prospects and strategies, statements about future market conditions, supply and demand conditions, revenues, gross margins, operating expenses, profits, and other expectations, intentions, and plans contained in this press release that are not historical facts. Such forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors which could cause actual results or events to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, business risks, changes in market and competition, technological and competitive developments and potential downturns in economic conditions generally. Given these risks and uncertainties DDS Wireless cannot guarantee that any forward looking statements will be realized.

About DDS Wireless International Inc.

DDS Wireless International Inc. is a global leader in providing application software for multiple vertical markets within the transportation industry. The Company specializes in transit routing and scheduling, real-time dispatching, vehicle location and tracking software applications, communications infrastructure as well as in-vehicle wireless devices. DDS Wireless operates four businesses dedicated for Transit, Taxi, Limousines and Work Truck, and Wireless Devices and Communication Infrastructure. The Company supports its customers worldwide through its offices in Canada, Finland, Singapore, Sweden, U.K. and U.S.A.

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SEE ATTACHED SUMMARY FINANCIAL STATEMENTS

DDS WIRELESS INTERNATIONAL INC.

Consolidated Balance Sheet (unaudited)

	As at	
	March 31, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,580,360	\$ 1,603,384
Accounts receivable, net	3,683,781	4,520,061
Contract work-in-progress	4,189,645	4,066,082
Income taxes receivable	7,561	14,104
Inventories	2,004,911	1,966,090
Prepaid expenses	544,705	508,993
Current portion of leases receivable	437,035	541,044
Future income taxes	650,000	650,000
	13,097,998	13,869,758
Plant and equipment	2,135,444	2,315,939
Investment	102,565	102,565
Long-term leases receivable	1,565,848	1,592,701
Investment tax credit receivable	4,700,238	4,482,536
Future income taxes	1,067,219	989,284
Acquired intangibles	5,901,480	6,612,217
Goodwill	3,087,036	3,333,973
	\$ 31,657,828	\$ 33,298,973
Liabilities and Shareholders' Equity		
Current liabilities:		
Lines of credit	\$ -	\$ 158,389
Accounts payable and accrued liabilities	4,799,963	4,286,339
Future income taxes	353,592	478,844
Deferred revenue	2,250,272	3,085,547
Current portion of long-term debt	158,862	199,043
	7,562,689	8,208,162
Long-term debt	69,755	71,549
Future income taxes	1,286,306	1,168,683
	8,918,750	9,448,394
Shareholders' equity:		
Share capital	24,608,226	24,608,226
Contributed surplus	1,203,043	1,118,410
(Accumulated deficit) retained earnings	(2,252,217)	(1,632,709)
Accumulated other comprehensive (loss) income	(819,974)	(243,348)
	22,739,078	23,850,579
	\$ 31,657,828	\$ 33,298,973

DDS WIRELESS INTERNATIONAL INC.

Consolidated Statements of Operations
(unaudited)

	Three months ended	
	March 31, 2010 (unaudited)	March 31, 2009 (unaudited)
Revenue	\$ 8,887,359	\$ 7,106,507
Cost of sales		
Sales related expenses	4,726,502	3,825,965
Amortization of sales related assets	192,052	226,017
	4,918,554	4,051,982
	3,968,805	3,054,525
Operations expenses:		
Research and development	1,515,874	1,426,847
Sales and marketing	813,078	935,971
General and administrative	1,349,900	1,471,492
	3,678,852	3,834,310
Profit (Loss) before under noted	289,953	(779,785)
Other (income) expense:		
Amortization of plant and equipment	120,828	113,733
Amortization of acquired intangibles	440,684	657,236
Foreign exchange loss	336,391	(93,798)
Stock-based compensation	84,633	-
Other	13,042	8,996
	995,578	686,167
Loss before income taxes	(705,625)	(1,465,952)
Income tax provision (recovery)		
Current income taxes	(810)	25,240
Future income taxes	(85,307)	(435,049)
	(86,117)	(409,809)
Net loss	\$ (619,508)	\$ (1,056,143)
Loss per common share:		
Basic and diluted	\$ (0.04)	\$ (0.08)
Weighted average number of shares outstanding	13,789,746	13,789,746