

DATAKOM WIRELESS CORPORATION
QUARTERLY MANAGEMENT REPORT
Three Months Ended March 31, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

This report is a review of the financial results and situation of Datacom Wireless Corporation for the three-month period ended March 31, 2008. These comments must be read in conjunction with the unaudited financial statements of Datacom Wireless Corporation and their related notes for the corresponding period. To obtain more information on Datacom Wireless Corporation ("Corporation"), visit the SEDAR website at HYPERLINK "<http://www.sedar.com>" www.sedar.com or the Corporation's website at HYPERLINK "<http://www.datacom.com>" www.datacom.com.

The unaudited interim consolidated financial statements and management's discussion and analysis ("MD&A") have been reviewed by the Corporation's Audit Committee and approved by its Board of Directors. The external auditors have not reviewed the unaudited interim consolidated financial statements nor the MD&A.

In this report, the terms "we", "us", "our", "Datacom", "enterprise", "Company" and "Corporation" refer to Datacom Wireless Corporation. The financial statements for the Corporation were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The Corporation reports its results in Canadian dollars, and all amounts stated in this report are in Canadian dollars, unless otherwise specified.

This report is based on information available to management on May 7, 2008.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain statements that may be deemed "forward-looking statements". Forward-looking statements" are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", and other similar words, or statements that certain events or conditions "may" or "will" occur. All statements in this MD&A, other than statements of historical facts, that address future events or developments that the Corporation expects or anticipates, are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices and general economic, market or business conditions. There can be no assurance that forward-looking statements will prove to be accurate, as results and future events could differ materially from those anticipated statements. The Corporation undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

I. OVERVIEW

Founded in 1999, the Corporation has grown to become one of the Canadian leaders in the design, development and marketing of mission critical vehicle fleet management and theft prevention and recovery solutions. Its products and services use wireless communications and satellite-based tracking technologies (GPS) and a state-of-the-art ASP information portal.

II. NON-GAAP FINANCIAL MEASURES

EBITDA (earnings before interest, taxes, depreciation and amortization) is used to compare operating results from one period to another. EBITDA is not an earnings measure recognized by GAAP and does not have a standard meaning prescribed by GAAP. The method for calculating EBITDA may differ from that used by other companies under the same designation.

The reader is advised that EBITDA should not be substituted for determined net income as an indicator of operating results in line with GAAP, nor for cash flows from operating and investing activities as a measure of liquidity and cash flows. The financial indicator that conforms to GAAP and is the closest to EBITDA is net income.

III. FIRST QUARTER HIGHLIGHTS

- Pierre Collins left the Company on February 22, 2008 and Pierre Bélanger, a member of Datacom's Board since 2005, was named Acting President and Chief Executive Officer.
- The Company announced the departure of Marc Bouchard, Vice President, Finance on April 4 2008. His departure will become effective following the next annual meeting on May 8, 2008.
- The Board of Directors plans to set up an organizational structure, over the next few months, in line with the Company's targets for growth and business volume.
- The Company initiated a global review of its activities in the first quarter with the objective aimed at better meeting the growth and profitability targets that it had established. A detailed analysis of its products, services and market will enable the Company to formulate a plan of action focusing on:
 - Upgrading the Mobicom product to respond better to customer expectations with respect to use and functionality.
 - Developing a Mobicom product with tiered services with price and functionality attuned to a broader range of prospective clients.
 - Focusing the R&D team's efforts over the next few months to meet the goals for upgrading the Mobicom product.
 - Developing a sales strategy to optimize the sales structure and to acquire tools needed to maximize Mobicom sales.
 - Reducing operating expenses. (In April 2008, the Company laid off employees, resulting in annual savings estimated to be more than \$600,000. The Company will continue to review all activities to optimize costs.)

- Establishing a product committee in the third quarter of 2008 to submit recommendations to the Board of Directors with respect to services or products that Datacom could deploy to meet the Company's growth plan.
- Establishing a mergers and acquisitions committee in the first quarter of 2008 to analyze the market and to advise the Board of Directors of opportunities that Datacom could pursue to accelerate its growth and profitability.
- In April 2008, in order to reduce a very lengthy sales cycle and high development costs, the Company decided to confine marketing activities for the Hiko salt spreader product to the three manufacturers with which the company has developed interconnections modules. The Company does not at the present time have access to the technology offered by the leading manufacturer.
- In April 2008 in an effort to cut expenses and boost profitability, the company trimmed significantly the number of retailers authorized to sell Vigil products. Only a fraction of these retailers were active on a sustained basis. Datacom will continue to vigorously support this smaller group of retailers, thus ensuring a positive gross margin from this channel.
- In April 2008 the company's analogue network suppliers announced that they will shut down on November 16, 2008. The Company, with nearly 10,000 analogue units in service, will decide what actions must be taken to respond to this closure. Replacing analogue units with digital ones is economically unfeasible. The company will examine different scenarios aimed at minimizing the adverse economic impact of this closure. while focusing on the profitability of this sector of activity.
- As at March 31, 2008, 2,676 Web-based fixed wireless management systems (Rosemount 753R with ITraX) had been sold. The Company shall begin discussions to renew the original agreement with Emerson Electric Company which expires in July 2008.
- In the first quarter of 2008, the addition of new clients and/or units can be summarized as follows:
 - 29 new Mobicom clients (25 in 2007)
 - 301 Mobicom units were sold (350 in 2007)
 - 426 new Mobilus clients (382 in 2007)
 - 2,812 new Mobiguard clients (1,395 in 2007)
 - 180 new Vigil units

IV. FIRST QUARTER RESULTS OF OPERATIONS

The following tables highlight selected financial information for the periods indicated and are derived from the Corporation's unaudited financial statements.

Table 1: Selected financial information

	Three-month period ended	
	March 31	
	2008	2007
<i>(Amounts in thousands, except for per share data and weighted average number of shares outstanding)</i>		
Revenue	\$2,201	\$1,663
Gross margin	950	691
General and administrative	868	494
Sales and marketing	648	319
Research and development	318	255
Research and development tax credits	(45)	(97)
Operations	238	156
Imputed interest on redeemable preferred shares	-	480
Interest on promissory notes	-	60
Other financial expenses (revenue)	(48)	21
Stock-based compensation	6	-
Amortization of intangible assets	34	-
Depreciation and amortization	36	28
Net loss	\$(1,105)	\$(1,025)
Net loss per share:		
Basic and fully-diluted	\$(0.04)	\$(1.14) ⁽¹⁾
Weighted average number of shares outstanding	27,991,151	900,000

Table 2 below represents a non-GAAP measure that management believes is useful for comparing financial results with other companies in its sector.

Table 2: Net loss to EBITDA reconciliation

	Three-month period ended	
	March 31	
	2008	2007
<i>(Amounts in thousands, except for per share data and weighted average number of shares outstanding)</i>		
Net loss	\$(1,105)	\$(1,025)
Imputed interest on redeemable preferred shares	-	480
Interest on promissory notes	-	60
Other financial expenses	(48)	21
Amortization of intangible assets	34	-
Depreciation and amortization	36	28
EBITDA	\$(1,083)	\$(436)
EBITDA per share:		
Basic and diluted	\$(0.04)	\$(0.48)
Weighted average number of shares outstanding	27,991,151	900,000

Revenue

Revenue is generated through the sale of telematics products and the monthly recurring service fees associated with these products. A small percentage of the revenue is generated from professional services, installations, repairs and from the sale of long-term warranties.

Revenue for the first quarter of 2008 totalled \$2.20 million, up 32,3% from 2007 first quarter figures of \$1.66 million. Growth in the customer base is primarily responsible for these increases in revenue.

Recurring revenue increased 53.3% year-over-year from \$0.75 million in the first quarter of 2007 to \$1.15 million for the same period in 2008. Recurring revenue represents 52.0% of total revenue to date in 2008. This figure compares favourably with 2007 first quarter results, in which recurring revenue represented 45.2% of total revenue.

Virtually all of the Corporation's revenue is generated from Canada by its direct sales forces and agents/distributors network in Quebec and Ontario.

Gross Margin

Gross margin is equivalent to revenue minus the cost of goods sold. The cost of goods sold primarily includes the cost of the units sold, as well as that of their assembly, installation and warranty coverage, plus telecommunication costs and other related fees.

The gross margin percentage stood at 43.1% of revenue for the first quarter of 2008 for respective year-over-year increase of 1.59% percentage point.

This increase is primarily due to our improved ability to effectively manage our product installation process.

In dollars, the gross margin rose by \$0.259 million (37%) from 2007 first quarter, climbing from \$0.691 million to \$0.949 million.

Operating Expenses

General and Administrative

General and administrative expenses relate primarily to costs associated with administrative personnel, legal, audit and other and professional fees, occupancy, insurance and other corporate and overhead costs. Bad debts associated with accounts receivable are also recorded as administrative expenses. For the most part, general and administrative expenses are fixed in nature and do not fluctuate as a proportion of revenue, with the exception of those associated with bad debt.

General and administrative expenses rose by \$0.374 million (75.7%) year-over-year in the first quarter, from \$0.494 million in 2007 to \$0.868 million in 2008. This increase is due to costs relating to the hiring of new staff, the departure of the CEO, the business expenses involved in operating a public company and the growth in business volume.

Sales and Marketing

Sales and marketing expenses primarily consist of sales personnel salaries, commissions on indirect product sales and hospitality and travel expenses. Other significant components include advertising and trade show costs.

Expenses related to sales and marketing rose by \$0.329 million (203.1%) year-over-year from \$0.319 million in the first quarter of 2007 to \$0.648 million in the first quarter of 2008. These expenses rose primarily because of the payroll increase caused by the hiring of new staff, business expenses pertaining to market and product analyses and sales material production costs.

Research and Development

The Corporation invests in research and development to maintain its leadership in the markets that it currently serves and to enhance its product portfolio with new features and functionalities. Research and development expenditures do not fluctuate with revenue, but are periodically monitored in relation to revenue and adjusted when appropriate. Research and development expenditures primarily consist of personnel, consulting and material costs. These expenses are presented on a gross basis (before deducting research and development tax credits). Research and development tax credits are shown separately.

Expenses related to research and development stood at \$0.318 million, up 24.7% year-over-year from the \$0.255 million invested in the first quarter of 2007. This increase is mainly due to additional efforts related to the introduction of new products.

Since closing of the IPO, the provision for R&D tax credit was decreased in order to properly reflect the effective rates for public corporations. This re-evaluation negatively affected the R&D tax credit amount indicated on the Statement of Operations.

Operations

Operating expenses relate primarily to customer service and to the Corporation's alarm central. For the most part, expenses from operations are fixed in nature and do not fluctuate directly with revenues. However, a growth in activities will automatically result in an increase of such expenses.

Operating expenses increased by 31.1%, rising from \$0.156 million in the first quarter of 2007 to \$0.238 million in the first quarter of 2008. This increase related directly to the Corporation's increased volume of business.

Amortization of Intangible Assets

The amortization of intangible assets does not in itself generate any outflow of funds and results from the amortization of the intangible assets acquired within the business combination of Vigil GPS.

Depreciation and Amortization

Depreciation and amortization pertains to tangible fixed assets. Please refer to Note 1 of the audited annual financial statements for details related to the Corporation's amortization methods.

Financial Expenses (Revenue)

Financial expenses (revenues) mainly consist of interest income, imputed interest on redeemable preferred shares and interest on promissory notes.

Imputed Interest on Redeemable Preferred Shares and Interest on Promissory Notes

Imputed interest on redeemable preferred shares and interest on promissory notes (as specified in Table 1 and 2) pertains to redeemable preferred shares issued between 2003 and 2005 and promissory notes issued in 2006 and 2007. Immediately prior to the closing of the IPO on June 6, 2007, these redeemable preferred shares and promissory notes, together with their accumulated and unpaid interest and dividends, as part of the capital reorganization, were automatically converted into common shares.

Financing Costs (Revenue)

Financing costs (Revenue) include interest on the bank balance, net bank charges, credit card charges, banking fees and exchange rate gains or losses.

Since banking fees are relatively stable, differences in other financing costs (revenue) were primarily due to variations in the bank account balance and changes in the exchange rate.

The variation in interest revenues was significant in the first quarter of 2008 compared to 2007 first quarter because the Corporation deposited in 2007 the funds generated by the share issuance from the IPO, ensuring prudent and effective management of its cash position.

The Corporation recorded a gain in foreign exchange of \$0.012 million in the first quarter, compared with a loss of \$0.006 million for the same period in 2007.

Stock-based Compensation

Canadian GAAP requires companies to record a compensation expense for stock options granted to employees and directors. The fair value is determined using the Black-Scholes option pricing model, and the compensation expense is charged to income over the vesting period.

During the first quarter of 2008, the Corporation recorded a stock-based compensation expense of \$0.063 million. There was no charge resulting from stock options plan in 2007.

V. ACCOUNTING POLICIES

The Corporation's unaudited interim financial statements are prepared in accordance with the Canadian GAAP using the same accounting policies disclosed in its audited annual financial statements for the year ended on December 31, 2007, except for new accounting policies adopted as at January 1, 2008 which are described in note 2 of the unaudited interim financial statements.

VI. CURRENT SHARE CAPITAL AS AT SEPTEMBER 30, 2007

The share capital of the Corporation consists of an unlimited number of common shares.

5. Share capital:

(a) Issued and paid share capital:

Unlimited number of common shares, with no par value

	March 31, 2008	December 31, 2007
27,951,221 common shares (28,230,733 as at December 31, 2007)	\$ 31,350,346	\$ 31,413,681

The variation related to the issued share capital is summarized as follows:

	Number ⁽¹⁾	Amount
Issued and outstanding as at December 31, 2007	28,230,733	\$ 31,413,681
Cancellation of the shares to the Chief Executive Officer ⁽¹⁾	(279,512)	(63 335)
Issued and outstanding as at March 31, 2008	27,951,221	\$ 31,350,346

(1): The Corporation granted an interest free loan to its Chief Executive Officer of \$251,561, enabling him to purchase 1% of the total number of common shares on Closing of the IPO. This loan was cancelled and the shares were remitted by the chief executive officer following his departure. The shares were subsequently cancelled and the amount of \$63,335 was recorded to contributed surplus.

No new share capital was issued since December 31, 2007.

VII. LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet

<i>(Amounts in thousands of dollars, except where indicated otherwise)</i>	March 31, 2008	December 31, 2007
Working capital	\$4,531	\$5,638
Working capital ratio	2.42 : 1	2,68 : 1
Long-term debt (including obligation under capital lease and current portion)	146	156
Common shares <i>(in dollars)</i>	\$31,350,346	\$31,413,681
Stock purchase warrant <i>(in dollars)</i>	\$2,111,111	\$2,111,111
Contributed surplus <i>(in dollars)</i>	\$127,996	\$58,360
Net loss	\$1,105,195	\$1,025,394

Management is confident that in the normal course of business the current working capital position is adequate to fund the Corporation's operations for at least the next 12 months.

Statement of cash flow summary

<i>(Amounts in thousands of dollars)</i>	Three-month period ended March 31	
	2008	2007
Operating activities	(1,514)	(484)
Financing activities	(9)	325
Investing activities	(11)	(6)
Net decrease in cash and cash equivalents	(1534)	(166)

Operating Activities

Operating activities consumed \$1.514 million in cash flow during the first quarter of 2008, compared with \$0.484 million in 2007. The use of funds pertaining to operating activities was primarily due to the net loss realized over the period as well as by increasing our inventories. In 2007 the net loss of (\$1.025) was reduce by the adjustment of the imputed interest on redeemable preferred shares for \$ 0.480.

Financing Activities

In the first quarter of 2008, funding used in financing activities totalled \$0.009 for the reimbursement of obligations pertaining to capital leasing contracts, while financing activities generated \$0.325 during the same period in 2007, primarily due to the issuance of a \$354,000 promissory note, net of the reimbursement of \$25,000 in long-term debt.

Investment Activities

During the first quarter of 2008, investment activities consisted of the acquisition of capital assets.

VIII. CONTRACTUAL OBLIGATIONS

Cash flows from operations are dependent on a number of factors including fluctuations in operating results and working capital management. As a result, the impact of contractual obligations on liquidity and capital resources in the future should be analyzed in conjunction with those factors. Products are typically sold with a product warranty of 12 months. Management reviews historical warranty costs relative to sales and accrues warranty expenses accordingly. As at March 31, 2008, the Corporation's long-term debt consists of an interest free loan from Canada Economic Development with a remaining obligation of approximately \$123,000.

The following table sets forth the contractual obligations and commitments of the Corporation to make future payments under contracts as at March 31, 2008.

<i>(Amounts in thousands of dollars)</i>	Total	2008	2009	2010	2011	2012+
Long-term debt	123	49	49	25	-	-
Capital lease obligations	44	31	13	-	-	-
Operating lease obligations	42	20	9	9	4	-
Office rent	683	217	229	217	20	-
Total	892	317	300	251	24	-

The Corporation does not have any off-balance sheet arrangements other than as disclosed under this section.

IX. RELATED PARTY TRANSACTIONS

The Corporation granted an interest free loan to its Chief Executive Officer of \$251,561, enabling him to purchase 1% of the total number of common shares on Closing of the IPO. This loan has been cancelled following the departure of the Chief Executive Officer.

X. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

In the normal course of business, the Corporation evaluates the financial condition of our customers and reviews the creditworthiness of all new customers. The Corporation determines an allowance for doubtful accounts to reflect specific customer risk.

XI. OUTLOOK

Management expects that revenues on sales of the Mobicom product will continue to grow. It also plans to improve gross margins in dollars and to optimize operating expenses. Research and development will continue to be key areas in which the Company invests. Sales tools and processes will be brought on board to support the sales effort.

We believe that the closure of the analogue networks could have a significant impact on the Company's operations and results for 2008 that we cannot, for the moment, quantify. We do, however, believe that scenarios exist that will allow the Company a reasonable use of its liquidity, while providing it with the full flexibility it needs for its development.

XII. RISKS AND UNCERTAINTIES

Several inherent risks on the level of the daily operations of the Corporation can have an impact on the future financial results. The most significant risks are:

- We have not yet achieved profitability nor have we achieved the critical mass required in order to ensure our long-term viability and there is no guarantee we ever will.
- Our ability to further penetrate our core markets and existing geographic markets or to successfully expand our business nationally and internationally is subject to numerous factors, many of which are beyond our control. We cannot guarantee that our efforts will be successful. Our failure to do so could have a material adverse effect on our business, financial condition and/or results of operations.
- We depend on several suppliers to provide us with critical electronic components for our products and services. There is no assurance that we will not experience some delays or difficulties for our components provisioning and/or network coverage which are imperative to meet our anticipated growth objectives.
- In April 2008 the company's analogue network suppliers announced that they will shut down on November 16, 2008. The Company, with nearly 10,000 analogue units in service, will decide what actions must be taken to respond to this closure. Replacing analogue units with digital ones is economically unfeasible. The company will examine different scenarios aimed at minimizing the adverse economic impact of this closure by our network providers while focusing on the profitability of this sector of activity.

Mobicom, Mobilus, Mobiguard and HIKO are trademarks of Datacom Wireless Corporation.

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Un exemplaire en français est disponible sur demande adressée auprès du Service des relations avec les investisseurs ou sur le site Internet de SEDAR à l'adresse [_ HYPERLINK "http://www.sedar.com" www.sedar.com](http://www.sedar.com) ou le site Internet de Corporation Datacom Wireless à l'adresse [_ HYPERLINK "http://www.datacom.com" www.datacom.com](http://www.datacom.com).