CORPORATION DATACOM WIRELESS

QUARTERLY MANAGEMENT REPORT
Three Months Ended March 31, 2009

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, 2009. 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 21, 2009.

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

Datacom was established in 1999 and offers a range of products and services for commercial and consumer markets.

Datacom provides high-quality fleet and vehicle management services and products for the commercial market. Fleet managers use the Mobicom™ product line on a 24/7 basis to track vehicle positions in real time on a computerized map and to acquire important management information. System benefits include maximized fleet efficiency, reduced operating, maintenance and fuel costs, and the prevention of theft and misuse. Mobicom™ is a user-friendly productivity enhancement tool that provides a quick return on investment.

Our direct sales force is primarily responsible for Mobicom sales in Quebec. The Ontario market is supported by a direct presence, plus authorized agents.

Datacom offers Mobiguard™ for the consumer market. This theft prevention system is equipped with a revolutionary technology that immobilizes a vehicle by disabling its starter circuit.

Mobiguard™, which Datacom sells to consumers directly through a referral program with certain Quebec insurance companies, stands in a class of its own and is distinguished from other conventional electronic immobilizers by its unique characteristics, including greater ease of use.

Mobiguard™ is an effective mechanism for preventing vehicle theft at a competitive cost. This product entails no monthly fees and permits substantial reductions in insurance premiums.

Despite its decision to stop selling Mobilus and Vigil security products, Datacom will continue to generate recurring revenues through previously sold digital units that it intends to keep in service through December 31, 2010.

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

Increase in Mobicom unit sales

For the period ended March 31, 2009, the Corporation significantly increased its sales for Mobicom, its flagship product. During the period, 479 Mobicom units were sold, up 59% from the 301 units sold in the same 2008 period.

As anticipated, sales were down 12.6% from the first quarter of 2008 for the Corporation's consumer product, with a total 2,457 Mobiguard units sold, compared with 2,812 during the first quarter of 2008.

Decrease in Revenues

Overall revenues were down by $0.469 million or 21% when compared to the first quarter of 2008. This decrease is mostly due to the loss of recurring analogue income and the loss of proceeds due to the halt in sales of Mobilus and Vigil digital products. This decrease is consistent with Management's forecasts. Operating expenses were adjusted accordingly.

Rise in Gross Margin Percentage

The Corporation is particularly pleased by the rise in its gross margin percentage for the first quarter of 2009. This figure climbed 6.3 percentage points to 49.4% compared with 43.1% for the same period in 2008. While revenues were down due to the closure of the analogue networks and the halt in sale of digital security products, the Corporation managed to increase its gross margin percentage with effective cost control measures.

Expense reductions

The Corporation continued the efforts initiated in 2008 and made major reductions in its expenses in the first quarter of 2009, as expenses totalled $1.158 million, or 67% of revenues compared to $2.055 million, or 93% of revenues for the first quarter of 2008.

Review of Activities Outside Quebec

After considering the results for fiscal 2008, the uncertainty affecting the Canadian economy, and the best use of its capital, management initiated a review of its deployment plan outside Quebec. It consequently closed, in January, its Alberta sales office and substantially reduced its Ontario sales team. Management will continue to monitor the situation and to seize on opportunities arising outside Quebec, as appropriate with the general economic situation and the Corporation's financial capabilities.

Emerson Electric Co.

Datacom participated in the development of Itrax, a Web-based fixed assets management system, in conjunction with a subsidiary of Emerson Electric Co., and continues to supply development services and computer support to this product. The original agreement between the Corporation and Emerson Electric Co., which provides for the payment of royalties to Datacom based on the number of units sold, ended in July 2008. Following expiration of the original contract, the Corporation continues to receive monthly royalties under the original terms. Discussions on a longer-term renewal of this agreement are still underway.

Key Performance Indicators

We use such key performance indicators as revenue, gross margin, working capital, net profit "net loss" and net profit "net loss" per share to assess our company wide performance. We also believe that EBITDA or Adjusted EBITDA constitutes an important measurement of our performance.

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

(Amounts in thousands, except for per share data and weighted average number of shares outstanding)	**Three-month period ended March 31** **2009**	**2008**
Revenue	$1 732	$2 201
Gross Margin	855	950
General and administrative	455	868
Sales and Marketing	326	648
Research and development	194	318
Research and Developments tax credits	(12)	(45)
Operations	126	238
Other financial expenses (revenue)	13	(48)
Stock-based compensation	13	6
Amortization of intangible assets	7	34
Depreciation and amortization	35	36
Net loss	$(302)	$(1 105)
Net loss per share		
Basic and fully-diluted	$(0,01)	$(0,04)
Weighted average number of shares outstanding	27 951 221	27 991 151

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

(Amounts in thousands, except for per share data and weighted average number of shares outstanding)	**Three-month period ended March 31** **2009**	**2008**
Net loss	$(302)	$(1 105)
Other financial expenses (revenue)	13	(48)
Amortization of intangible assets	7	34
Depreciation and amortization	35	36
EBITDA	$(247)	$(1 083)
EBITDA per share		
Basic and fully-diluted	$(0,01)	$(0,04)
Weighted average number of shares outstanding	27 951 221	27 991 151

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 2009 totalled $1.732 million, down 21% from 2008 first quarter results of $2.201 million. Revenues were adversely affected due to the loss of recurring analogue income and the loss of proceeds due to the halt in sales of Mobilus and Vigil digital products.

Revenue from recurring services declined 19% year-on-year, from $1.147 million in 2008 to $0.929 million in 2009. Recurring revenue as at March 31, 2009 represented 53.6% of total revenue. This figure compared favourably with March 31, 2008, when recurring revenue represented 52.1% of the total, despite a decline in recurring revenue due to the termination of analogue service and the halt in Mobilus and Vigil sales.

Our revenue is derived almost exclusively in Canada through our direct Quebec sales force.

We must consider the possibility that the economic uncertainty could have a negative impact on the sale of Mobiguard products in 2009, since such sales are directly related to those of new vehicles. Furthermore, insurance company requirements for the installation of security systems like Mobiguard might ease, so that they can maintain their own competitiveness. This situation would hurt our sales.

Economic uncertainty has not reduced demand for Mobicom products to date. We believe the introduction of "all-inclusive" and other packages is helping our product keep its edge. A marked economic slowdown would negatively affect our client base, however and could reduce our revenue.

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 telecom and other related fees.

Gross margin percentage stood at 49.4% of revenues for the three-month period ended March 31 2009 compared with 43.1% of revenues for the same period in 2008. In dollars, gross margin for the first quarter declined 0.095 million or 9.8% from 2008 to 2009.

This rise in percentage is primarily due to a decrease in our equipment costs and a decline in our network expenses following the deployment of monitoring and control tools and through efficient management of our product installation process.

Current economic uncertainty is a key factor to consider in terms of the potentially negative effect it may have on the viability of firms that manufacture Mobicom and Mobiguard equipment. This situation could have an impact on our supply function or on the cost of supplies and thus affect our gross margin. Although there is no present indication that this will occur, current economic uncertainty could have an influence on our equipment vendors in terms of pricing and the availability of supplies. The Corporation has vendors in Canada and in Asia and intends to monitor their financial situations closely.

Operating Expenses

Operating expenses consist of general and administrative expenses, operating expenses, sales and marketing expenses, Research and development expenses and associated tax credits.

General and Administrative

General and administrative expenses relate primarily to costs associated with administrative personnel, professional fees, occupancy, insurance and other 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.

During the first quarter of 2009, General and administrative expenses dropped $0.412 million, or 47.5%, from the same period in 2008. This change was largely due to implementation of the cost reduction plan in the second quarter of 2008 and to a one time payment, in 2008, of $168,750 related to the Chief Executive Officer's departure.

Sales and Marketing

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

During the first quarter of 2008, these expenses stood at $0.326 million, compared with $0.648 million for the sale period in 2008, representing a important decrease of $0.413 million, or 47.5%. This decrease is mainly due to a lower number of employees with their related expenses compared to 2008, and a reduction in expenses for printed material, tradeshows and commissions.

Operations

Operating expenses relate primarily to customer service and to the Corporation's alarm central.

During the first quarter of 2009, Operating expenses dropped $0.112 million, or 47.3%, compared to the same period in 2008. This decrease is primarily due to a reduction of expenses related to the halt in Mobilus and Vigil sales.

Research and Development

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.

During the first quarter of 2009, Research and development expenses decreased by 38.9% to $0.194 million, compared with the $0.318 million invested in this area in the same period of 2008. This decrease is mainly due to a department restructuring and personnel reduction which was completed at the end of 2008. The Corporation continues to invest in research and development but limits the fixed costs related to internal resources for this purpose and ensures its future growth by turning to products developed by third parties.

The Corporation recorded a Research and development tax credit to be received of $0.012 million for the first quarter of 2009, which is $0.033 million less than the amounts provisioned for the same period in 2008.

Other Financial Expenses (Revenue)

Other financial expenses (revenues) are made up of interest earned on bank balances, net bank charges, credit card interest charges, bank charges and foreign exchange gains or losses.

Since bank charges are relatively stable, changes in other financial expenses are primarily due to fluctuations in bank balances and foreign exchange rates.

For the three-month period ended March 31 2009, the Corporation recorded a loss totalling $13,109 comprised of interest earned of $18,500, bank charges of $15,400 and a foreign exchange loss of $16,200 compared with a $48,246 gain for the same period in 2008 comprised of interest earned of $63,300, bank charges of $26,600 and a foreign exchange gain of $11,600.

Amortization of Intangible Assets

In 2008, the Corporation revaluated the intangible assets that had been created following its acquisition of Vigil due to the closure of the analogue networks and the halt in sales of Mobilus and Vigil security products. An amount of $7,400 was booked under the amortization heading for the first quarter of 2009. All intangible assets will have been amortized as at December 31, 2010.

Depreciation and Amortization

Depreciation and amortization pertains to tangible fixed assets. The amortization value of $35,300 for the first quarter of 2009 was relatively stable from the same period in 2008 which was valued at $35,584 due to the fact that no major acquisitions took place in 2008.

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 2009, the Corporation recorded a stock-based compensation expense of $12,400 compared to a $6,300 expense for the same period in 2008.

V. ACCOUNTING POLICIES

Changes in accounting policies

In February 2008, the Canadian Institute of Chartered Accountants (CICA) released Handbook Section 3064, Goodwill and Intangible Assets, and amended Section 1000, Financial Statement Concepts, clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The adoption of this new section had no impact on the Corporation Financial Statements.

In January 2009, the CICA's Emerging Issue Committee ("EIC) issued Abstract EIC-173, Credit risk and the Fair Value of Financial Assets and Liabilities, which requires entities to take both counterparty credit risk and their own credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. The adoption of this new section had no impact on the Corporation Financial Statements.

Changes in accounting policies to be adopted in the future

In February 2008, the CICA announced that Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1 2011. Companies will be required to provide IFRS comparative information for the previous year. Accordingly, the conversion from GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company did not evaluate the impacts of the transition to IFRS on accounting, financial reporting, internal control over financial reporting, taxes, IT systems and processes as well as certain contractual arrangements. The Company is currently in a selection process for a consulting firm to help elaborate a transition plan. The Company will asses the preliminary impacts of the transition to IFRS in the second quarter of 2009 to afterwards elaborate a transition schedule for the deployment of the transition plan.

VI. CURRENT SHARE CAPITAL AS AT MARCH 31, 2009

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

5. Share capital:

Issued and paid share capital:

Unlimited number of common shares, with no par value

	March 31 2009	December 31 2008
27,951,221 common shares	$ 31,350,346	$ 31,350,346

No new share capital was issued since December 31, 2008.

VII. LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet

(Amounts in thousands of dollars, except where indicated otherwise)	**March 31 2009**	**December 31 2008**
Working capital	$3,131	$3,443
Working capital ratio	2.83 : 1	2,61 :1
Long-term debt (including obligation under capital lease and current portion)	$89	$117
Common shares (*in dollars*)	$31,350	$31,350
Stock purchase warrant (in *dollars*)	$2,111	$2,111
Contributed surplus (in *dollars*)	$166	$154

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

Statement of cash flow summary

	Three-month period ended March 31	
(Amounts in thousands of dollars)	**2009**	**2008**
Operating activities	834	(1,514)
Financing activities	(32)	(9)
Investment activities	(6)	(11)
Net decree of cash and cash equivalent	796	(1,534)

Operating Activities

Operating activities for 2008 generated $0,834 million of cash for our operating activities during the three-month period ended March 31, 2009 compared with the $1,514 million utilized for the same period in 2008. For the first quarter of 2009, the generation of operating activity funds primarily resulted from the receipt of Research and development tax credits.

Financing Activities

In the first quarter of 2009, funding used in financing activities totalled $0.032 million for the reimbursement of obligations pertaining to capital leasing contracts, compared to $0.009 million for the same period in 2008.

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, 2009, the Corporation's long-term debt consists of an interest free loan from Canada Economic Development with a remaining obligation of approximately $49,000 and an amount to be paid pertaining to the termination of an agreement of $38,000.

The following table sets forth the contractual obligations and commitments of the Corporation to make future payments under contracts as at March 31, 2009.

Amounts In thousands of dollars	**Total**	**2009**	**2010**	**2011**	**2012**	**2013+**
Long-term debt	49	25	24	-	-	-
Capital lease obligations	6	6	-	-	-	-
Operating lease obligations	20	7	9	4	-	-
Office rent	290	133	157	-	-	-
Total	**365**	**171**	**190**	**4**	**-**	**-**

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

IX. 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 credit worthiness of all new customers. The Corporation determines an allowance for doubtful accounts to reflect specific customer risk. In establishing its provision for doubtful accounts, the Corporation considered a more difficult financial environment compared to 2007 and early 2008.

X. OUTLOOK

Management expects revenues from Mobicom sales to grow in 2009, despite a difficult economic environment. The demand for Mobicom products is so far higher than the same period of 2008 and is slightly higher than our budget forecasts. We believe our product is an excellent tool for helping customers control and reduce their operating costs. This factor clearly represents a plus in the current environment. The introduction of "all-inclusive" plans in 2008 and the reduction of equipment prices helped to maintain the competitiveness of the Corporations products.

Management continues to review its activities to optimize organizational performance, align expenses and improving products and services. The Corporation will continue to assess the possibility of introducing new products and functionalities to its Mobicom line as a means of boosting revenues.

Current economic uncertainty could adversely affect the sale of Mobiguard products in 2009, since such sales are directly related to new vehicle sales. Furthermore, insurance companies, which are concerned about their own competitiveness, may ease their requirements for the installation of security systems such as Mobiguard. Management expects a slight decline in Mobiguard sales for 2009, compared with 2008 and management cannot predict how the market for this product will evolve over the near term.

Because of the termination of analogue service in November 2008 and the decision to halt the sale of Mobilus and Vigil security products, 2009 annual revenues will be less than those of 2008. The resulting reduction in operating expenses should allow the Corporation to improve its profitability in 2009

The December 2008 restructuring of the Research and Development Group, which resulted in a significant decline in the number of employees, reflects an important change in direction for the Corporation. Datacom plans to continue investing in research and development; however the fixed costs involved in using internal resources for this purpose will be reduced. Its future growth will be assured by utilizing products developed by third parties.

XI. 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 will.

- Our ability to penetrate our core markets further and existing geographic markets or to expand our business nationally and internationally successfully 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. The economic uncertainty is an important factor to consider given the potential negative impact on the financial viability of our suppliers for Mobicom and Mobiguard. This situation could also impact our supply or cost of supply and impact negatively our Gross Margin.

- We have relationships with several suppliers certain of which may also be considered competitors and service providers upon which we depend to provide critical components for our products and services. In the event that we are unable to maintain these relationships or establish relationships with new suppliers or service providers as required, the availability, pricing and quality of our products and services may be adversely affected thereby negatively impacting our business operating results and financial condition. Relationships with third party suppliers and service providers expose us to risks associated with the integrity, quality, reputation, solvency and performance of such parties.

- In the current economic context, Management did not find acceptable financings options for our "All Inclusive" sales programs. Our inability to find such financing as a temporary impact on our cash flow that the Management accounted for in its forecasts for 2009.

- In recent years and months, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price, which have not necessarily been related to the operating performance, underlying asset values or prospect of such companies. Investors should assume that markets and share prices will continue to fluctuate in the future. Investors should also assume that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success we may have in creating revenues, cash flows or earnings. The value of our securities will be affected by such volatility.

- Our share price may also experience significant fluctuations due to operating performance, performance relative to analysts' estimates, disposition or acquisition by a large shareholder, a lawsuit against us, the loss or acquisition of a significant customer or distributor, industry-wide factors and factors other than our operating performance. These factors among others may cause changes in the value of the Common Shares.

- Our results could be adversely affected by changing economic conditions in the local or national markets in which we operate.

- Our success will be dependent on our ability to market our products and services in an uncertain economy. There is no guarantee that our products and services will remain competitive. There is no guarantee we will be able to respond to market demands. If we are unable to effectively develop and expand the market for our products and services, our growth may be adversely affected.

- We provide our customers with a limited warranty on our products. Despite quality control procedures, there is no assurance that our provision for this warranty is adequate. If there is a malfunction or error that affects a significant number of our products, the cost to repair, replace or recall these products or component parts could materially adversely affect our operations and financial position.

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