



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 September 30, 2007. 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 www.sedar.com or the Corporation's website at 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 November 28, 2007.

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. THIRD QUARTER HIGHLIGHTS

- On August 31, 2007, the Corporation concluded its acquisition of Vigil Locating Systems Corp. (Vigil GPS) and did so at the price and on the date originally planned. Vigil GPS operates in the same sector of activity as Datacom and its operations are similar in every respect to our own. In addition, its markets and distribution channels complement ours.
- Integration of Vigil GPS is presently ahead of our initial plan. This advance will permit a reduction in operating and labour costs, while creating business opportunities. Since concluding the transaction, we have invested effort in such areas as re-establishing business relations with the entire distribution channel by meeting with the major commercial clients and partners representing some 33% of the acquired units. Following these meetings, we concluded several contracts and/or contract renewals. We have also assured a high quality of support to the acquired client base, transferred all of the acquired technological applications to our own operations servers, completed the migration of alarm protection (surveillance) service to our own alarm central and combined Vigil GPS's technological know-how with our own to create an enhanced platform, while instilling our management discipline within Vigil GPS's operations.
- In August 2007, we proceeded with the launch of our new product: Hiko. Hiko is a state-of-the-art integrated roadsalt and abrasive spreading monitoring system. It combines wireless transmission, GPS and API technologies. It was specially designed for road de-icing and maintenance managers and enables them to locate, follow and manage in real-time on a daily basis all the spreading operations of their territories. Hiko offers accurate measuring of spreading agents and is compliant with the new environment regulation. To date, many Quebec municipalities and public sector service firms have requested price quotes, demonstrating strong interest in this product. We look forward to concluding agreements in the fourth quarter.

- By the end of the third quarter of 2007, the 1,600th Web-based fixed asset remote inventory management system, Rosemount 753R, with iTrax was sold by Emerson. This number largely exceeded expectations and will positively contribute to the growth of recurring revenue. The Corporation helped develop this product in conjunction with a subsidiary of Emerson Electric Co.
- By the end of the third quarter of 2007, the Corporation installed its 15,000th Mobiguard unit, largely exceeding this product's initial sales forecasts.
- In October 2007, we launched a new Mobiguard sales program with La Capitale General Insurance, a Quebec-based insurance firm. Although this new program will have little impact on our 2007 results during its introductory phase, we expect however that it will make a significant contribution to our 2008 income statement.
- The Corporation is continuing to maintain its growth strategy looking for acquisitions.
- During the third quarter of 2007, we added the following:
 - 22 new Mobicom clients (commercial market);
 - 252 Mobicom units were sold
 - 667 new Mobilus clients (consumer market);
 - 2,668 new Mobiguard clients (consumer market);
 - 241 new Vigil GPS units (consumer market).

IV. THIRD 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

<i>(Amounts in thousands, except for per share data)</i>	Three-month period ended September 30		Nine-month period ended September 30	
	2007	2006	2007	2006
Revenue	\$2,131	\$1,972	\$5,846	\$5,256
Gross margin	785	799	2,244	2,193
General and administrative	728	488	1,750	1,449
Sales and marketing	504	391	1,251	1,033
Research and development	328	230	872	652
Research and development tax credits	(45)	(155)	(217)	(275)
Operations	207	158	540	413
Imputed interest on redeemable preferred shares	-	445	738	1,195
Interest on promissory notes	-	25	77	43
Other financial expenses (revenue)	(88)	31	(10)	(13)
Stock-based compensation	62	-	114	-
Amortization of deferred financing costs	-	22	190	81
Amortization of intangible assets	10	-	10	-
Depreciation and amortization	22	36	79	108
Net loss	\$(942)	\$(872)	(3,212)	(2,492)
Net loss per share:				
Basic and fully-diluted	\$(0.03)	\$(0.97)	\$(0.26)	\$(2.77) ⁽¹⁾
Weighted average number of shares	28,230,733	900,000	12,513,059	900,000

- (1) Based on the number of shares in circulation as at September 30, 2007 (28,230,733 shares), diluted and basic losses per share were \$0.11 for the nine-month period ended September 30, 2007.

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

<i>(Amounts in thousands, except for per share data)</i>	Three-month period ended September 30		Nine-month period ended September 30	
	2007	2006	2007	2006
Net loss	\$(942)	\$(872)	\$(3,202)	\$(2,492)
Imputed interest on redeemable preferred shares	-	445	738	1,195
Interest on promissory notes	-	25	77	43
Other financial expenses	(88)	31	(10)	(13)
Amortization of deferred financing costs	-	22	190	81
Amortization of intangible assets	10	-	10	-
Depreciation and amortization	22	36	79	108
EBITDA	\$(998)	\$(313)	\$(2,128)	\$(1,078)
EBITDA per share:				
Basic and diluted	\$(0.04)	\$(0.35)	\$(0.17) ⁽¹⁾	\$(1.20)
Weighted average of number of outstanding shares	28,230,733	900,000	12,513,059	900,000

- (1) Based on the number of shares in circulation as at September 30, 2007 (28,230,733 shares), EBITDA per share were \$0.07 for the nine-month period ended September 30, 2007.

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 third quarter of 2007 totalled \$2.13 million, up 8.1% from 2006 third quarter figures of \$1.97 million. Revenue for the first nine months of 2007 stood at \$5.85 million, representing 11.2% growth over the \$5.26 million earned during the same period in 2006. Growth in the customer base is primarily responsible for these increases in revenue.

Recurring revenue increased 31.9% year-over-year from \$0.71 million in the third quarter of 2006 to \$0.94 million for the same period in 2007. Recurring revenue represents 44.0% of total revenue to date in 2007. This figure compares favourably with 2006 third quarter results, in which recurring revenue represented 36.1% 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 36.8% of revenue for the third quarter of 2007 and at 38.4% for the first nine months of 2007, for respective year-over-year declines of 3.7% and 3.3%.

This decrease was primarily due to a temporary rise in installation labour costs that was solely designed to decrease customer-waiting time for Mobilus product installation significantly. The Corporation expects that this temporary decline will be reduced over the next few quarters.

In dollars, however, gross margin rose \$0.017 million (2%) from the second to the third quarter of 2007, climbing from \$0.768 million to \$0.785 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 \$0.24 million (49.1%) year-over-year in the third quarter, from \$0.488 million in 2006 to \$0.728 million in 2007. This rise was due to the recording of charges relating to the initial public offering, as well as to the rise in cost involved in adding employees, increasing the volume of business and running a public corporation.

General and administrative expenses rose by \$0.302 million for the first nine months of 2007, a 20.8% year-over-year increase.

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 \$0.113 million (28.9%) year-over-year from \$0.391 million in the third quarter of 2006 to \$0.504 million in the third quarter of 2007. These expenses climbed primarily because of increased commissions paid for direct and indirect marketing of products and service plans.

These expenses stood at \$1.25 million for the first nine months of 2007, compared to \$1.03 million in 2006, representing an increase of \$0.22 million (21.0%).

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 \$0.328 million, up 42.3% year-over-year from the \$0.230 million invested in the third quarter of 2006. This increase is mainly due to additional efforts related to the introduction of new products. Research and development

expenses during the first nine months of the period stood at \$0.872 million, up \$0.22 million or 33.8% year-over-year.

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 31.1%, rising from \$0.158 million in the third quarter of 2006 to \$0.207 million in the third quarter of 2007. This increase related directly to the Corporation's increased volume of business. In the first nine months of 2007, these expenses stood at \$0.540 million, compared to \$0.413 million for the same period in 2006, representing a \$0.127 million (31.0%) rise.

Depreciation and amortization

Depreciation and amortization pertains to tangible fixed assets. Please refer to Note 1 of the audited 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; interest on promissory notes and amortization of deferred financing costs and accretion expense.

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 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.

Amortization of Deferred Financing Costs/Accretion

The depreciation of deferred financing costs refers to redeemable preferred shares and promissory notes. The undepreciated balance of deferred financing costs at the time of the automatic conversion of the redeemable preferred shares and the promissory notes has been written off and is recorded on the income statement under the heading of "Amortization of Deferred Financing Costs".

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 third quarter of 2007 because the Corporation deposited the moneys generated by share issuance under 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 third quarter, compared with a loss of \$0.014 million for the same period in 2006.

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 third quarter of 2007, the Corporation recorded a stock-based compensation expense of \$0.062 million and \$1.076 million for the nine-month period ended September 30, 2007. It was recorded at \$0 in 2006.

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, 2006.

VI. CURRENT SHARE CAPITAL AS AT SEPTEMBER 30, 2007

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

The following table presents variations that arose in the Corporation's common capital stock for the nine-month period ended September 30, 2007.

	Number	Value
Issued and circulating as at December 31, 2006, before the 3 for 1 consolidation ⁽¹⁾	2,700,000	\$89
Issued and circulating as at December 31, 2006 After the 3 for 1 consolidation ⁽¹⁾	900,000	89
Conversion of A, B and C preferred shares, imputed interest and accrued and unpaid dividends on these preferred shares	15,940,109	24,818,975
IPO	11,111,112	10,000,000
Stock purchase warrants in common shares	N/A	(1,055,555)
Issuance of shares to the Chief Executive Officer ⁽²⁾	279,512	142,550
Share issuance cost	N/A	(1,436,822)
Issued and circulating as at September 30, 2007	28,230,733	\$32,436,237

- (1): Shareholders approved a consolidation of common shares that consisted of an exchange of three common shares for each common shares held at that time on a going-forward basis.
- (2): 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.

No new share capital was issued since September 30, 2007.

VII. LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet

<i>(Amounts in thousands of dollars, except where indicated otherwise)</i>	September 30,	
	2007	2006
Working capital	\$6,721	\$1,132
Working capital ratio	2.98 : 1	1.61 : 1
Redeemable preferred shares	-	21,963,
Long-term debt (including obligation under capital lease and current portion)	117	1,774
Common shares <i>(in dollars)</i>	32,436,237	89
Stock purchase warrant <i>(in dollars)</i>	1,055,555	-
Contributed surplus	33	-

Management is confident that the current working capital position is adequate to fund the Corporation's operations for the next 24 months.

Redeemable preferred shares outstanding as at December 31, 2006 were converted into common shares at Closing of the IPO.

Promissory notes were redeemed as part of the capital reorganization. The transaction did not result in a disbursement by the Corporation as the redemption was offset against the proceeds of the exercise price of the warrants of the same group of investors.

Statement of cash flow summary

<i>(Amounts in thousands of dollars)</i>	Three-month period ended September 30		Nine-month period ended September 30	
	2007	2006	2007	2006
Operating activities	(774)	(78)	(1,737)	(1,590)
Financing activities	(149)	744	8,855	1,548
Investing activities	(446)	(14)	(498)	(61)
Net increase (decrease) in cash and cash equivalents	(1,369)	652	6,620	(103)

Operating Activities

Our operating activities consumed \$0.774 million in cash flow during the third quarter of 2007, compared with \$0.078 million in 2006. The use of funds pertaining to operating activities in both periods was primarily due to the net loss realized over the period (less imputed interest of \$0.445 million on preferred shares circulating as at September 30, 2006). The use of funds pertaining to operating activities in the third quarter of 2006 was also partially counterbalanced by a positive variation in non-cash working capital.

For the nine-month periods ended September 30, 2007 and 2006, the use of funds relating to operating activities was primarily due to the net loss realized during the period, less imputed

interest on preferred shares in circulation and combined with the variation in non-cash working capital.

Financing Activities

In the nine-month period of 2007, financing activities generated cash flow of \$8.855 million in share issuance, less financing costs. During the same period in 2006, financing activities generated cash flow of \$1.548 million, through the issuance of promissory notes.

In the third quarter of 2007, funding for financing activities stood at \$0.149, primarily due to financing costs pertaining to the IPO, while financing activities generated \$0.744 million over the same period in 2006, primarily due to the issuance of promissory notes.

Investment Activities

In the third quarter of 2007 and the nine-month period ended September 30, 2007, investment activities consisted of the acquisition of a business and of capital assets, while in the third quarter of 2006 and the nine-month period ended September 30, 2006, investment activities were limited to the acquisition of capital assets

In the third quarter of 2007 and the nine-month period ended September 30, 2007, funds used in investment activities stood respectively at \$0.446 million and \$0.498 million and included a \$0.402 million business acquisition and the acquisition of capital assets.

In the third quarter of 2006 and the nine-month period ended September 30, 2006, funds used in investment activities were limited to the acquisition of capital assets and stood respectively at \$0.014 million and \$0.061 million.

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 September 30, 2007, 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 September 30, 2007.

<i>Amounts In thousands of dollars</i>	Total	2007	2008	2009	2010	2011+
Long-term debt	123	-	49	49	25	-
Capital lease obligations	26	5	21	-	-	-
Operating lease obligations	58	10	26	9	9	4
Office rent	737	54	217	229	217	20
Total	969	94	313	287	275	24

The Corporation does not have any off-balance sheet arrangements other than as disclosed under "Contractual Obligations" and "Financial Instruments".

Related party transactions

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.

Credit risk and concentration of credit risk

Please refer to the final prospectus dated May 29, 2007.

Outlook

Management expects that the revenues will grow from sales of existing and new products. It also expects to improve total dollar gross margins. Research and development will continue to be a key focus as the Corporation invests in new product development. Additional resources will be committed to sales and marketing.

VIII. RISKS AND UNCERTAINTIES

Please refer to the final prospectus dated May 29, 2007.

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 www.sedar.com ou le site Internet de Corporation Datacom Wireless à l'adresse www.datacom.com.