CORPORATION DATACOM WIRELESS

QUARTERLY MANAGEMENT REPORT

Three Months Ended September 30, 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 September 30, 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 November 18, 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 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

Mobicom units sold in the third quarter of 2008 totalled 502 units, up 99.2 %, compared to 252 units sold in the same period in 2007. During the first nine months of 2008, Mobicom units sold totalled 1,305 units, up 39.3 % compared to 937 units sold for the same period in 2007.

Mobiguard units sold for the third quarter of 2008 totalled 4,817 units, up 74.5 %, compared to 2,760 units sold for the same period in 2007. During the first nine months of 2008, Mobicom units sold totalled 12,496 units, up 84.8 % compared to 6,764 units sold for the same period in 2007.

The Corporation streamlined its sales and reduced the expenses related to sales and marketing, quarter over quarter, since January 2008 while increasing the Gross margin by 7.4 percentage points compared to the first nine months of 2007.

Termination of the analogue service

- The Corporation continues its efforts underway since the second quarter in regards to the analogue service termination. All impacted customers were notified in writing that the termination of service would occur on November 16th 2008. Refunds for services pre-paid but not rendered will be issued during the fourth quarter of 2008.

The Corporation vigorously executed its Mobicom marketing plan:

- Introduced new analysis and communication tools to improve customer relations and stimulate the growth of our existing customer base.
- Reorganized the Corporation activities in Ontario by introducing an improved sales structure better suited to the needs of that market.
- Implemented a telemarketing team to increase the efficiency of the Corporation‘s sales representatives.
- Added new sales representatives to the existing team with professional profiles that accurately matches our market competitive landscape.

Revamp of the Mobicom customer application.

- The end-user interfaces « Dataview » and « Mapview » were redesigned to improve the ergonomic and overall customer experience. Subsequent deployments took place to address customer feedback with complementary requirements. A mapping update with the latest geographical data was also completed.

Cost reduction plan

- Management continues its efforts to reduce expenses. At the end of the third quarter, 13 additional layoffs were completed for a total of 24, or 28% in headcount since January 1st 2008.

- From our second quarter forecast of $525,000 for implementing our expenditure reduction plan and implementing the agreements with our principal customers concerning the termination of the analogue security operations as well as maintaining the digital Mobilus service until December 31st 2010, $92,421 were spent as of September 30, 2008. Management maintains its original forecast of $525,000 to realize this plan. This amount of $92,421 was recorded under Unusual items of the income statement.

Emerson Agreement Co.

- The original agreement between the Corporation and Emerson Electric Co. under which royalties are paid to Datacom based on units sold expired in July 2008. Discussions to renew the agreement are still under way.

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

	Three-month period ended September 30				**Nine-month period ended September 30**		
(Amounts in thousands, except for per share data and weighted average number of shares outstanding)	**2008**		**2007**		**2008**	**2007**	
Revenue	2,444	$	2,131	$	7,295	5,845	$
Gross margin	1,140		785		3,340	2,244	
General and administrative	427		728		1,873	1,750	
Sales and marketing	516		504		1,727	1,251	
Research and development	295		328		966	872	
Research and development tax credits	(45)		(45)		(161)	(217)	
Operations	233		207		714	540	
Imputed interest on redeemable preferred shares	–		-		–	738	
Interest on promissory notes	–		-		–	77	
Other financial expenses (revenue)	(15)		(88)		(62)	(10)	
Stock-based compensation	9		62		22	176	
Amortization of deferred financing costs/accretion charges						190	
Amortization of intangible assets	7		10		75	10	
Write-down of intangible assets	-		–		486	–	
Depreciation and amortization	33		21		99	79	
Unusual items	92		-		92	-	
Net loss	(412)	$	(942)	$	(2,491)	(3,212)	$
Net loss per share:							
Basic and fully-diluted	(0.01)	$	(0.03)	$	(0.09)	(0.26)	$
Weighted average number of shares outstanding	27,951,221		28,230,733		28,001,207	12,513,059	

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 September 30			**Nine-month period ended September 30**	
(Amounts in thousands, except for per share data and weighted average number of shares outstanding)	**2008**	**2007**		**2008**	**2007**
Net loss	$(412)	$(942)	$	$(2,491)	$(3,212)
Imputed interest on redeemable preferred shares	–	-		–	738
Interest on promissory notes	–	-		–	77
Other financial expenses	(15)	(88)		(62)	(10)
Amortization of deferred financing cost					190
Amortization of intangible assets	7	10		75	10
Write-down of intangible assets				486	
Unusual items	92			92	
Depreciation and amortization	33	21		99	79
EBITDA	(295)	(999)		(1 801)	(2 128)
EBITDA per share basic and diluted	$(0.01)	$(0.04)		$ (0.06)	$ (0.17)
Weighted average number of shares outstanding	27 951 221	28 230 733		28 001 207	12 513 059

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 2008 totalled $2.44 million, up 14.6% from 2007 third quarter figures of $2.13 million. During the first nine months of 2008, revenue totalled $7.29 million, up 24.9% from $5.84 million for the same period in 2007. These revenue increases were primarily due to the increase in recurring revenue and the increase in the number of Mobiguard units sold.

Recurring revenue increased 37.2% year-over-year and 18.3% for the quarter from $0.93 million in the third quarter of 2007 to $1.10 million for the same period in 2008. Recurring revenue represents 46.7% of total revenue to date in 2008. This figure compares favourably with 2007 third quarter results, in which recurring revenue represented 42.5% of total revenue.

Virtually all of the Corporation's revenue is generated from Canada by its direct sales force in Quebec, Ontario and Alberta.

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.

Gross margin stood at 46.6% of revenue for the third quarter and at 45.79% for the first nine months of 2008, up 9.83 percentage points and 7.4 percentage points respectively from the same periods in 2007.

Gross margin totalled $1.14 million for the second quarter and $3.34 million for the first nine months of 2008, up 46.2% and 49.1% respectively from the same periods in 2007 ($0.78 million for the third quarter and $2.24 million for the nine-month period ended September 30, 2007).

This increase was primarily due to lower network costs following the implementation of a control and monitoring tool and to effective management of our product installation process.

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 have been reduced by $0.30 million (41.37%) year-over-year in the third quarter as a result of the Corporation’s cost reduction plan.

During the nine-month period ended September 30, 2008, general and administrative expenses rose by $0.123 million, up 7.0% from the same period in 2007. This increase was due to expenses incurred during the first semester relating to the hiring of new personnel, the payments relating to employee layoffs and the expenses relating to operating a public company which didn’t exist in 2007.

General and administrative expenses decreased from $0.868 million in the first quarter of 2008 to $0.579 million in the second quarter of 2008 and $0.426 million in the third quarter.

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 $0.011 million (2.4%) year-over-year from $0.504 million in the third quarter of 2007 to $0.516 million in the third quarter of 2008. During the first nine months of 2008, sales and marketing expenses rose to $1.72 million in 2008, compared with $1.25 million in 2007, for an increase of $0.476 million or 38.1%.

This increase in expenses was primarily due to higher salaries and sales commissions following the hiring of additional personnel in 2007, in addition to professional fees for product and market analysis.

But, since the beginning of the year, sales and marketing expenses have constantly dropped quarter over quarter. They dropped from $0.648 million in the first quarter to $0.563 million in the second quarter and $0.515 in the third quarter.

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.

During the third quarter, research and development investments at $0.294 million is down 10.1% from the $0.327 million invested in the same period of 2007.
During the first nine months of the year, research and development investments rose to $0.966 million, up $0.093 million or 10.83% from the same period in 2007. This increase was primarily due to the additional efforts made to improve the Mobicom product and to develop new IT products and tools.
Since closing of the IPO, the provision for the 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. Nevertheless, the expected revenue decrease following the analogue network closing will lead to lower costs in the coming quarters.

Operating expenses increased by 12.6%, rising from $0.207 million in the third quarter of 2007 to $0.233 million in the third quarter of 2008. This increase related directly to the Corporation’s increased volume of business. During the first nine months of the year, operating expenses rose to $0.714 million, compared with $0.540 million for the same period in 2007, for a $0.174 million or 32.3% increase.

Amortization of Intangible Assets

Depreciation and amortization relate to capital assets. Please refer to note 1 to the audited financial statements for further details on the amortization methods used.

The Corporation revalued its intangible assets created following the Vigil acquisition to reflect the impact of the analogue network closing and the termination of Mobilus VGSM-150i and VGSM-150t security product sales. A $0.486 million adjustment was recorded to reflect this revaluation. This revaluation had no impact on the Corporations’ cash position.

Financial Expenses (Revenue)

Financial expenses (revenue) are primarily made up of interest revenue, imputed interest on redeemable preferred shares, interest on promissory notes and amortization of deferred financing costs/accretion charges.

Imputed interest on redeemable preferred shares and interest on promissory notes

The imputed interest on redeemable preferred shares and on promissory notes (as detailed in Tables 1 and 2) relates to redeemable preferred shares issued between 2003 and 2005 and to promissory notes issued in 2006 and 2007. Immediately prior to the closing of the Corporation’s initial public offering (IPO), which took place on June 6, 2007, all redeemable preferred shares and promissory notes, in addition to the cumulative imputed interest and dividends, were automatically converted into common shares as part of the Corporation’s capital restructuring.

Amortization of deferred financing costs/accretion charges

The amortization of deferred financing costs relates to redeemable preferred shares and warrants. When the redeemable preferred shares and promissory notes were automatically converted into common shares, the financing costs were written off and recorded in the income statement under amortization of deferred financing costs/accretion charges.

Financial expenses (revenue)

Financial expenses (revenue) 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 (revenue) are primarily due to fluctuations in bank balances and foreign exchange rates.

The Corporation recorded foreign exchange losses totalling $0.0004 million during the third quarter, compared with a $0.012 million gain 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 third quarter of 2008, the Corporation recorded a stock-based compensation expense of $0.0093 million compare to $0.062 in 2007. For the nine month period ended September 30, 2008 the expense is $0.022 million compared to $0.176 million for the same period in 2007.

V. ACCOUNTING POLICIES

The Corporation's unaudited interim financial statements are prepared in accordance with Canadian GAAP using the same accounting policies disclosed in its audited annual financial statements for the year ended 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, 2008

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

The following table presents the changes in the share capital during the nine-month period ended September 30, 2008.

5. Share capital

(a) Issued and paid share capital:

Unlimited number of common shares, with no par value

	September 30, 2008	December 31, 2008
27,951,221 common shares (28,230,733 as at December 31, 2007)	$31,350,345	$ 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)	(63 336)
Issued and outstanding as at September 30, 2008	$27,951,221	$31,350,345

(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 $63,336 was recorded to contributed surplus.

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

VII. LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet

(Amounts in thousands of dollars, except where indicated otherwise)	**September 30, 2008**	**December 31, 2007**
Working capital	$3,617	$5,638
Working capital ratio	2.29 : 1	2,68 :1
Long-term debt (including obligation under capital lease and current portion)	109 $	156
Common shares (*in dollars*)	31,350,345	31,413,681
Stock purchase warrant (in *dollars*)	2,111,111	2,111,111
Contributed surplus (in *dollars*)	143,597	58,360

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

(Amounts in thousands of dollars)	**Three-month period ended September 30**		**Nine-month period ended September 30**	
	2008	**2007**	**2008**	**2007**
Operating activities	$ (759)	$ (774)	$(2,635)	$(1,737)
Financing activities	(10)	(149)	(53)	8,854
Investing activities	(33)	(446)	(44)	(498)
Net decrease in cash and cash equivalents	$(802)	$(1,369)	$(2,732)	$ 6,619

Operating Activities

Operating activities consumed $0.759 million in cash flow during the third quarter of 2008, compared with $0.774 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 the increase in account receivables following the introduction of our new all inclusive packages. While this new offer contributes in maintaining our competiveness, it also increases the period (up to 36 months) to recover the account receivable on the hardware sale.

For the nine month periods ended September 30, 2008 and 2007, the use of funds pertaining to operating activities was primarily due to the net loss incurred during the period, less imputed interest on preferred shares outstanding for the 2007 loss and less changes in non-cash working capital items.

Financing Activities

In the third quarter of 2008, funding used in financing activities totalled $0.010 for the reimbursement of obligations pertaining to capital leasing contracts, as well as for the repayment of long-term debt.

During the first nine months of 2008, financing activities generated net cash flows of $0.053 million, compared with cash flows of $8,854 million as at September 30, 2007 following the issue of shares under the IPO, less financing costs.

Investing Activities

During the third quarter of 2008, investing activities consisted of acquisitions of capital assets. The Corporation acquired a business in 2007 for an amount of $0.402 million which explains the variance compared to 2007. This acquisition explains also the variance for the nine month ended September 30, 2008.

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 June 30, 2008, the Corporation's long-term debt consists of an interest free loan from Canada Economic Development with a remaining obligation of approximately $99,000.

The following table sets forth the contractual obligations and commitments of the Corporation to make future payments under contracts as at September 30, 2008.

(Amounts in thousands of dollars)	**Total**	**2008**	**2009**	**2010**	**2011**	**2012+**
Long-term debt	$ 99	$ 25	$ 49	$ 25	$ –	$ –
Capital lease obligations	23	25	8	–	–	–
Operating lease obligations	35	13	9	9	4	–
Office rent	530	68	229	217	20	–
Total	$687	$117	$295	$251	24	$ –

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

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.

Credit risk and concentration of credit 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.

Outlook

Management expects that revenue from sales of the Mobicom product will continue to increase; it aims to offer an improved product by late 2008. Management also expects that Mobiguard revenue will hold steady through 2008 and 2009 although it cannot predict how the market for this product will change after that date. Management continues to review all activities for the purposes of optimizing operating efficiency and reducing expenses.

Research and development will continue to be key areas of investment for the Corporation. IT tools will be developed and processes implemented for the sales and administration sectors with a view to improving performance and reducing costs.

VIII. 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.

- Management is seeking a source of financing for its all-inclusive instalment sales program. The inability to find financing could temporarily have a negative impact on the Corporation's cash position.

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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 ou le site Internet de Corporation Datacom Wireless à l'adresse _ HYPERLINK "http://www.datacom.com" www.datacom.com . ◄