

2009

Management Discussion and Analysis

For the Three and Six Month Periods Ended June 30, 2009 and 2008



DECISION DYNAMICS
TECHNOLOGY

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Management Discussion and Analysis

The Management Discussion and Analysis focuses on key items from the unaudited Consolidated Financial Statements for Decision Dynamics Technology Ltd. ("Decision Dynamics" or the "Company") for the three and six month periods ended June 30, 2009 and 2008. These statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information regarding the Company is available on SEDAR at www.sedar.com. Such additional information is not incorporated by reference herein and should not be deemed to be made part of this Management Discussion and analysis, except as indicated herein.

Forward-Looking Statements or Information

In this Management Discussion and Analysis the Company makes forward-looking statements or provides forward looking information (collectively "forward-looking statements"). These forward-looking statements include but are not limited to comments with respect to the Company's objectives and strategies, financial condition, results of operations and industry conditions. By their nature, these forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that such forward-looking statements will not be achieved. Some of the material assumptions that Management has made are:

- volatility of the financial markets will remain at current levels for the short-term future
- companies will continue to acquire project cost control and productivity improvement software
- we will be able to attract talented employees at a sufficient level to achieve our strategic plans

Readers of this analysis are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause actual results to differ materially from the plans, objectives and intentions expressed in such forward-looking statements. The Operating Risks section of this Management Discussion and analysis provides additional information regarding key factors that could cause actual results to differ materially from those projected in our forward-looking statements. Some of the key factors we have considered are:

- impact of the current financial markets condition
- impact of market demand for Oncore™ on revenue growth
- degree of competition in target markets
- our ability to control expenses
- technological changes to Oncore™
- length of sales cycle required to close customer opportunities
- our ability to execute our strategic plans
- our ability to recruit and retain high caliber employees

We caution that the foregoing list of factors is not exhaustive and that, when relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors as well as other uncertainties and events. The Company disclaims any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

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Financial Highlights

Stated in thousands of Canadian dollars except per share amounts

\$'000 except per share amounts	Three Months Ending		Six Months Ending	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Operating Results				
Revenue	\$1,842	\$575	\$2,253	\$1,207
Net Income (Loss)	402	(582)	(559)	(1,058)
Basic and diluted loss per share, before discontinued operations	0.01	(0.02)	(0.01)	(0.02)
Basic and diluted loss per share, after discontinued operations	0.01	(0.02)	(0.01)	(0.03)
EBITDAS ⁽¹⁾	502	(440)	(466)	(764)
Financial Position				
Cash and Equivalents			2,876	511
Working Capital ⁽²⁾			3,636	(346)
Total Assets			4,871	4,440

- (1) "EBITDAS" means earnings from continuing operations before interest, taxes, depreciation, amortization, loss on sale of assets and non-cash stock based compensation. The derivation of EBITDAS is shown in the Results of Operations section below.
- (2) "Working capital" means current assets less current liabilities. The calculation of working capital is disclosed in the Liquidity and Capital Resources section found later in this Management Discussion and Analysis.
- (3) Readers are cautioned that EBITDAS and working capital do not have a standardized meaning under GAAP and may not be comparable to similar terms used by other entities in the industry; however, the Company believes these terms are important indicators of success for software businesses and are relevant to readers within the investment community.

Overview

Decision Dynamics, a public company incorporated under the laws of Canada, markets Oncore™, a software product and services targeted primarily at the energy and construction sectors including major power generation and transmission companies. This innovative project cost control software captures, routes, and reports critical information at every level of the company making business processes faster and more reliable.

Decision Dynamics is a Microsoft Gold Certified Partner with over twenty years of experience in the energy industry. It operates a wholly-owned foreign subsidiary in the United States of America.

Strategy and Outlook

This section is forward-looking by nature. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

During the first half of 2009, the Company began to see positive results from the strategic investments made in the sales and development groups late in 2008, and early in 2009. The customer opportunity pipeline continued to build during the second quarter, with two large license contracts successfully closed early in the quarter. These two contracts will provide the Company with revenues of at least \$1.4 million over the next two years, with \$1.0 of this revenue occurring during the second quarter of 2009. The Company signed another license contract early in the third quarter, which will deliver approximately \$325K in license revenues over the next twenty-four months, with \$196K expected to be recognized in the third quarter of 2009. Along with the additional license revenue, the signing of this contract is significant for the Company, as it not only delivered new revenue, it demonstrated the potential for success under the Company's customer centric consultative approach. This approach is a collaborative sales process which requires the sales team to engage in several steps that provide key information about our customers' needs and requirements and where Oncore™ would provide the highest value proposition to our customers. This process allows both the sales team and the customer to clearly understand the issues that our customers are facing, and how Oncore™ could empower our customers to achieve their top- and bottom-line objectives.

The Company anticipates this approach will continue to improve our ability to identify key opportunities, build a solid customer opportunity pipeline and close sales with a more predictable close cycle. The Company is closely monitoring this to ensure that all barriers to success are removed. In support of the sales team, the Decision Dynamics Marketing group has continued to focus on communicating the value proposition of Oncore™.

As a result of the adoption of the customer centric consultative approach, our customer-facing opportunities continued to increase during Q2 2009 – our sales representatives initiated contact with customers that present valid opportunities to the Company, and the response from these contacts has been favourable. The Company expects that new customer opportunities will close as the year progresses, expanding and diversifying our customer base.

This customer centered approach has also resulted in developing much closer relationships with our existing customers. The development team is working closely with our customers, to understand their use of the product, and what customers are looking for from future releases of Oncore™. This has allowed the Company to deliver the features and capabilities that our customers are asking for. In June 2009, the development team released Oncore™ 5.8. Highlights of this release include Real-Time Reporting, strategic capability on hand held devices (PDA) and other high value enhancements requested by customers. This release was met with positive reactions and feedback from our installed customer base, and has led to new and innovative development plans for the next release of Oncore™.

The Company feels optimistic that the build-up of our sales opportunity pipeline will continue over the last half of 2009, and new customer sales will result from this. The Company has evaluated its current traditional license sales model and has undertaken the transition of this model to a Software as a Services “SAAS” model. This model will provide a higher value proposition to new customers that are looking for a Fee for Use license model, as well as provide the Company with a smoother revenue stream and more predictable cashflow. As well, through our Customer Satisfaction initiative, the Company feels it has taken steps to protect our recurring revenue stream, and increase the potential to generate new license and services revenue in our existing customer base. The efforts put forth by our development, services and support team have resulted in encouraging feedback from our customers that we are responding in ways that increase their satisfaction, with both the Company and the Oncore™ product.

While the Company is encouraged with the top-line results in Q2, we do not expect to experience the same results in Q3 2009. Due to seasonal factors and the timing of customer decisions, the Company expects that Q3 2009 license sales will be less than Q2 2009. The Company does not anticipate an increase in expected Q3 2009 services revenue as a direct result of the Q2 2009 license sales, as these contracts were sold to existing customers. Operating expenses for the last half of the year are expected to be less than the first half as most of the initiatives that the Company undertook in the first two quarters i.e recruiting, restructuring, the data centre relocation and third party technical consulting, are not expected to be repeated in the last two quarters. The Company's ability to be successful in generating bottom line profitability and positive cash flow from operations will continue to be contingent upon this increased acceptance of the Oncore™ product and expanding its overall customer base. Continuing efforts are being made to monitor current expenses, and align future spending with expected revenue.

New Accounting Policies

Convergence with International Financial Reporting Standards (“IFRS”)

In February 2008, the Accounting Standards Board (AcSB) confirmed that all Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Chief Financial Officer has primary responsibility for the adoption, and has provided updates to management on the initial assessment done to date. The Company plans to adopt IFRS according to the schedule recommended by the AcSB and is still evaluating the options and potential exemptions available upon initial adoption of IFRS. The Company continues to evaluate the impact of this changeover on its Consolidated Financial Statements as it proceeds with its IFRS adoption efforts, while continuing to monitor ongoing changes in both IFRS and GAAP in the period leading up to adoption.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582 - "Business Combinations" which will replace Handbook Section 1581 - "Business Combinations". Section 1582 requires that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also requires acquisition-related costs to be expensed as incurred and provides guidance on the accounting for restructuring costs. This new standard substantially harmonizes Canadian GAAP with IFRS. This section is applied prospectively to business combinations for which the acquisition date is on or at the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. We will assess the impact of this new standard prior to adoption.

Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1601 - "Consolidated Financial Statements" and 1602 - "Non-controlling Interests" which will replace Handbook Section 1600 - "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These new standards substantially harmonize Canadian GAAP with IFRS. These sections are to be implemented concurrently with Section 1582. We will assess the impact of these new standards prior to adoption.

Results of Operations

	Three Months Ending		Six Months Ending	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
\$'000 except per share amounts				
Revenue	\$1,842	\$575	\$2,253	\$1,208
Expenses	1,347	1,091	2,683	2,132
	495	(516)	(430)	(924)
Other (amortization, interest, other)	(93)	(66)	(129)	(134)
Income (loss) before discontinued operations	402	(582)	(559)	(1,058)
Amortization and other	93	66	83	134
Non-cash share compensation	7	76	10	160
EBITDAS	502	(440)	(466)	(764)
Loss from discontinued operations	-	(356)	-	(728)

Revenues for the second quarter and first half of 2009 increased significantly from the same periods in 2008. Q2 2009 included two large license contracts, as compared to Q2 2008 in which there was no new revenue. Recurring revenues continue to grow in 2009, with a 47% increase over Q2 2008, and a 38% increase over the first six months of 2008. Recurring revenues currently represent approximately 35% of the total revenue for 2009. The company's customer opportunities continued to grow during the second quarter of the year, with another license sale closing early in the third quarter of 2009.

Total expenses for Q2 2009 and for the first half of the year have also increased over the same periods in 2008. Investments made in personnel, training and marketing initiatives have resulted in higher expenses in sales and marketing, and in research and development, as compared to 2008. Cost of sales for Q2 2009 and the first half of 2009 increased due to higher commission expense as a result of the closed license contracts, as well as expenses related to the customer data centre facility relocation, which was completed during the quarter. Restructuring expenses for Q2 2009 have decreased from 2008, as most of the 2009 restructuring occurred in the first quarter, whereas most of the 2008 restructuring occurred in the second quarter. Restructuring for the first six months of 2009 is higher than in 2008, as most of the 2008 restructuring occurred in the discontinued Wellcore product line.

Q2 2009 amortization and other costs are higher than Q2 2008 due to increased asset amortization costs related to the acquisition of data centre equipment late in 2008, as well as higher foreign exchange losses, due to strong US dollar during the second quarter of 2009. Year to date 2009 amortization and other costs is comparable to 2008. Although asset amortization costs and foreign exchange losses were higher in 2009, this savings was reduced by the interest expense on long term debt in 2008. Non-cash share compensation has decreased in 2009, due to the

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forfeiture of options as a result of terminations, as well as a lower compensation expense due to a decreased amount of overall options issued.

The revenues, expenses and overall results are discussed in more detail below.

Revenue

\$ '000	Three Months Ending		Six Months Ending	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
License	\$1,582	\$284	\$1,519	\$551
Services	260	291	734	657
Total	<u>\$1,842</u>	<u>\$575</u>	<u>\$2,253</u>	<u>\$1,208</u>

License revenues increased well over 400% for the quarter and over 100% for the year to date 2009. This significant increase is due to the closing of two large license contracts in Q2, as well as a higher recurring revenue stream from maintenance contracts and usage licenses. Customer projects were still active and ongoing in the second quarter of 2009, and are comparable to 2008 revenues.

As the Q2 license sales were to existing customers, the Company does not expect an increase in Q3 2009 services revenue on projects directly attributable to these sales i.e. implementations. However, the Company believes the expansion of Oncore licensing within these customers will provide future revenue opportunities.

The Company's revenues remain largely dependent upon a small number of customers. For the second quarter of 2009, the top six customers provided approximately 97% of the quarterly revenue, as compared to 88% in 2008. This increase is due to continued license and service sales within the existing installed customer base in 2009. Less than 5% of the Company's Q2 2009 revenue is derived from US based customers, which has decreased from 10% in Q2 2008. The dependence upon both a small number of customers, and on the Canadian market, is expected to decline as the Company continues to build its customer opportunity pipeline, and to close on these opportunities. The foregoing paragraph contains forward-looking information. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

Gross profit

\$ '000	Three Months Ending		Six Months Ending	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenue	\$ 1,842	\$ 575	\$ 2,253	\$ 1,208
Cost of sales	(417)	(278)	(673)	(536)
Gross profit (1)	<u>1,425</u>	<u>297</u>	<u>1,580</u>	<u>672</u>
Gross margin (2)	<u>77%</u>	<u>52%</u>	<u>70%</u>	<u>56%</u>

Notes

- (1) "Gross profit" is revenue less cost of sales and "gross margin" is gross profit divided by revenue expressed as a percentage.
- (2) Gross profit and gross margin do not have a standardized meaning under GAAP and may not be comparable to the same terms as used by other entities in the industry; however, the Company believes they are an important measure of performance and indicator of success for software businesses and are relevant to readers within the investment community.

Cost of sales is 50% higher in Q2 2009 and 26% higher for the first half of 2009, compared to the same period in 2008. This increase is due to expenses incurred related to the relocation of its data facility, third party technical consulting expenses, as well as higher commission expenses related to the large license sales in Q2 2009. Beginning in late 2008, the Company started the data facility relocation, which incurred additional labor and hosting expenses during the first quarter of 2009. The relocation was completed early in the second quarter of 2009.

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In addition, the Company entered into a successful license and services project with a customer in Q2 in which the Company provided additional external resources to the customer as part of the overall project delivery. The related consulting expenses have been included in 2009 cost of sales.

Gross margin improved for both the second quarter and the first six months of the year, over the same periods in 2008. This increase is due to the revenue mix in Q2 2009, which had a higher portion of licensing revenue relative to services revenue, compared to 2008.

Expenses

\$ '000	Three Months Ending		Six Months Ending	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Research and development	\$304	\$199	\$592	\$425
Selling and marketing	275	179	579	390
General and administration	246	235	531	505
Restructuring costs	59	135	207	144
Share Accumulation Plan	38	(8)	91	(29)
Other Stock based compensation	7	75	10	160
	<u>\$929</u>	<u>\$815</u>	<u>\$2,010</u>	<u>\$1,595</u>

Expenses for the second quarter and the first half of the year increased 14% and 26% respectively over 2008. This is largely due to hiring in the sales and development groups as part of the Company's execution of its strategic plan to improve top-line growth. The Company continues to monitor ongoing expenses with an eye on restricting expenses to the most strategic investments possible.

The increase in research and development expenses has been completely due to strategic hiring in this department. There is some overlap between R&D and service personnel competencies. This provides some flexibility to the Company in the allocation of personnel to service projects and to new product development. Accordingly, even if staff levels remain constant, departmental charges will vary depending upon where the individuals are employed. The second quarter of 2009 included an allocation of labor expense into research and development from operations, as some operations personnel were utilized on the Oncore™ 5.8 release.

Sales and marketing expenses for the second quarter and first half of 2009 increased over 2008, reflecting the structural change in the company's resource allocation toward this function – in personnel, marketing related expenses, and in implementing the customer centric selling methodology within the Company. The Company attended a trade show late in June 2009, which provided additional market exposure for the Company and Oncore.

General and administration for Q2 2009 and the first half of the year increased over the same periods in 2008. Although headcount is unchanged in this department, the higher expense in 2009 reflects salary increases that occurred in early 2008. The Company continues to manage its overhead and corporate expenses, to minimize spending in these areas and allow focused spending on sales and development.

The Company also continued on its objective to ensure the appropriate personnel structure to capitalize on sales and development initiatives. Most of this restructuring occurred in Q1 2009. Restructuring expenses in Q2 2009 were less than Q2 2008, but the expenses for the first six months of 2009 are higher than in 2008, as most of the restructuring that occurred in 2008 was related to the discontinued Wellcore product line.

The Directors Stock Accumulation Plan ("SAP") is valued each quarter using a volume weighted average stock price. In the last quarter of 2008, the SAP was modified by the Company. The directors determined that a modification of the SAP was necessary to address the impact of an undervalued share price when calculating the allocation of shares into the SAP. Under this modification, the share price used in the calculation of the quarterly share allocation would be set at \$.04 or the quarterly volume weighted average price, whichever is greater. The increase in stock based compensation expense for the SAP for Q2 2009 and year to date June 2009, as compared to the expense recovery in Q2 2008 and year to date 2008, reflects a higher stock price used in the calculation of the volume weighted average stock price. Directors are given the option of receiving their annual compensation half in cash and half in DSUs, or completely in cash. For 2009, the majority of the non-management directors elected to receive their compensation split evenly between DSUs and cash, which provides the maximum amount of DSUs available under the modified SAP. Following termination of board service, the directors will receive the then current fair market value in common shares held in the nominal account.

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Employee stock based compensation for Q2 2009 and the first six months of 2009 has decreased from the same periods in 2008 due to the forfeiture of options as a result of terminations. When employees leave employment or are terminated, the associated option expense related to their forfeited options is reversed at the time of termination, resulting in a decrease in the compensation expense associated with employee stock options.

Amortization and Other Expenses

\$ '000	Three Months Ending		Six Months Ending	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Amortization of property and equipment	\$46	\$26	\$94	\$44
Foreign exchange loss (gain)	39	11	29	31
Interest income	(3)	(1)	(9)	(4)
Interest expense	10	30	15	64
	<u>\$92</u>	<u>\$66</u>	<u>\$129</u>	<u>\$135</u>

In the last quarter of 2008, the Company invested in new assets for the data centre facility, resulting in an increase in amortization of property and equipment for 2009.

The US dollar continued to maintain its strength against the Canadian dollar throughout the first half of 2009. Foreign exchange differences occur primarily from differences arising from the conversion of assets owned by the Company's US subsidiary from US dollars to Canadian dollars. Foreign exchange fluctuations will continue and may vary substantially from quarter to quarter. The foregoing paragraph contains forward-looking information. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

The interest expense recorded in Q2 and the first six months of 2008 was interest on long term debt. This debt was completely repaid during the third quarter of 2008. Interest expense for Q2 and the first half of the 2009 is administrative in nature ie. (bank charges).

Income taxes

The Company has approximately \$24 million dollars of tax pools available in Canada and the United States to offset future income in the respective jurisdictions. A future income tax asset has not yet been recognized, until such time that it is more likely than not that the Company will gain benefit from this asset.

Net income (loss)

	Three Months Ending		Six Months Ending	
	June 30 2009	June 30 2008	June 30 2009	June 30 2008
Revenue	1,842	575	2,253	1,208
Net income (loss), before discontinued operations	402	(582)	(559)	(1,058)
Income (loss) per share, before discontinued operations	\$0.01	(\$0.02)	(\$0.01)	(\$0.02)
Income (loss) per share, after discontinued operations	\$0.01	(\$0.02)	(\$0.01)	(\$0.03)
EBITDAS	502	(440)	(466)	(764)

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Net income for the second quarter of 2009 reflects the impact of two new license contracts executed during the quarter. The net loss of \$559K for the first six months of 2009 is due to the lack of new revenue in the first quarter, as well as increased labor and marketing expenses as the Company executes on its strategic objectives.

Quarterly Results

The following quarterly results have been restated to reflect the results of continuing operations only (in thousands of Canadian dollars except per share amounts):

	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008	Dec 31 2007	Sept 30 2007
Revenue	1,842	411	549	455	575	633	851	665
Net income (loss), before discontinued operations	402	(961)	(682)	(1,308)	(582)	(476)	(618)	(431)
Income (loss) per share, before discontinued operations	\$0.01	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.01)
Income (loss) per share, after discontinued operations	\$0.01	(\$0.02)	(\$0.01)	\$0.04	(\$0.02)	(\$0.01)	(\$0.04)	(\$0.01)
EBITDAS	502	(968)	(589)	(592)	(440)	(324)	(337)	(442)

Liquidity and capital resources

Working Capital

At the end of Q2 2009, working capital was \$3.64 million, as compared to \$4.1 million as of December 31, 2008. The Company expended approximately \$47K on the repurchase of shares under the Company's Normal Course Issuer Bid. In addition, the Company spent approximately \$94K on capital assets and approximately \$208K on restructuring payments during the first six months of the year. All trade accounts receivable are considered collectible as of June 30, 2009, and are expected to be collected within the next quarter. The Company has collected approximately \$0.2 million on a \$0.5 million holdback from the sale of the Wellcore product line. The remaining holdback has been included in receivables, and will be paid to the Company during the year, subject to certain conditions. The remaining accounts payable and accrued liabilities are planned for payment over the next six months, depending on the nature of the payable and/or accrual.

Working capital, December 31, 2008	\$ 4,071
Repurchase of shares	(47)
Capital assets	(94)
Restructuring payments	(208)
Used in operations and other	(196)
Working capital, June 30, 2009	<u><u>3,526</u></u>

Notes:

(1) Working capital is current assets minus current liabilities. It does not have a standardized meaning under GAAP and may not be comparable to the same terms as used by other entities in the industry; however, the Company believes that it is an important measure of performance and indicator of success for software businesses and are relevant to readers within the investment community

Capital requirements

The inflow of capital from the sale of the Wellcore product line in 2008 has continued to provide the Company with the financial capacity for continued development of the Oncore™ line of products and to make strategic investments in sales and marketing. The Company believes that the current working capital and expected cashflow from operations for the remainder of the year will be sufficient to fund both current operations and future objectives as per the Company strategic plan. The foregoing paragraph contains forward-looking information. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

Share Capital

As at August 12, 2009 Decision Dynamics had 59,005,466 shares outstanding with a book value of \$27,053,315, 4,179,517 share options to purchase common shares outstanding, 1,265,000 warrants to purchase common shares and 1,886,461 deferred share units outstanding. Following is a summary of the exercise prices for the options and warrants:

Stock Options	Exercise Price	Granted (#)
	\$0.04	1,375,000
	\$0.16	1,944,636
	\$0.205 - \$0.31	270,000
	\$0.55 - \$0.745	589,881
		<u>4,179,517</u>
Warrants	\$0.276	<u>1,265,000</u>

Normal Course Issuer Bid

The Company commenced a normal course issuer bid, effective for one year, on December 15, 2008. Under this bid, the Company may purchase for cancellation up to 3,020,623 or 5% of its common shares outstanding as at December 15, 2008. Monthly purchases are limited to 1,204,249 or 2% of the common shares outstanding as at December 15, 2008. As of June 30, 2009, the Company purchased and cancelled 1,206,000 or 40% of the shares available under the terms of the normal course issuer bid. A further 1,000 were purchased in June 2009, for a total 1,207,000 purchased or 40% of the shares available under the terms of the normal course issuer bid. As of August 12, 2009, all shares purchased have been cancelled.

Operating Risks

This section is forward-looking by nature. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management's Discussion and Analysis.

The sale of software and services is subject to business risks that may adversely affect the Company's operations. As discussed in the Forward Looking Statements and Information section, these risks could include risks related to revenue expectations, operating results, impact of current economic conditions on our customers, product development, and employee retention. Management evaluates and monitors these risks on an ongoing basis, and takes steps to minimize these risks. However, it is not possible to completely mitigate these risks, as many of these risks are beyond our control.

1. Revenue Expectations

During the first quarter of the year, the Company made significant investments in developing a first-class sales and marketing organization. As well, the Company adopted an industry proven sales methodology, which has been implemented throughout the organization. These investments began to pay off for the Company in the second quarter, with the close of two significant license sales with current customers, and the first new sale of 2009 closing early in the third quarter. Although the Company is encouraged about these initiatives, and the impact on the second quarter results, we are still in the process of developing a consistent, successful sales approach, and there is no guarantee that this will result in increased sales of Oncore™. If we are unable to continue to build upon existing customer demand, and generate new customer interest in Oncore™, revenues may not be at the level estimated by Management. In addition, predicting the timing of sales remains challenging, as the Company has not had enough new license sales experience with which to estimate the sales cycle required to close a sale. Delays in closing sales could cause decreases in our revenues and results. The Company's customer base is extremely small, with 97% of Q2 09 revenue coming from six customers. The loss of any one of these customers could have a significant impact on revenue.

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The Company has taken steps to partially mitigate the risk of decreased sales and customer concentration. An experienced sales team was recruited in the last six months that has focused on identification of prospect opportunities that fit our customer profile, and present a need that the Oncore™ product can fulfill. In addition, the Company adopted a sales methodology that it believes will enable the sales organization to accelerate customer opportunities into closed sales. These initiatives continue to yield positive results – the Company closed two license sales to existing customers in the second quarter, and another license sale was signed early in the third quarter. We have made more new sales contacts in a variety of industries and markets, both in Canada and the United States, and generated more sales leads in the first six months than has been experienced before. Targeted marketing and sales campaigns continue to provide the sales organization with identified leads and opportunities that will provide the Company with the most potential to convert from lead to closed sale.

The combination of an experienced sales team, adherence to the Company sales methodology and the marketing initiatives has resulted in a broader exposure of the Company to new customers and target markets. Metrics to support the customer centric sales cycle have been developed, and will be constantly evaluated, in order to better understand the length and effort involved in the cycle. We have also successfully deployed a new sales model that more closely aligns efficient and cost-effective customer use of Oncore™ with our revenue expectations. Finally, we have put into place initiatives to work closely with our existing customer base to secure customer commitment, retention and satisfaction.

2. Current Economy

The Company results could differ significantly as current market conditions may adversely impact our customers.

The Company has found that the level of interest from potential new customers in a cost control solution has remained constant. With the softened economy, these customers are increasingly focused on cost control and productivity improvement solutions. The Company's sales models provide our customers with the opportunity to manage and control their project costs in the most cost-effective, efficient manner for them.

However, the Company believes that the current economic conditions may impact our customers' abilities to proceed with projects. Although the Company has executed three license contracts, to both current and new customers and we continue to see interest from new industries and markets, we intend to maintain a cautious outlook on our own revenue expectations. The Company's new sales methodology process will improve the Company's ability to determine the risk that the Company may bear in customers not pursuing intended projects or license purchases. This in turn will improve the Company's ability to proactively manage our revenue expectations and manage our own expenses to those expectations.

3. Product Development

Our customers have changing demands, and are expecting frequent and relevant product enhancements. If we are not able to respond quickly and effectively, we run the risk of Oncore™ becoming obsolete and losing market credibility. This could result in customer loss and our ability to convert customer opportunities into revenue, and to maintain our existing customer relationships. The Company relies on confidentiality procedures and contractual provisions to protect our proprietary rights. We provide the Oncore™ software to customers under a Licensing Schedule and Related Services Agreement.

Management has launched a product development plan that will take the Oncore™ technology as it currently is, to a product that incorporates next generation tools and features that our customers have identified as being essential for their ongoing satisfaction and commitment to the product. As part of this overall development plan, in the third quarter of 2009 the Company made resource investments into its Product Management department, to work with our customers and our development team in identifying future functionality and features. In June 2009, the Company released Oncore™ 5.8. This release included features and enhancements that customers had been requesting, such as Real-Time Reporting and was met with favorable reaction from our installed customer base. Planning for the next release of Oncore is well underway. These initiatives all demonstrate the commitment that the Company has made to its existing and new customers to provide an innovative, progressive product offering.

Decision Dynamics Technology Ltd.

Management Discussion and Analysis

The Company does not sell or transfer title to Oncore™ to our customers. Under our Licensing Schedule and Software Related Services Agreement, Oncore™ may be used by the customer for internal purposes only. The Company believes that the legal specifications in our agreements provide minimal protection of our intellectual property. Instead, our best protection in protecting our proprietary rights is product development and enhancement to advance the technical capability of our product, as well as a demonstrated commitment to customer satisfaction and building of strong customer relationships.