



Interim Consolidated Financial Statements
For the Three Month Periods ended March 31, 2007 and 2006

DECISION DYNAMICS TECHNOLOGY LTD.
SUITE 300, 717 – 7TH AVENUE SW
CALGARY, AB T2P 0Z3 CANADA

Decision Dynamics Technology Ltd.
Report for the three month periods ended March 31, 2007 and 2006

MANAGEMENT'S REPORT

The accompanying unaudited interim consolidated financial statements of Decision Dynamics Technology Ltd. ("Decision Dynamics" or the "Company") for the three months ended March 31, 2007 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

April 25, 2007

"signed"

R.J. (Justin) Zinke
Chief Executive Officer
Calgary, Alberta

"signed"

David N. Hunt
Chief Financial Officer
Calgary, Alberta

Decision Dynamics Technology Ltd.

Unaudited Consolidated Balance Sheets

	As at March 31, 2007	As at December 31, 2006
ASSETS		
Current		
Cash and cash equivalents	\$706,347	\$1,043,990
Accounts receivable	2,048,411	2,483,969
Prepaid expenses	205,020	259,875
	<u>2,959,778</u>	<u>3,787,834</u>
Property and equipment	741,958	785,395
Intangible assets	834,738	959,858
Goodwill	1,778,177	1,778,177
	<u>\$6,314,651</u>	<u>\$7,311,264</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$833,346	\$1,317,217
Deferred revenue	1,088,454	1,701,133
Current portion of long-term debt	581,430	568,222
	<u>2,503,230</u>	<u>3,586,572</u>
Deferred revenue	98,437	157,499
Long-term debt	499,773	661,269
	<u>3,101,440</u>	<u>4,405,340</u>
Shareholders' equity		
Capital stock	25,530,212	25,529,130
Warrants	658,757	658,757
Contributed surplus	1,304,029	1,257,749
Deficit	(24,279,787)	(24,539,712)
	<u>3,213,211</u>	<u>2,905,924</u>
	<u>\$6,314,651</u>	<u>\$7,311,264</u>

Future Operations (note 2)

Approved on behalf of the board

"signed"
William Dimma, Director

"signed"
James Baillie, Director

See accompanying notes to the consolidated financial statements.

Decision Dynamics Technology Ltd.

Unaudited Consolidated Statements of Operations and Deficit

	Three Months Ending	
	March 31, 2007	March 31, 2006
Revenue	\$3,179,212	\$1,733,235
Cost of sales	(\$842,239)	(\$727,294)
Gross profit	<u>\$2,336,973</u>	<u>\$1,005,941</u>
Expenses		
Research and development	641,012	602,114
Selling and marketing	552,715	729,387
General and administration	613,798	908,963
Income (loss) before the undernoted	<u>529,448</u>	<u>(1,234,523)</u>
Amortization of property and equipment	49,480	47,549
Amortization of intangible assets	125,120	125,121
Foreign exchange (gain) loss	(10,266)	(15,763)
Interest income	(6,731)	(10,526)
Interest expense	111,919	136,189
Net income (loss) before income taxes	<u>259,926</u>	<u>(1,517,093)</u>
Income tax expense	191,040	-
Future income tax recovery	(191,040)	(177,098)
Net income (loss) and comprehensive income (loss) for the period	<u>259,926</u>	<u>(1,339,995)</u>
Deficit, beginning of period	<u>(24,539,712)</u>	<u>(19,210,000)</u>
Deficit, end of period	<u>(24,279,786)</u>	<u>(20,549,995)</u>
Basic income (loss) per share	\$0.01	(\$0.03)
Diluted income (loss) per share	\$0.01	(\$0.03)

See accompanying notes to the consolidated financial statements.

Decision Dynamics Technology Ltd.

Unaudited Consolidated Statements of Cash Flows

	Three Months Ending	
	March 31, 2007	March 31, 2006
Cash provided by (used in):		
Operations		
Cash received from customers	\$2,943,029	\$1,511,443
Cash paid to suppliers and employees	(3,032,502)	(2,465,589)
Interest received	6,731	10,526
Interest paid	(63,736)	(85,469)
	<u>(146,478)</u>	<u>(1,029,089)</u>
Investing activity		
Purchase of equipment	(6,043)	(163,341)
	<u>(6,043)</u>	<u>(163,341)</u>
Financing activities		
Issue of long-term debt	-	2,281,000
Repayment of long-term debt	(213,176)	(155,165)
Issue of shares and warrants net of financing costs	1,082	44,700
Deferred financing costs	-	(81,874)
Payment of capital lease	-	(2,921)
	<u>(212,094)</u>	<u>2,085,740</u>
Changes in foreign currency	<u>26,972</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	(337,643)	893,310
Cash and equivalents, beginning of period	<u>1,043,990</u>	<u>3,124,281</u>
Cash and equivalents, end of period	<u>\$706,347</u>	<u>\$4,017,591</u>

See accompanying notes to the consolidated financial statements.

Decision Dynamics Technology Ltd.

Notes to Unaudited Consolidated Financial Statements

Three month period ended March 31, 2007

1. Basis of presentation

The unaudited consolidated interim financial statements of Decision Dynamics have been prepared by management in accordance with Canadian generally accepted accounting principles and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated. The unaudited consolidated interim financial statements do not include all of the disclosures normally provided in annual financial statements and accordingly they should be read in conjunction with the audited consolidated financial statements, including the notes thereto, as at and for the year ended December 31, 2006.

The unaudited consolidated interim financial statements follow the same significant accounting policies and methods of application as the most recent audited financial statements of the Company as at and for the year ended December 31, 2006.

2. Future operations

These financial statements have been prepared on a going concern basis, which assumed the realization of assets and liquidation of liabilities and commitments in the normal course of business. This is the first quarter of profitable operations; however, the Company has an accumulated deficit of \$24,279,787 as a result of recurring losses since inception. The application of the going concern concept is dependent upon the Company's ability to continue to generate future profitable operations and receive continued support from shareholders and investors.

Continued positive results, combined with cash on hand, should provide sufficient cash to enable the Company to conduct its anticipated operations over the next twelve months. However, operating under cash constraints will inhibit the Company's ability to continue to develop strong sales growth in its target markets and equally important it will inhibit Decision Dynamics' development of business visibility and operations analytics for the energy industries. Therefore, Decision Dynamics is considering raising additional equity through private placements. These funds will be used to accelerate new product development, acquisition of complementary technology and to increase market penetration in the United States. This strengthening of the balance sheet should also provide additional assurance to customers and investors of the Company's continuing financial viability. However, there can be no assurance that Decision dynamics will be successful in raising funds through private placements.

These financial statements do not give effect to any adjustment should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing significantly from those reflected in the financial statements.

3. Changes in Accounting Policies

Financial Instruments

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments – Recognition and Measurement; Section 3861, Financial Instruments – Disclosure and Presentation, and Section 3865, Hedges.

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. The Company had no "other comprehensive income or loss" transactions during the three months ended March 31, 2007 and no opening or closing balances for accumulated other comprehensive income or loss.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

Under adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities,

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Notes to Unaudited Consolidated Financial Statements

Three month period ended March 31, 2007

which are measured at amortized cost. Deferred financing costs relating to the issuance of the long-term debt is included in the carrying value of the long-term debt. The Company had neither available-for-sale, nor held to maturity instruments during the three months ended March 31, 2007.

All derivative instruments, including embedded derivatives, are recorded in the statement of operations and deficit at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income. At the initial adoption of the new accounting standards it was determined that the Company had no derivative instruments.

Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative financial statements are not restated.

Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item. The Company does not have any hedges as at March 31, 2007.

4. Share capital

(a) Common shares

Authorized

Unlimited number of voting common shares

Issued and outstanding common shares:

	Number	Amount
Balance, December 31, 2006	51,625,240	25,529,130
Shares issued on exercise of stock options	5,203	1,082
Balance March 31, 2007	51,630,443	\$25,530,212

(b) Stock based compensation

	Number
Balance, December 31, 2006	8,987,034
Granted to current employees	1,230,000
Expired	(1,214,224)
Exercised	(5,203)
Forfeited	(1,340,846)
Balance, March 31, 2007	7,656,761

During the period ended March 31, 2007 \$46,279 (2006 - \$38,045) in compensation costs were recorded in the statement of operations and deficit for the options granted to employees, officers and directors. The fair value of common share options granted during the first quarter of 2007 is estimated in the amount of \$302,505 (2006 - \$nil) at the grant date using the Black-Scholes pricing model based on the following assumptions:

Risk free interest rate	4.05 – 4.14%
Expected life	7 years
Expected volatility	100%
Expected dividends	nil
Weighted average grant-date fair value	\$0.226

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Notes to Unaudited Consolidated Financial Statements

Three month period ended March 31, 2007

(c) Share Accumulation Plan

A total of 700,000 shares have been allocated for issuance from treasury pursuant to the Share Accumulation Plan for directors. During the quarter 61,475 shares were allocated to directors. As at March 31, 2007, a total of 350,818 shares have been allocated to directors. Compensation of \$35,080 has been recorded for the quarter (2006 – nil).

(d) Per share amounts

The weighted number of common shares outstanding for the three month period ending March 31, 2007 was 51,384,200 (2006 – 51,529,931). The diluted number of shares for the three month period ending March 31, 2007 was 52,622,331 (2006 – 51,529,931) reflecting the dilutive effect in 2007 of outstanding options. The exercise of options would not have had a dilutive effect for the three month period ending March 31, 2006.

5. Future income taxes

Income taxes for the quarter are estimated based upon estimated Canadian and US income for the three months ending March 31, 2007 at current Canadian and US income tax rates. The Company has recognized a future income tax recovery utilizing Canadian and US non-capital losses.

6. Segmented information

The Company's operating activities are related to software licensing and services in the geographic segments of Canada and the United States of America.

Revenues by geographic segment	Three month period ending	
	Mar. 31, 2007	Mar. 31, 2006
Canada	\$2,324,461	\$1,068,761
United States	854,751	664,474
Total	\$3,179,212	\$1,733,235

	As at	
	Mar. 31, 2007	Dec. 31, 2006
Property and Equipment		
Canada	\$664,720	\$701,520
United States	77,238	83,875
	\$741,958	\$785,395
Goodwill		
Canada	\$1,778,177	\$1,778,177

7. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.