Management Discussion and Analysis

For the Three and Six Months Ended June 30, 2007 and 2006

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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 months ended June 30, 2007 and 2006. These statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). This discussion should not be considered all-inclusive. For example, it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Company in the future.

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 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. 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 future results to differ materially from the plans, objectives, estimates and intentions expressed in such forward-looking statements. For example, forward-looking statements may be influenced by the following factors: the level of exploration and development carried on by our customers; crude oil, natural gas and other commodity prices; demand for electricity; weather; availability of capital and financing and government policies. The financial 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. 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.

Six Month Revenues up 67% over the same period last year

EBITDAS positive over the six months

Financial Highlights
Stated in thousands of Canadian dollars except per share amounts

$'000 except per share amounts	Three Months Ending Jun. 30, 2007	Three Months Ending Jun. 30, 2006	Six Months Ending Jun. 30, 2007	Six Months Ending Jun. 30, 2006
Operating Results				
Revenue	2,600	1,737	5,779	3,470
Gross profit (1)	1,682	980	4,101	1,986
Gross margin (1)	65%	56%	71%	57%
Loss	(461)	(1,574)	(201)	(2,914)
Loss per share	($0.01)	($0.03)	($0.00)	($0.06)
EBITDAS (2)	(143)	(1,262)	438	(2,281)
Financial Position				
Cash			2,163	2,041
Working Capital			2,453	2,683
Total Assets			7,760	9,091

(1) "Gross profit" is revenue less cost of sales and gross margin is gross profit divided by revenue expressed as a percentage.

(2) "EBITDAS" means earnings from continuing operations before interest, taxes, depreciation, amortization and non-cash stock based compensation. It may be derived by subtracting the stock based compensation (other than expenses resulting from the Share Accumulation Plan which are cash based) from the subtotal titled "Income (loss) before the undernoted" on the Statement of Operations and Deficit.

Gross profit, gross margin and EBITDAS 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.

Overview

Decision Dynamics, a public company incorporated under the laws of Canada, has developed enterprise-wide business automation solutions for the energy industries. These products help energy companies to more effectively manage their resources and reduce costs by enabling:

- Accurate real-time auditable views into business operations
- Improved decision making
- Quick response to problems and opportunities

Decision Dynamics current target market is the energy sector in North America including oil and gas, pipeline, service, power generation and power transmission companies. The three primary products are:

- **Webcore**: Operations visibility and performance analytics
- **Oncore**: Near real-time cost management for operations and capital projects.
- **Wellcore**: Well information management from prospect to abandonment.

The Company operates a wholly-owned foreign subsidiary in the United States of America with operations in Houston, Texas.

Strategy and Outlook

Last year the new management team implemented a strategy to reduce monthly expenditures to bring them more in line with anticipated sales, and to focus product development on business operations solutions for the energy industry. At the same time, the Company increased the number of salespeople with energy services experience. The 67% growth in sales combined with the 21% reduction in expenses produced a positive EBITDAS for the six months ending June 30, 2007.

Sales for the second quarter and for the six months both are up strongly over the comparable period last year. Decision Dynamics is focusing on revenue growth particularly from software licenses and recurring maintenance but with an increased focus on profitability. The improvements the Company has made in marketing and sales combined with an overall reduction in costs will assist the Company in its goal of moving towards positive EBITDAS and Net Income for the year.

The volatility of quarterly sales is due, in part, to the significant impact of a few large sales on the Company's results. Sales and revenue timing are impacted by customer activity levels, the timing of major capital projects, and the length of the sales cycle. Decision Dynamics has developed smaller company Wellcore and Oncore products which have a much shorter sales cycle. Sales of these products will help to offset this volatility. Additionally, as total revenues grow, single sales will have less proportionate impact.

The recent private placement strengthened working capital by about $2.3 million. Strong sales combined with effective cost management should provide sufficient cash to enable the Company to conduct its anticipated operations over the next twelve months and beyond. The Company is continuing to reallocate resources from overhead and operations to sales and marketing. In addition to improving working capital the new equity will support new product development and/or acquisition of complementary technology and the increase in market penetration in the United States.

Decision Dynamics vision and focus:

To become a leading innovative supplier of *Business Visibility* and *Operational Analytics* solutions for the energy industry. Decision Dynamics' solutions will:

- Be differentiated by the use of advanced mathematics based decision support algorithms,
- Leverage the Company's Gold Partner access to Microsoft's technology,
- Have a design emphasis on ease of deployment, use maintenance and customer configurability,
- Improve customer business decision making capability by providing increased business performance visibility and decision making capability.

Accounting Policies

(a) Basis of Presentation

The 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. The Company was EBITDAS positive for the first six months of 2007; however, the Company has an accumulated deficit of $25 million 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 maintain sales and control costs and/or receive continued support from shareholders and investors.

In June, the Company raised $2.3 million (net proceeds to the Company) through the private placement of common shares and warrants. These funds will be used to increase market penetration in the United States, accelerate new product development and augment working capital. This strengthening of the balance sheet provides additional assurance to customers and investors of the Company's continuing financial viability.

(b) Significant accounting policies

The consolidated financial statements for the three and six months ended June 30, 2007 include the accounts of the Company and its wholly-owned US subsidiary, Decision Dynamics Technology Inc. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended December 31, 2006 except for the adoption of the new recommendations of the Canadian Institute of Chartered Accountants as noted below.

(c) 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.

The impact on the Company is minor and is detailed in note 3 of the Company's unaudited interim consolidated financial statements for the quarter ended June 30, 2007.

Going concern

Effective June 30, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1400.08A - 08C, General Standards of Financial Statement Presentation – Going Concern which requires management to make as assessment of the Company's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that could adversely affect future operations. Management's assessment is outlined in the above "Strategy and Outlook" and "Accounting Policies" sections.

Results of Operations

	Three months ending		Six months ending	
	Jun. 30, 2007	**Jun. 30, 2006**	**Jun. 30, 2007**	**Jun. 30, 2006**
Revenue	2,600	1,737	5,779	3,470
Cost of sales	(918)	(757)	(1,678)	(1,484)
Gross profit	1,682	980	4,101	1,986
Expenses	1,924	2,453	3,813	4,693
Income (loss) before the undernoted	(242)	(1,473)	288	(2,707)
Other (amortization, interest, other)	(219)	(347)	(489)	(630)
Income tax recovery	-	246		423
Net income (loss) for the period	(461)	(1,574)	(201)	(2,914)
Basic earnings (loss) per share	($0.009)	($0.031)	($0.004)	($0.057)

Revenue for the first half of 2007 was up 67% over the first half of 2006 as a result of strong sales growth for both Wellcore and Oncore, but particularly for Oncore license sales in Canada. Although sales for the second quarter were not as strong as the first quarter of 2007, Q2 07 sales were still 50% higher than Q2 06. The gross margin improved from 57% in the first half of 2006 to 71% for the same period this year as a result of the higher percentage of license sales compared to service and support revenues.

As a result of the staff reductions and other cost cutting measures implemented in 2006, expenses for the six months ended June 30, 2007 compared to the same period in 2006 were down approximately 21%. Other costs decreased in the first half of 2007 compared to the first half of 2006 largely as a result of foreign exchange gains due to the strengthening of the Canadian dollar compared to the US dollar.

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

Revenue

	Three Months Ending		Six Months Ending	
$ '000	**Jun. 30, 2007**	**Jun. 30, 2006**	**Jun. 30, 2007**	**Jun. 30, 2006**
License	1,462	960	3,453	2,006
Services	1,138	777	2,326	1,464
Total	2,600	1,737	5,779	3,470

License revenues for the six month period ending June 30, 2007 compared to June 30, 2006 are up 72%. Service revenues have increased over 59% due, in part, to the increase in implementation services related to the new license sales.

The Company's revenue recognition policy is set out in the 2006 annual financial statements. Revenue may be dependent upon customer activity levels (drilling activity for Wellcore and Webcore and project activity levels (expenditures) for Oncore) plus the timing of product implementation and contract approvals. Revenue from sales of perpetual licenses generally is recognized once the product has been delivered, that is, installed and is ready for use by the customer. Service and support revenues generally are recognized as delivered (percentage completion). As a result there will be some volatility in the Company's revenues from quarter to quarter depending upon the timing of the signing of contracts and delivery of software.

The Company's revenues are largely dependent upon a small number of customers. Historically the top six customers have provided about 70 -80% of quarterly revenues. However, the specific customers change from quarter to quarter. For example only three customers in the top six in Q2 07 were in the top six in Q2 06. The dependence upon a small number of customers is expected to decline as the Company expands its customer base for both products and increases the amount of recurring revenue.

Revenues from US based customers remained proportionately constant during the first half of 2007 compared to the first half of 2006, at 36% of sales. With increasing emphasis on US based sales, the percentage of sales attributable to US based customers is expected to increase in the future.

Gross profit

$ '000	**Three Months Ending**		**Six Months Ending**	
	Jun. 30, 2007	**Jun. 30, 2006**	**Jun. 30, 2007**	**Jun. 30, 2006**
Revenue	2,600	1,737	5,779	3,470
Cost of sales	(918)	(757)	(1,678)	(1,484)
Gross profit	1,682	980	4,101	1,986
Gross margin	65%	56%	71%	57%

Cost of sales includes the cost of service and support personnel, hosting costs and sales commissions. At this early stage of the Company's development, the growth in service revenues is not directly comparable to the growth in the cost of sales particularly the service cost component. Service personnel may work on other departments' projects thereby reducing their contribution to service revenues, warranty work does not produce revenues and the level of non-chargeable and administrative tasks will vary throughout the year. The increase in cost of sales for Q2 07 compared to Q2 06 and for year-to-date 2007 compared to 2006 is primarily due to lower allocations to sales and research and development. The number of service personnel has decreased by 9 since Q2 06. The improvement in gross margin is attributable to the higher percentage of license sales this year compared to the respective periods in 2006.

Expenses

$ '000	**Three Months Ending**		**Six Months Ending**	
	Jun. 30, 2007	**Jun. 30, 2006**	**Jun. 30, 2007**	**Jun. 30, 2006**
Research and development	615	855	1,256	1,457
Selling and marketing	654	943	1,289	1,673
General and administration	517	413	1,046	1,105
Share Accummulation Plan	39	32	72	32
Other Stock based compensation	98	210	150	426
	1,923	2,453	3,813	4,693

The decrease in total expenses from 2006 to 2007 was due to cost cutting measures implemented largely in the last quarter of 2006. The Company is continuing to reallocate resources from overhead and operations to sales and marketing.

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. For example, service personnel may be employed in sales or research and development personnel may assist in implementations or to support the sales process. Decision Dynamics utilizes the Oncore system to allocate personnel charges between departments. Research and development staff numbers have remained relatively constant and the decrease in expenses is largely due to lower allocations from the service department.

The decrease in selling and marketing costs from the first six months of 2006 to 2007 reflects a temporary reduction in sales personnel as the Company changes its approach to sales, from sales personnel with information technology backgrounds to individuals with operational experience. The decrease is also due to reduced allocation of operations and development personnel to sales. During 2006, Decision Dynamics developed a more standard Wellcore product requiring less operations support for the sales effort. Also, development and service staff were heavily involved with a pilot project for a large US customer in the first quarter of 2006. Sales and marketing costs will increase as additional personnel are hired in Canada and the USA.

General and administrative costs excluding stock based compensation, decreased slightly over the first half from 2006 to 2007 with the apparent increase in Q2 07 compared to Q2 06 due to a recovery of administration expenses in Q2 06 associated with the July 29, 2005 transaction. The largest components of general and administrative expenses are salaries and occupancy costs which are relatively fixed and should not increase proportionately with a growth in sales. As a result, G&A, excluding stock based compensation, as a percentage of sales has declined from 32% in the first half of 2006 to 18% for the first half of 2007.

Amortization and Other Expenses

	Three Months Ending		**Six Months Ending**	
$ '000	**Jun. 30, 2007**	**Jun. 30, 2006**	**Jun. 30, 2007**	**Jun. 30, 2006**
Amortization of property and equipment	57	60	106	108
Amortization of intangible assets	125	125	250	250
Foreign exchange (gain) loss	(54)	68	(63)	53
Interest income	(6)	(30)	(12)	(41)
Interest expense	97	124	208	260
	219	347	489	630

The amortization of property and equipment was flat from 2006 to 2007 as the Company minimized its capital expenditures. The amount of intangible assets has not changed and the amortization is the same from quarter-to-quarter and year-to-year.

Foreign exchange varies from quarter to quarter and from year to year as a result of the fluctuations in the Canadian and United States dollar exchange rates. Foreign exchange differences arise from differences in the rate when the Company records sales to US customers and the rate when the accounts receivable are paid; differences arising from the conversion of assets owned by the Company's US subsidiary from US dollars to Canadian dollars and conversion of the US dollar denominated long term debt to Canadian dollars. About 36% of the Company's revenues for the first half were from US customers. This is down from prior periods due to the significant increase in Canadian sales; however, with the Company's focus on increasing sales in the United States, the percentage of US dollar denominated business is expected to increase. Foreign exchange fluctuations therefore will continue and may increase substantially over those shown for the prior quarters.

The Company invests surplus funds not immediately required for operations and these generate small amounts of interest income. This has decreased in 2007 with the reduction in the level of cash balances but will increase following the equity issue in June 2007.

Interest expense is primarily due to the long-term borrowing the Company entered into during the first quarter of 2006.

Income taxes

The income tax expense is based on the relative amounts of income generated by the Company's Canadian and US operations and is based on the applicable rates in those two jurisdictions. The Company has over $20 million dollars of tax pools available in Canada and the United States. This will be utilized to offset future income in the respective jurisdictions.

Net (income) loss

$ '000 except per share amounts	Three Months Ending Jun. 30, 2007	Jun. 30, 2006	Six Months Ending Jun. 30, 2007	Jun. 30, 2006
EBITDAS	(143)	(1,262)	438	(2,281)
Loss	(461)	(1,574)	(201)	(2,914)
Loss per share	($0.01)	($0.03)	$0.00	($0.06)

Continued sales growth combined with cost reductions resulted in positive EBITDAS for the first half of 2007. Net loss has been substantially reduced compared to last year.

Quarterly results

Following are the results for the three month periods ending (in thousands of Canadian dollars except per share amounts):

	Jun. 30, 07	Mar. 31, 07	Dec. 31, 06	Sept 30, 06	June 30, 06	Mar. 31, 06	Dec. 31, 05	Sept. 30, 05	Jun. 30, 05
Revenue	2,600	3,179	2,776	1,865	1,737	1,733	1,837	1,266	523
Net Income (loss)	(461)	260	(991)	(1,425)	(1,574)	(1,340)	(798)	(1,455)	(440)
Net Income (loss) per share	(0.01)	0.01	(0.02)	(0.03)	(0.03)	(0.03)	(0.02)	(0.03)	(0.02)
EBITDAS	(143)	576	(400)	(910)	(1,262)	(1,018)	(554)	(481)	(481)

Liquidity and capital resources

Working Capital

The table below shows the major items affecting working capital over the six month period ended June 30, 2007.

	$ '000
Working capital December 31, 2006 (1)	201
Long-term debt payments including interest	(457)
Decrease in the current portion of deferred revenue	926
Issue of equity (net of costs)	2,324
Used in operations and other	(541)
Working capital June 30, 2007	2,453

(1) This has been restated as a result of the adoption of the new CICA recommendations for the treatment of financial instruments (see Changes in Accounting policies). The carrying value of long term debt has been reduced by the unamortized balance of Deferred Financing costs.

Capital requirements

The recent private placement strengthened working capital by about $2.3 million. Strong sales combined with effective cost management should provide sufficient cash to enable the Company to conduct its anticipated operations over the next twelve months and beyond. In addition to improving working capital the new equity will support new product development and/or acquisition of complementary technology and the increase in market penetration in the United States.

Share Capital

As at July 31, 2007 Decision Dynamics had 59,993,776 shares outstanding with a book value of $27,555,484, 7,209,122 share options to purchase common shares outstanding, 5,700,832 warrants to purchase common shares and 399,758 deferred share units outstanding.

Related Party Transactions

There have been no related party transactions during the six months ended June 30, 2007.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements during the six months ended June 30, 2007.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of our disclosure controls and procedures as of the date of this Management Discussion and Analysis, that disclosure controls and procedures provided reasonable assurance that material information is made known to them by others within the Company. Certain weaknesses, however, have been identified and the Company's Chief Executive Officer and Chief Financial Officer do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control Risks

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The design of our internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis. The weaknesses in the Company's internal controls over financial reporting, discussed below, result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reports; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement. There have been no changes in the weakness listed in the Management Discussion and Analysis for the year ended December 31, 2006. These weaknesses result from the small size of the Company and management does not believe it would be a prudent use of shareholder funds to engage the number of personnel required to mitigate these weaknesses. Accordingly they will continue to exist until the Company has grown to sufficient size to warrant the increase in the number of individuals and the acquisition and upgrade of computerized systems to adequately mitigate those internal control risks.

Financial Risks

The sale of software and services is subject to business risks and quarterly fluctuation due to factors including customer demand for products, the size and timing of customer orders and the timing of revenue recognition for those orders, progress on implementation projects, the number, timing and significance of new product announcements by Decision Dynamics and its competitors, our ability to develop, introduce and market new and enhanced versions of our products on a timely basis, the level of product and price competition, changes in operating expenses and general economic factors such as foreign exchange rates and commodity prices. A significant portion of our expenses are based on our expectations of future revenue and, therefore, are relatively fixed in the short-term (for example hiring additional employees and leasing space). Accordingly, if revenue levels are below our expectations, our operating results are likely to be adversely affected. Also, under the Company's revenue recognition policy, service work and license sales might not be recognized in the same period in which the work is performed as the Company might not have customer acceptance or may not be able to precisely determine revenues as required by Decision Dynamics' revenue recognition policy and by Canadian generally accepted accounting principles. As a result, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance. The sale of software and services is also subject to a number of business risks including: the Company's ability to manage significant growth in customers and staff, ability to attract and retain highly skilled technical, managerial and sales personnel and ability to protect its intellectual property.