



DECISIONDYNAMICS
TECHNOLOGY



Management Discussion and Analysis

For the Three and Twelve Month Periods Ended December 31, 2007 and 2006



Decision Dynamics Technology Ltd.

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April 4, 2008

Management Discussion and Analysis

The Management Discussion and Analysis focuses on key items from the audited Consolidated Financial Statements for Decision Dynamics Technology Ltd. (“Decision Dynamics” or the “Company”) for the years ended December 31, 2007, 2006 and 2005, and the unaudited Consolidated Financial Statements for Decision Dynamics for the three months ended December 31, 2007, 2006 and 2005. These statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). This discussion should not be considered all-inclusive, as 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.

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. 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. 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.

Financial Highlights

Stated in thousands of Canadian dollars except per share amounts

\$'000 except per share amounts	Three months ending			Year Ending		
	Dec. 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005
Operating Results						
Revenue	2,154	2,776	1,837	9,745	8,111	4,129
Net Loss	(588)	(991)	(798)	(1,584)	(5,330)	(3,311)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)	(0.03)	(\$0.10)	(\$0.09)
EBITDAS ⁽¹⁾	(144)	(400)	(554)	(190)	(3,589)	(2,720)
Financial Position						
Working Capital				1,290	201	3,777
Total Assets				6,148	7,311	9,095
Shareholders' Equity				4,081	2,906	6,992

(1) "EBITDAS" means earnings from continuing operations before interest, taxes, depreciation, amortization, loss on sale of assets and stock compensation. Readers are cautioned that EBITDAS does not have a standardized meaning under GAAP and may not be comparable to other entities in the industry; however, the Company believes it is an important indicator of success for software businesses and is relevant to readers within the investment community. The derivation of EBITDAS is shown in the Results of Operations section below.

Overview

Decision Dynamics, a public company incorporated under the laws of Canada, markets software products and services to the energy sector including major oil & gas and electrical companies. These innovative operations management solutions capture, route, and report critical information at every level of the company making business processes faster and more reliable.

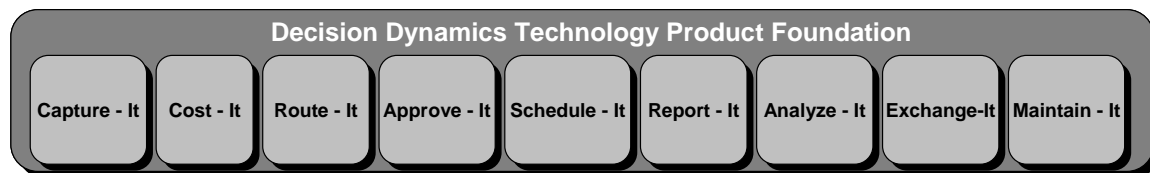
Decision Dynamics enables improved resource management & reduced costs by providing:

- **Visibility**
- Accurate and consistent views into operations
- **Better Decisions**
- Improved decision making and execution
- **Agility**
- Quicker response to problems and opportunities

The Company's primary products are:



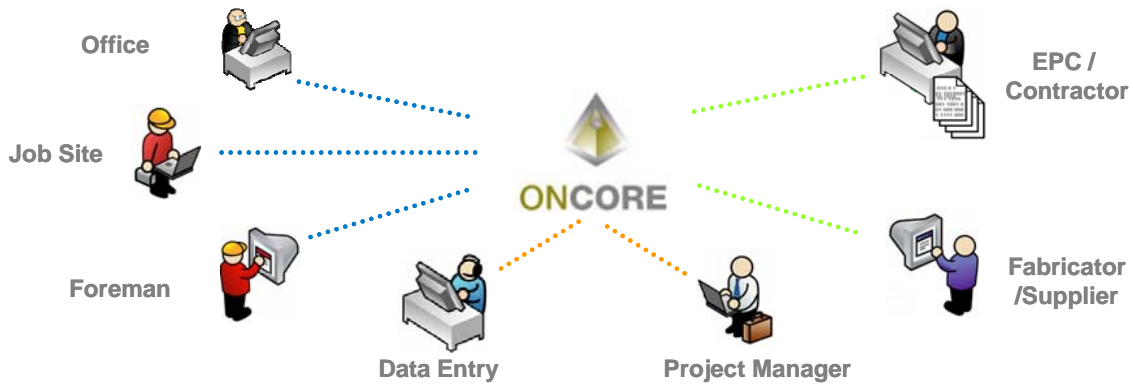
Near Real-time Cost Management for Operations & Capital Projects



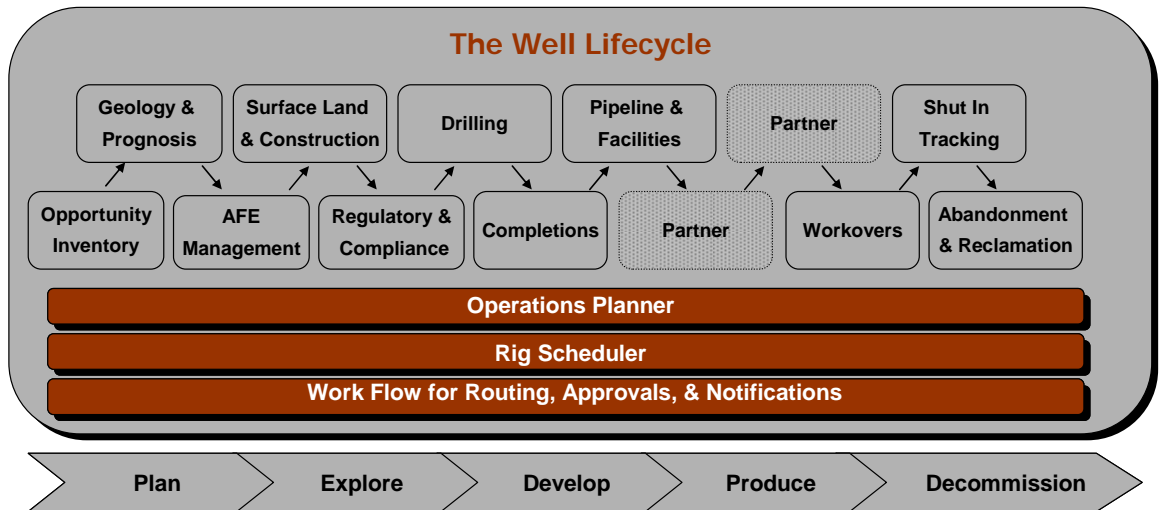
A project cost management solution that reduces cost overruns by providing real-time cost information, contract validation, and approvals

Oncore allows customers to deliver projects repeatedly on-time and on-budget

- Provides superior visibility, transparency and control for all job costs and progress
- Manage project productivity across multiple projects, Contractors, Work Packages, Process Areas, etc.
- Streamlines attest, invoice processing and simplifies Contract Management, reduces actual costs.
- Designed specifically for the complex dynamic and rate based O&G projects and activities



Well Information Management



Built in Work Flow

- See only the information you need to see
- Benefit from the information added by others
- Break down departmental barriers without changing the departments

Improved Response times through increased awareness of

- Abnormal situations
- Time sensitive items requiring action
- Real-time performance metrics
- Incorporates business state information
- Provides real-time visibility into business operations

Efficient Data Entry & Validation

- Incorporates business rules and data entry efficiency aids
- Built in work process minimizes data entry and decreases errors

Designed to be modified as the needs change

- Change the software to the business, not the business to the software
- Your business changes - so does our software

Last year the Company 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. Full year sales are up 20% compared to last year and expenses are down 25% and Decision Dynamics EBITDAS of (\$190,000) was a significant improvement over last year (\$3,589,000).

To enhance customer communication, the Wellcore and Oncore Foundation Steering Committees have been re-instituted and successful meetings held in October 2007. The Company's website has been completely updated and a newsletter was distributed to customers and interested parties.

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 with operations in Houston, Texas.

During the fourth quarter, the Company appointed Ron Green as President and Justin Zinke as Chief Executive Officer. Mr. Green and Mr. Zinke will both report to the Board of Directors. Mr. Green will be responsible for sales, and product delivery and Mr. Zinke will be responsible for product development, finance, corporate strategy, investor relations and strategic opportunities. Decision Dynamics will focus on revenue growth and profitability, further positioning the Company as an industry leader in automated workflow solutions.

Strategy and Outlook

The Company has been successful in its efforts to enhance profitability and attract additional financing. During 2007, it achieved a 20% increase in revenue and a 25% decrease in expenses. Further, the Company raised \$2.4 million (net of issue costs) through the private placement of common shares and warrants. These new funds were used to increase market penetration in the United States, accelerate new product development and augment working capital.

However, current projections indicate that to allow sufficient time for the Company to attain bottom-line profitability, further initiatives will first be required. Continuing efforts are being made to restrain expenses, including through staff lay-offs, but the Company is cognizant of the importance of maintaining a well-motivated staff with the requisite professional and sales skills. Continuing efforts are also being made to sell the Company's products to additional customers; the nature of these products is such that, once a customer begins to integrate them in its business, the customer is likely to stay with the Company for a long time, but this results in sometimes lengthy deliberations before the initial purchase decision is made.

To ensure availability of financing during the period required to attain bottom-line profitability, the Company is investigating an equity or a secured debt financing. While the Company is optimistic that these investigations will be successful, it is cognizant that if they are not, more significant restructuring, including the possible sale of the enterprise in whole or in part, may become necessary. The Company believes that these initiatives, considered together, will enable it to continue as a going concern.

The volatility of quarterly results is due, in part, to the significant impact of large individual 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. This volatility is expected to continue until the Company achieves a sufficient level of quarterly sales to minimize the impact of any one sale.

Changes in, new Applications and Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities and commitments in the normal course of business. These financial statements do not give effect to any adjustment should the Company be unable to continue as a going concern and therefore be

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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.

The Company has, or may, undertake a number of initiatives which are outlined above.

(b) Revenue recognition

The Company's accounting policy with respect to revenue recognition has not changed. Revenues include revenues from perpetual and multi-year license sales, subscriptions, sales of professional services and post contract support revenues including maintenance and problem support.

(c) Future income taxes

The Company uses the asset and liability method of accounting for income taxes. A valuation allowance has been recorded against any future income tax asset as it is more likely than not that the asset will not be realized.

(d) Intellectual Property

Intangible assets acquired either individually or with a group of other assets are initially recognized and measured at cost. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their relative fair values. Costs incurred in the maintenance of the service potential of an intangible asset are expensed as incurred. Intangible assets with finite lives are amortized over their useful lives.

The amortization methods and estimated useful lives of intangible assets, which are reviewed annually, are as follows:

Technology rights	Straight line over 41 months
Trade name	Straight line over 41 months
Maintenance contracts	Straight line over 36 months

(e) 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 audited consolidated financial statements for the year ended December 31, 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 an 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

\$ '000 except per share amounts	Three Months Ending			Year Ending		Dec 31, 2005
	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2007	Dec 31, 2006	
Revenue	2,154	2,776	1,837	9,745	8,111	4,128
Expenses	2,425	3,419	2,425	10,312	12,584	6,882
	(271)	(643)	(588)	(567)	(4,473)	(2,754)
Other (amortization, interest, other)	(317)	(348)	(210)	(1,016)	(1,280)	(557)
Income tax recovery	-	-	-	-	423	-
Net loss for the period	(588)	(991)	(798)	(1,583)	(5,330)	(3,311)
Other and income taxes	317	348	210	1,016	857	557
Non-cash share compensation	127	243	32	377	884	34
EBITDAS	(144)	(400)	(556)	(190)	(3,589)	(2,720)
Basic and diluted loss per share	\$0.01	\$0.02	\$0.02	\$0.03	\$0.10	\$0.09
Weighted average number of common shares outstanding	60,202	51,625	51,378	56,081	51,590	36,774

Both license and service revenues have increased over the three year period as a result of the acquisition of Malibu Engineering & Software Ltd. in 2005 and growth of Oncore sales and recurring revenues in 2006 and 2007. The acquisition combined with a strong growth in staff resulted in a significant increase in expenses for 2005 to 2006. These were reduced in 2007 as the Company reduced staff to bring expenses more into line with revenues. The net loss for 2007 was the lowest in three years as a result of the sales growth combined with cost reductions.

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

Revenue

\$ '000 except per share amounts	Three Months Ending			Year Ending		Dec 31, 2005
	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2007	Dec 31, 2006	
License	1,340	1,980	986	5,609	4,841	2,066
Services	814	796	851	4,136	3,270	2,062
Total	2,154	2,776	1,837	9,745	8,111	4,128

The \$1.6 million (20%) increase in 2007 revenues compared to 2006 was largely due to increases in recurring revenues from previous license sales plus increased service revenues related to installations and other customer projects. The increase in revenue in 2006 compared to 2005 (134%) was due to the inclusion of an additional seven months of Wellcore sales following the acquisition of Malibu Engineering & Software Ltd. plus several large sales of Oncore during the year. In addition, service revenues increased due to the increase in service personnel plus more chargeable projects.

In Q4 06 the Company closed the sale of Oncore to a very large customer. Q4 07 sales were to mid-sized customers resulting in a decrease in the quarter over quarter comparison. The increase in Q4 06 compared to Q4 2005 is primarily due to the 100% increase in license revenues resulting from sales of the new Oncore stand-alone suite. The decline in quarterly service revenues over the three years is partially due to changes in the number of available personnel as well as the amount of implementation work attributable to Q3 and Q4 sales and customer projects. The allocation of service staff to sales and development projects will reduce service revenues without being directly related to license sales in the same quarter.

About \$3.9 million of the 2007 revenues were recurring revenues from multi-year contracts and maintenance payments, up from the \$3.3 million in 2006.

License revenues include sales of perpetual and multi-year licenses, annual maintenance charges and ASP subscription revenues. Service revenues include sales of professional services, software support, training and implementation services and hosting. Revenue for both products may be dependent upon customer activity levels

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(drilling activity for Wellcore and project activity levels (expenditures) for Oncore) plus the timing of the product implementation. Revenue from sales of perpetual licenses, particularly for Wellcore, 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 (six customers provided 64% of revenues for 2007 compared to 74% for the same number of customers last year). The specific customers do change somewhat from quarter to quarter. The dependence upon a small number of customers is declining as the Company expands its customer base and volume of sales for both products.

During the year ending December 31, 2007, 2006 and 2005, Decision Dynamics derived about 37%, 33% and 29% respectively of its revenue from USA based customers. With the Company's continuing thrust into the USA, the percentage of sales attributable to US based customers is expected to continue to increase in the future.

Gross profit

\$ '000	Three Months Ending			Year Ending		
	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005
Revenue	2,154	2,776	1,837	9,745	8,111	4,128
Cost of sales	(790)	(709)	(959)	(3,189)	(3,041)	(2,043)
Gross profit	1,364	2,067	878	6,556	5,070	2,085
Gross margin	63%	74%	48%	67%	63%	51%

Cost of sales includes the cost of the service department (both productive and non-productive time), warranty work, support personnel, hosting costs and sales commissions. At this 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. From time-to-time service personnel may work on sales projects or development 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. For these reasons costs may vary substantially from quarter to quarter.

The Cost of Sales increased about 49% from 2005 to 2006 and about 5% from 2006 to 2007. The increase in 2006 was primarily due to the increase in service personnel as a result of the acquisition of Malibu and from new hiring. The growth in costs from 2006 to 2007 despite the reduction in staff was due in part to the high allocation of staff to sales projects in 2006 resulting in a decrease in cost of sales combined with higher commissions and more warranty work in 2007. In Q4 06 about 20% of the staff time was allocated to other departments while the reallocations in Q4 2007 and 2005 were quite minor. Note that the cost of sales for Q4 05 appears high relative to the full year as the full year only included five months of operations acquired from Malibu.

Gross margin is dependent upon the mix of license and services sales, customer service requirements and service utilization rates. The relative mix of license revenues and service revenues was relatively constant for 2007 and 2006 at 59%:41% for licenses and services, up from a 50:50 split for 2005. The Company implemented efficiency improvements in delivering services this year; however these were partially offset by higher warranty costs. Gross margin for the year improved to 67% compared to the prior year 63%. The growth in gross margin from 2005 to 2006 was largely due to the higher proportion of services as a percentage of total revenues compared to 2005.

The quarter over quarter comparisons are affected by the license/service mix, customer implementation requirements and service personnel utilization rates. The improvement from Q4 05 to Q4 06 of 26 percentage points to 74% was largely due to an increase in the proportion of license sales; however the rate declined in Q4 07 to 63% while the license percentage increased. This was due to a relative lack of projects in Q4 07 resulting in a lower utilization rate.

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Expenses

\$ '000	Three Months Ending			Year Ending		
	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005
Research and development	527	598	260	2,290	2,439	660
Selling and marketing	547	743	207	2,417	3,366	908
Restructuring costs	86	401	179	86	401	545
General and administration	393	709	787	1,912	2,385	2,693
Share Accumulation Plan	(48)	14	0	42	66	-
Other stock based compensation	131	245	33	377	885	33
	1,636	2,710	1,466	7,124	9,542	4,839

The 25% decrease in expenses from 2006 to 2007 was primarily due to the staff reductions effected during the year. The almost doubling of 2006 expenses compared to 2005 was due to the inclusion of an additional seven months of Malibu expenses plus the growth in sales and marketing, services and development personnel to support the anticipated growth in sales and the non-cash expense associated with the valuation of the Malibu replacement options.

The acquisition of Malibu and corporate growth is reflected in the sizeable growth of Q4 06 expenses compared to Q4 05. In the fourth quarter of 2006 the company also embarked on a program to reduce monthly operating expenses to bring them more in line with revenue growth and refocused product development on business operations solutions for the energy industry. This program was effective in bring costs down significantly for Q4 07 compared to Q4 06.

The 270% increase in Research and Development for 2006 compared to 2005 is due to the growth in personnel in the product development area plus the inclusion of Malibu personnel for the full year. Expenditures decreased slightly from 2006 to 2007 due to a small reduction in headcount and lower personnel allocations compared to the previous year. The same pattern is reflected in the quarterly expenditure levels. 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. As a result, R&D expenses may vary from quarter to quarter due to allocations of staff during the quarter to or from service projects.

One of the Company's major objectives for the second half of 2005 and the beginning of 2006, was to build a North American sales team in Houston, Denver and Calgary. Sales and support personnel increased from 4 in mid-2005 to over 12 in 2006. Marketing staff and the marketing program was increased as well. As a result 2006 sales and marketing expenses were more than three times the 2005 level of expenditures. This increase also reflects the sales support work done by service personnel for pilots, demonstrations, and other support services. The decrease in full year expenses from 2006 to 2007 reflects a temporary reduction in sales personnel as the Company changes its sales focus from sales personnel with information technology backgrounds to individuals with operations backgrounds. The decrease is also due to reduction allocation of operations and development personnel to sales. These personnel were heavily involved in pilot projects for two large US companies during the first half of 2006. The quarterly results follow a similar pattern to the annual results.

Restructuring includes the cost of personnel severance and any fees associated with reductions in facilities. This was lower this year as most of the staff reductions occurred in the prior years.

The continuing decline in General and Administrative costs excluding stock based compensation, reflects a deliberate effort by the company to reduce G&A costs. Costs declined 11% from 2005 to 2006 and a further 19% from 2006 to 2007. The reductions were due to a number of factors including personnel reductions, reductions in facilities, legal and audit costs, communications and miscellaneous small items. Quarterly expenses reflect this same pattern with the sizeable reduction from Q4 06 to Q4 07 due to office space reductions in Calgary and Houston. The largest components of general and administrative expenses are salaries and occupancy costs which are relatively fixed and will not increase with a growth in sales. Cash G&A as a percentage of sales has declined from 65% in 2005 to 30% in 2006 and further to 20% in 2007.

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Amortization and Other Expenses

\$ '000	Three Months Ending			Year Ending		
	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005
Amortization of property and equipment	59	65	45	219	249	122
Amortization of intangible assets	125	125	30	500	500	209
Foreign exchange (gain) loss	30	53	130	(83)	108	78
Loss on disposal of equipment and leasehold improvements	32	-	-	32	-	-
Interest income	(18)	(10)	-	(45)	(78)	(1)
Interest expense	89	115	5	393	501	149
	317	348	210	1,016	1,280	557

Amortization of property and equipment has increased 113% from 2005 to 2006 due to the inclusion of a full year of amortization of the Malibu assets plus the significant asset additions which were made in the U.S., purchase of additional computers and related equipment for new employees in Canada and to upgrade the capability of Company hosting systems. With most of the upgrades completed in 2006, the Company was able to minimize purchases of new equipment in 2007 and as much of the amortization is on a declining balance basis, total amortization decreased. The amortization of the \$1.7 million of intangible assets acquired from Malibu in 2005 is amortized on a straight line basis at \$125,000 per quarter or \$500,000 per year. For 2005, the \$209,000 represents just over five months of amortization. In 2005 the Company engaged a third party to assist in the evaluation of assets and assignment of the excess purchase price. This resulted in a reduction in the amount of full year amortization which was adjusted in the fourth quarter.

The significant differences in foreign exchange from quarter to quarter and over the last three years result from the extensive 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 plus differences arising from the conversion of assets owned by the Company's US subsidiaries from US dollars to Canadian dollars. About 37% of the Company's revenues for the year (2006 – 33%; 2005 – 29%) were from US based customers. 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. Interest expense is primarily due to long term debt.

Income taxes

The Company has about \$21.0 million dollars of tax pools available in Canada and the United States to offset income in the respective jurisdictions.

Net loss

\$ '000 except per share amounts	Three Months Ending			Year Ending		
	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005
EBITDAS	(144)	(400)	(554)	(190)	(3,589)	(2,720)
Net loss	(588)	(991)	(798)	(1,584)	(5,330)	(3,311)
Basic and diluted loss per share	(\$0.01)	(\$0.02)	(\$0.03)	(\$0.03)	(\$0.10)	(\$0.09)

The Company came close to achieving a break-even cash flow as measured by EBITDAS in 2007 and net loss for Q4 and for the full year 2007 was the lowest in three years as a result of the sales growth combined with cost reductions. The 2006 EBITDAS loss and net loss for the quarter and for the year were up over the previous comparable periods largely as a result of the growth of sales and development staff resulting in higher expenses and higher stock based compensation costs.

Quarterly results

The acquisition of Malibu has changed the Company's operations substantially and historical results may not be indicative of future results. Following are the results for the three month periods ending (in thousands of Canadian dollars except per share amounts):

	Dec. 31, 07	Sept 30, 07	June 30, 07	Mar. 31, 07	Dec. 31, 06	Sept 30, 06	June 30, 06	Mar. 31, 06	Dec. 31, 05
Revenue	2,154	1,811	2,600	3,179	2,776	1,865	1,737	1,733	1,837
Net Income (loss)	(588)	(795)	(461)	260	(991)	(1,425)	(1,574)	(1,340)	(798)
Income (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	\$0.01	(\$0.02)	\$0.03	(\$0.03)	(\$0.03)	(\$0.02)
EBITDAS	(144)	(466)	(143)	576	(400)	(910)	(1,262)	(1,018)	(554)

Liquidity and capital resources

Working Capital

The table below shows the major items affecting working capital during the year

	\$ '000
Working capital December 31, 2006 (restated)	201
Repayment of long-term debt (including interest)	(941)
Issue of shares (net of fees)	2,383
Used in operations and other	(353)
Working capital December 31, 2007	1,290

Five customers provided 56% of the total accounts receivable at December 31, 2007 compared to 68% and 78% attributable to five customers at December 31, 2006 and 2005 respectively.

Capital requirements

The Company has been successful in its efforts to enhance profitability and attract additional financing. During 2007, it achieved a 20% increase in revenue and a 25% decrease in expenses. Further, the Company raised \$2.4 million (net of issue costs) through the private placement of common shares and warrants. These new funds were used to increase market penetration in the United States, accelerate new product development and augment working capital.

However, current projections indicate that to allow sufficient time for the Company to attain bottom-line profitability, further initiatives will first be required. Continuing efforts are being made to restrain expenses, but the Company is cognizant of the importance of maintaining a well-motivated staff with the requisite professional and sales skills. Continuing efforts are also being made to sell the Company's products to additional customers; the nature of these products is such that, once a customer begins to integrate them in its business, the customer is likely to stay with the Company for a long time, but this results in sometimes lengthy deliberations before the initial purchase decision is made.

To ensure availability of financing during the period required to attain bottom-line profitability, the Company is investigating an equity or a secured debt financing. While the Company is optimistic that these investigations will be successful, it is cognizant that if they are not, more significant restructuring, including the possible sale of the enterprise in whole or in part, may become necessary. The Company believes that these initiatives, considered together, will enable it to continue as a going concern with adequate financing.

Share Capital

As at April 3, 2008 Decision Dynamics had 60,212,466 shares outstanding with a book value of \$27,606,710.

Related Party Transactions

On August 16, 2006, the Board granted options to a non-management director to purchase 100,000 common shares exercisable at \$0.55. There were no related party transactions in 2007.

Financial Risks

The sale of software and services is subject to business risks and quarterly fluctuation due to factors such as 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, commodity prices, and so on. 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.