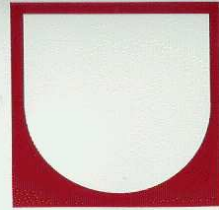


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Horseshoe, PA 19044-0588
Address Correction Requested



Second Quarter Report



Decision Industries Corporation

1987/Q2

Six Months Ended
June 30, 1987



Dear Shareholder:

As President and Chief Executive Officer of Decision Industries, I welcome the opportunity of communicating with our Shareholders. During the course of the year, I intend to provide you with meaningful information about the Company in a clear, concise manner.

Current Earnings Status

Revenues for the second quarter ended June 30, 1987 were \$43,811,000, down 11% from revenues of \$49,082,000 for the second quarter ended May 31, 1986. A net loss of \$2,664,000 or \$.28 per share was reported for the quarter, compared to net income of \$1,775,000 or \$.19 per share for the corresponding quarter of 1986. Revenues for the current quarter actually increased 6% from the adjusted second quarter of 1986 after giving effect to the current terms of international sales to the Decision Industries/Olivetti joint venture.

The second quarter loss reflects the negative impact of lower selling prices for our workstation products as a result of competitive pricing conditions. Contributing to the loss was a \$1.7 million charge for costs associated with restructuring and certain legal settlement expenses, and a \$2.1 million increase to inventory reserves for 80 column card-processing products and other equipment.

Maintenance revenues increased 24% for the quarter reflecting continued expansion from maintaining and servicing Decision Data, IBM Wang and Texas Instrument systems and peripherals. Maintenance margins increased due to efficiencies resulting from a greater density of serviced equipment. On May 26, the Company purchased the maintenance business of Iverson, Inc., a West Coast provider of sales and service of Digital Equipment Corporation systems and products. For the first six months of 1987, the Company posted revenues of \$88,636,000, down 6% from 1986 first half revenues of \$94,160,000. The net loss for the first half of 1987 was \$4,725,000 or \$.50 per share compared to net income of \$2,732,000 or \$.29 per share for the corresponding 1986 period.

Organizational Structure

During the past month, we have defined and started to implement modifications to the Company's organization to create a more cost effective and efficient structure. The most significant change will be to combine the field sales and service functions, eliminating duplications while focusing Management's attention on critical areas which are key to DIC's future success.

New Product Introduction

During the first half, accelerated engineering efforts resulted in an array of new peripheral products. Product introductions in the second quarter included a 14 inch 7 color terminal and a 12 inch monochrome terminal, a 400 LPM, high performance matrix line printer and a 4 megabyte memory board compatible with IBM System 38 model computers.

Additional steps have also been taken to allow for greater productivity of our increased sales force. Our recently announced agreement with Continental Information Systems, will enable DIC to be a single source supplier offering complete systems solutions to the U.S. user of medium-sized computers. These offerings include IBM-manufactured processors and related products, used equipment broker services, and financing.

Econocom N.V. Acquires 9.3% of the Company's Stock

On July 27, 1987, we were notified that Econocom Finance N.V., a privately held Dutch company, had acquired a 9.3% stock position in DIC. While our understanding at this time is that the holding is intended primarily for investment purposes, various steps are being taken by DIC to ensure that the Company's Board of Directors can ultimately protect the interests of its shareholders.

The Management recognizes the challenges and opportunities facing DIC, and we are dedicated to the success of DIC in terms of both growth and profitability. We believe that we have taken significant steps towards returning the Company to profitability, and we remain extremely optimistic as to the Company's future prospects.

Sincerely,

Joseph J. Casullo
Joseph J. Casullo

Decision Industries Corporation and Subsidiaries

Consolidated Statements of Operations

(\$000 Omitted except per share amounts) (Unaudited)	For the Three Months Ended		For the Six Months Ended	
	June 30, 1987	May 31, 1986	June 30, 1987	May 31, 1986
Revenues				
Net sales	\$27,477	\$33,647	\$56,386	\$64,683
Maintenance	15,123	14,400	29,642	27,654
Other income	1,211	635	2,580	1,823
	43,811	49,082	88,608	94,160
Cost of Revenues				
Net sales	21,881	18,930	43,382	36,934
Maintenance	12,063	11,729	23,497	22,457
Other	100	336	223	658
Engineering and development costs	2,442	2,197	5,214	4,519
Selling, general and administrative expenses	11,856	13,832	24,062	26,111
Interest (income), net	(157)	(224)	(295)	(308)
Equity in (earnings) of unconsolidated Joint Venture Companies	(244)		(400)	
Restructuring expense	1,675		1,675	
Nonoperating (income)		(482)		(482)
	49,616	46,316	97,358	89,886
Income (Loss) Before Income Taxes	(5,805)	2,764	(8,750)	4,277
Provision for income taxes	(3,141)	988	(4,025)	1,539
Net Income (Loss)	\$ (2,664)	\$ 1,775	\$ (4,725)	\$ 2,732
Net Income (Loss) Per Common Share*	\$ (.28)	\$.19	\$ (.50)	\$.29

* Loss per common share for the three and six month periods ended June 30, 1987 has been computed using the number of shares outstanding at the end of each period. Net income per common share for the six month periods ended May 31, 1986 has been computed based on the weighted average number of shares outstanding during the periods plus the equivalent shares that would result from the exercise of dilutive options, stock warrants, and stock appreciation rights.



The Model 6704 printer, a 400 line-per-minute matrix line printer, was introduced in May. Offering data, word and graphics processing capabilities, including bar codes, the Model 6704 attaches to the System 34/36/38, the IBM PC and Decision Data's Decision 36 systems.

Consolidated Balance Sheets

(\$000 Omitted)	June 30, 1987	November 30, 1986**
	(Unaudited)	
Assets		
Current Assets:		
Cash (including \$11,119 in 1987 and \$7,305 in 1986 of marketable securities)	\$ 14,997	\$ 15,526
Receivables, net of reserves	32,467	36,556
Notes receivable from related parties	1,400	13,203
Inventories, net of reserves	43,186	37,758
Prepaid expenses and other current assets	1,320	1,788
Deferred income taxes	9,078	766
Total current assets	102,448	105,597
Property and Equipment	12,599	13,047
Software	2,673	3,101
Investment In and Notes Receivable From Joint Venture Companies	6,140	6,244
Other Assets	2,554	2,810
	\$126,414	\$130,799
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 1,149	\$ 1,576
Accounts payable	13,414	11,471
Accrued expenses	10,907	10,830
Deferred revenues	3,909	4,638
Income taxes	4,824	3,854
Total current liabilities	34,203	32,369
Long-Term Debt	1,269	1,436
Deferred Income Taxes	933	347
Shareholders' Equity:		
Common stock, \$.10 par value, authorized 20,000,000 shares, issued 9,637,192 shares:		
in 1987 and 9,547,562 shares in 1986	964	955
Additional paid-in capital	68,102	67,249
Retained earnings	22,558	29,337
Less common shares held in treasury, at cost:		
231,865 shares in 1987 and 147,355 shares in 1986	(2,100)	(1,395)
Deferred compensator	(636)	(187)
Foreign currency translation adjustment	1,121	688
Total shareholders' equity	90,009	96,647
	\$126,414	\$130,799

** Restated to conform with current classifications.