

● Day

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Day Software Holding AG
Report for the First Half 2007

Day Software Report for the First Half of Fiscal Year 2007

Results in Detail

First half

Total revenues for the first half of 2007 amounted to CHF 12.0 million, compared to CHF 9.6 million for the first half of 2006. License revenues for the first half of 2007 amounted to CHF 5.0 million or 42% of total revenues, compared to CHF 3.5 million for the first half of 2006 or 36% of total revenues. Product support revenues for the first half of 2007 increased 28% to CHF 3.7 million, compared to CHF 2.9 million for the first half of 2006 due to growing customer base. Services revenues for the first half of 2007 increased 3% to CHF 3.3 million, compared to CHF 3.2 million for the first half of 2006.

The Company generated total revenues of CHF 7.2 million (or 60% of total revenues) in Europe and CHF 4.8 million (or 40% of total revenues) in the Americas and Asia Pacific in the first half of 2007, as compared to CHF 4.7 million (or 49% of total revenues) in Europe and CHF 4.9 million (or 51% of total revenues) in the Americas and Asia Pacific in the first half of 2006. The United States was the country contributing the greatest amount of revenues in the both the first half of 2007 and 2006.

Cost of revenues for the first half of 2007 increased 38% to CHF 3.3 million, compared to CHF 2.4 million for the first half of 2006 due to increase in employees in professional services as a result of management's efforts to grow services revenue.

Gross profit for the first half of 2007 increased 23% to CHF 8.7 million, compared to CHF 7.1 million for the first half of 2006. The gross profit margin for the first half of 2007 decreased to 73%, as compared to 74% in the first half of 2006 due to the increase in cost of revenues - product support and services.

Operating expenses for the first half of 2007 increased 19% to CHF 7.4 million, as compared to CHF 6.2 million for the first half of 2006. Research and development expenses increased 36% due to an increase in new product development. Sales and marketing expenses increased 11% due to increase in sales related expenses associated with the increase in revenue and increase in trade shows and other marketing activities. General and administrative expenses increased 23% due to an increase in headcount, additional professional fees associated with Day's listing on the OTCQX and nonrecurring credits in the first half of 2006. Operating expenses for the first half of 2007 and 2006 include a TCHF 215 and TCHF 224 charge for share-based compensation expense, respectively.

Net income for the first half of 2007 was CHF 4.8 million, compared to net income of TCHF 735 for the first half of 2006. Provision for taxes for the first half of 2007 includes CHF 3.9 million tax benefit for a reduction in the deferred tax assets valuation allowance offset by a CHF 0.5 million current tax expense. Basic net income per share was CHF 3.46 for the first half of 2007, compared to basic net income per share of CHF 0.54 for the first half of 2006. Diluted net income per share was CHF 3.22 for the first half of 2007, compared to diluted net income per share of CHF 0.51 for the first half of 2006.

Second Quarter

Total revenues for the second quarter of 2007 amounted to CHF 5.6 million, compared to CHF 4.4 million for the second quarter of 2006. License revenues for the second quarter of 2007 amounted to CHF 2.0 million or 36% of total revenues, compared to CHF 1.4 million for the second quarter of 2006 or 32% of total revenues. Product support revenues for the second quarter of 2007 increased 27% to CHF 1.9 million, compared to CHF 1.5 million for the second quarter of 2006 due to growing customer base. Services revenues for the second quarter of 2007 increased 13% to CHF 1.7 million, compared to CHF 1.5 million for the second quarter of 2006.

The Company generated total revenues of CHF 2.6 million (or 46% of total revenues) in Europe and CHF 3.0 million (or 54% of total revenues) in the Americas and Asia Pacific in the second quarter of 2007, as compared to CHF 2.5 million (or 57% of total revenues) in Europe and CHF 1.9 million (or 43% of total revenues) in the Americas and Asia Pacific in the second quarter of 2006. The United States was the country contributing the greatest amount of revenues in the both the second quarter of 2007 and 2006.

Cost of revenues for the second quarter of 2007 increased 31% to CHF 1.7 million, compared to CHF 1.3 million for the second quarter of 2006 due to increase in employees in professional services as a result of management's efforts to grow services revenue.

Gross profit for the second quarter of 2007 increased 26% to CHF 3.9 million, compared to CHF 3.1 million for the second quarter of 2006. The gross profit margin for both the second quarter of 2007 and 2006 was 70%.

Operating expenses for the second quarter of 2007 increased 27% to CHF 3.8 million, as compared to CHF 3.0 million for the second quarter of 2006. Research and development expenses increased 42% due to an increase in new product development. Sales and marketing expenses increased 28% due to increase in sales related expenses associated with the increase in revenue and increase in trade shows and other marketing activities. General and administrative expenses increased 17% due to an increase in headcount, additional professional fees associated with Day's listing on the OTCQX and nonrecurring credits in the second quarter of 2006. Operating expenses for the second quarter of 2007 and 2006 include a TCHF 121 and TCHF 99 charge for share-based compensation expense, respectively.

Net income for the second quarter of 2007 was CHF 3.5 million, compared to net loss of TCHF 180 for the second quarter of 2006. Provision for taxes for the second quarter of 2007 includes CHF 3.9 million tax benefit for a reduction in the deferred tax assets valuation allowance offset by a CHF 0.5 million current tax expense. Basic net income per share was CHF 2.53 for the second quarter of 2007, compared to basic net loss per share of CHF 0.13 for the second quarter of 2006. Diluted net income per share was CHF 2.33 for the second quarter of 2007, compared to diluted net loss per share of CHF 0.13 for the second quarter of 2006.

Employees

Total headcount as of June 30, 2007 and December 31, 2006 was 106 and 88, respectively. Headcount as of June 30, 2007 was allocated as follows: professional services 31%, research and development 28%, sales and marketing 25%, and general and administration 16%.

Consolidated Balance Sheets

(in thousands CHF, except share information)
(unaudited)

ASSETS	June 30, 2007	December 31, 2006
Current assets		
Cash and cash equivalents	13,483	8,499
Accounts receivable, net of allowance	4,844	5,874
Unbilled receivables	761	1,478
Other receivables	46	92
Prepaid expenses	633	203
Deferred tax assets	1,443	-
Total current assets	21,210	16,146
Non-current assets		
Property and equipment, net	406	250
Capitalized software development costs, net	1,996	1,537
Goodwill and intangible assets, net	3,044	3,137
Deferred tax assets	1,914	-
Other assets	80	76
Total non-current assets	7,440	5,000
TOTAL ASSETS	28,650	21,146
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	707	592
Deferred revenue	4,840	4,207
Other current liabilities	623	522
Accrued liabilities	1,544	1,433
Total current liabilities	7,714	6,754
Deferred revenue less current portion	105	190
Long-term portion of unfunded pension obligation	1,705	1,705
Total liabilities	9,524	8,649
Shareholders' equity		
Share capital, CHF 10.00 par value; 1,422,010 shares issued and outstanding, 676,000 additional authorized and 607,560 conditional as of June 30, 2007; 1,381,664 shares issued and outstanding, 676,000 additional authorized and 647,906 conditional as of December 31, 2006.	14,220	13,817
Treasury shares	-	(1,255)
Additional paid-in capital	140,252	139,938
Accumulated deficit	(133,452)	(138,033)
Accumulated other comprehensive loss	(1,894)	(1,970)
Total shareholders' equity	19,126	12,497
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28,650	21,146

See accompanying notes to these consolidated financial statements.

Consolidated Statements of Operations

(in thousands CHF, except share and per share information)

(unaudited)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Revenues				
Software licenses	1,956	1,381	5,010	3,442
Product support	1,913	1,488	3,710	2,886
Services	1,707	1,493	3,278	3,224
Total revenues	5,576	4,362	11,998	9,552
Cost of revenues				
Software licenses	89	43	158	91
Product support and services	1,593	1,264	3,117	2,312
Total cost of revenues	1,682	1,307	3,275	2,403
Gross profit	3,894	3,055	8,723	7,149
Operating expenses				
Research and development	1,014	715	1,868	1,374
Sales and marketing	1,800	1,405	3,545	3,187
General and administrative	959	822	1,897	1,548
Amortization of acquired intangible assets	46	46	93	93
Income from operations	75	67	1,320	947
Interest income	35	7	47	16
Interest expense	(1)	(1)	(1)	(1)
Impairment of investments	-	(187)	-	(187)
Foreign exchange gain (loss)	41	(59)	73	(32)
Other income (expense)	18	(6)	11	1
Income (loss) before income taxes	168	(179)	1,450	744
Benefit (provision) for income taxes	3,362	(1)	3,340	(9)
Net income (loss)	3,530	(180)	4,790	735
Basic net income (loss) per share	2.53	(0.13)	3.46	0.54
Diluted net income (loss) per share	2.33	(0.13)	3.22	0.51
Shares used in computing basic net income (loss) per share	1,393,861	1,358,978	1,385,789	1,356,793
Shares used in computing diluted net income (loss) per share	1,515,910	1,358,978	1,487,048	1,452,774

See accompanying notes to these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands CHF)

(unaudited)

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Net income	4,790	735
Adjustments to reconcile net income to net cash provide by operating activities		
Depreciation and amortization of fixed assets	52	59
Amortization of acquired intangible assets	93	93
Amortization of capitalized software costs	149	74
Impairment of investments	-	187
Net foreign currency exchange (gain) losses	(47)	40
Share-based compensation	215	224
Changes in operating assets and liabilities		
Accounts receivable	1,122	2,639
Unbilled receivables	730	(113)
Prepaid expenses and other current assets	(383)	(6)
Deferred tax assets	(3,368)	-
Other assets	(4)	32
Accounts payable	112	68
Deferred revenues	521	(209)
Accrued liabilities	100	(680)
Other current liabilities	92	(180)
Net cash provided by operating activities	4,174	2,963
Cash flows from investing activities		
Capitalized software development cost	(608)	(333)
Purchases of equipment	(208)	(94)
Net cash used in investing activities	(816)	(427)
Cash flows from financing activities		
Proceeds from stock option exercises	579	266
Purchase of treasury shares	(1,459)	(1,342)
Proceeds from sale of treasury shares	2,428	1,418
Net cash provided by financing activities	1,548	342
Net increase in cash and cash equivalents	4,906	2,878
Foreign currency adjustment on cash	78	(55)
Cash and cash equivalents at beginning of period	8,499	4,256
Cash and cash equivalents at end of period	13,483	7,079

See accompanying notes to these consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(in thousands CHF, except share information)
(unaudited)

	Share Capital		Treasury Shares	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount					
Balances							
January 1, 2006	1,353,570	13,536	(1,227)	139,256	(139,911)	(510)	11,144
Proceeds from exercise of stock options	28,094	281	-	67	-	-	348
Additional proceeds from issuance of share capital	-	-	-	109	-	-	109
Purchase of treasury shares	-	-	(2,598)	-	-	-	(2,598)
Proceeds from sale of treasury shares	-	-	2,570	51	-	-	2,621
Share-based compensation	-	-	-	455	-	-	455
Adjustment to initially apply Financial Accounting Standards Board Statement No. 158	-	-	-	-	-	(1,358)	(1,358)
Comprehensive income:							
Net income	-	-	-	-	1,878	-	1,878
Foreign currency translation	-	-	-	-	-	(102)	(102)
Total comprehensive income	-	-	-	-	-	-	1,776
Balances							
December 31, 2006	1,381,664	13,817	(1,255)	139,938	(138,033)	(1,970)	12,497
Proceeds from exercise of stock options	40,346	403	-	176	-	-	579
Purchase of treasury shares	-	-	(1,459)	-	-	-	(1,459)
Proceeds from sale of treasury shares	-	-	2,714	(77)	(209)	-	2,428
Share-based compensation	-	-	-	215	-	-	215
Comprehensive income:							
Net income	-	-	-	-	4,790	-	4,790
Foreign currency translation	-	-	-	-	-	76	76
Total comprehensive income	-	-	-	-	-	-	4,866
Balances							
June 30, 2007	1,422,010	14,220	-	140,252	(133,452)	(1,894)	19,126

See accompanying notes to these consolidated financial statements.

Notes to Consolidated Interim Financial Statements (unaudited)

Note 1 – Organization and History

Day Software Holding AG (collectively with its subsidiaries, the “Company”) was formed on October 29, 1999, as a stock corporation under the laws of Switzerland. The Company is an international provider of global content and infrastructure software. The Company’s technology, Communiqué, offers a comprehensive, rapidly deployable framework to unify and manage all digital business data, systems, applications and processes through the web. Communiqué’s content-centric architecture and its innovative ContentBus turn the entire business into a virtual repository, bringing together content from any system, regardless of location, language or platform. The Company’s technology, CRX, is a java content repository that fully implements the new Java Content Repository API (JCR) standard that makes high value content easily accessible for any application. CRX is the first commercially available, industry strength implementation of the groundbreaking new JSR 170 standard for content repositories. The Company’s products and services are marketed throughout Europe, the Americas and Asia Pacific.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). Certain amounts reported in previous years have been reclassified to conform to the 2007 presentation.

These unaudited consolidated interim financial statements should be read in conjunction with the audited financial statements and notes related thereto for the period ended December 31, 2006, included in the Company’s Annual Report. The unaudited consolidated interim financial statements include all adjustments necessary to present fairly the Company’s consolidated financial position as of June 30, 2007, notes explaining any significant changes that have occurred since December 31, 2006 and the consolidated results of its operations and cash flows for the six months ended June 30, 2007. The consolidated results of such interim periods are not necessarily indicative of the results to be achieved for the period ended December 31, 2007.

Principles of Consolidation

The accompanying unaudited consolidated interim financial statements include the accounts of Day Software Holding AG and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Recent Accounting Standards

In June 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s

financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently determining the impact FIN 48 will have on its consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently determining the impact SFAS 157 will have on its consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("SFAS 159"). SFAS 159 permits entities to measure many financial instruments and certain other items at fair value at specified election dates and at subsequent reporting dates. The entity shall record unrealized gains and losses for items valued at fair value at each subsequent reporting date. This is referred to as the fair value option. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently determining the impact SFAS 159 will have on its consolidated financial statements.

Note 3 – Capitalized Software Development Costs

Statement of Financial Accounting Standards No. 86, *Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*, requires development costs incurred in the research and development of new software products to be sold or marketed to be expensed as incurred until technological feasibility in the form of a working model has been established at which time such costs are capitalized, subject to recoverability, until the software products are available for sale. Software costs capitalized during the six months ended June 30, 2007 and 2006 totaled TCHF 608 and TCHF 333, respectively. Monthly amortization of capitalized software development costs, charged to cost of revenues – software licenses in the statement of operations, will be equal to the greater of the amount calculated by the straight-line method over the estimated life of the product or the amount calculated by using the ratio that current gross revenues bear to total estimated gross revenues of the product. Amortization expense was TCHF 85 and TCHF 37 for the three months ended June 30, 2007 and 2006, respectively, and TCHF 149 and TCHF 74 for the six months ended June 30, 2007 and 2006, respectively.

Note 4 – Goodwill and Other Intangible Assets

Intangible assets as of June 30, 2007 include goodwill of TCHF 2,422 and other intangible assets (brands) of TCHF 622, which resulted from the acquisition of MarketingNet Ltd. (“MarketingNet”) in October 2000.

Goodwill represents the excess of costs over fair value of assets of businesses acquired. In accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually and are tested for impairment more frequently if events and circumstances indicate that an asset might be impaired. Impairment, if any, is measured as the difference between the carrying value and the fair value of the asset. There were no impairment charges recorded on goodwill and intangible assets with indefinite useful lives during the six months ended June 30, 2007 and 2006.

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with Statement of Financial Accounting Standards No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets* (“SFAS 144”). Intangible assets, stated at cost net of amortization and impairment charges, include brand name, which is amortized on a straight-line basis over the estimated useful life of ten years and a non-compete agreement which is fully amortized. Accumulated amortization and impairment on other intangible assets as of June 30, 2007 and December 31, 2006 was TCHF 12,963 and TCHF 12,869, respectively. Amortization expense on these intangible assets totaled TCHF 47 for each of the three months ended June 30, 2007 and 2006, respectively, and TCHF 93 for each of the six months ended June 30, 2007 and 2006. Amortization expense on these intangible assets is estimated to be TCHF 187 in each of the years 2007 through 2010. There were no impairment charges recorded on these other intangibles assets during the six months ended June 30, 2007 and 2006.

Note 5 – Shareholders' Equity

Treasury Shares

The Company purchases and sells its own shares of common stock and accounts for these transactions under the cost method of accounting for treasury shares. Treasury shares are included in the Consolidated Balance Sheets as a reduction in Shareholders' Equity. Purchases of the Company's own shares are reported at cost as an increase in treasury shares. Sales of the Company's own shares are reported as a reduction in Treasury Shares based on the First in First Out ("FIFO") method. If the shares are sold at a price in excess of the original cost using the FIFO method (gain on sale), paid-in capital is increased for the gain on sale. If the shares are sold at a price less than the original cost using the FIFO method (loss on sale), paid-in capital is first decreased by an amount not to exceed the paid-in capital amount from previous treasury share transactions. Any remaining loss on sale is recorded as a decrease to retained earnings.

During the six months ended June 30, 2007, the Company acquired 40,255 treasury shares at an average price of CHF 36.24 per share and sold 56,241 treasury shares at an average price of CHF 43.33 per share. The sale of treasury shares sold during the six months ended June 30, 2007 resulted in a TCHF 77 decrease in paid-in capital and a TCHF 209 increase in accumulated deficit. There were 0 and 15,986 shares of capital stock in the treasury as of June 30, 2007 and December 31, 2006, respectively.

Note 6 – Share-based Compensation

The Company has two stock option plans, the Day Interactive Holding AG International Stock Option Plan (the "International Option Plan") and the Day Interactive Holding AG United States Stock Option Plan (the "United States Option Plan"). Both the International Option Plan and United States Option Plan are administered by the Board of Directors, which determines the terms and conditions of the options granted, including exercise price, number of options granted and the vesting period of such options. Substantially all of the stock options outstanding vest over a 2 to 4 year period all and have an exercise price equal to the market value on date of grant. The maximum term of options granted under the International Option Plan and the United States Option Plan is five and ten years, respectively. The maximum shares of capital stock for issuance under the United States Option Plan and the International Option Plan is 373,595 and 186,800, respectively.

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* ("SFAS 123R"). SFAS 123R establishes accounting guidance for transactions in which an entity awards its equity instruments in exchange for employee services. The cost of the employee's service is measured based on the grant dated fair value of the equity instrument, adjusted for estimated forfeiture rate, and is expensed over the vesting period of the equity instrument. SFAS 123R applies to all awards granted, modified, repurchase or cancelled after SFAS 123R is adopted. The Company is using the modified prospective method established under SFAS 123R to account for all unvested awards granted prior to January 1, 2006. Under the modified prospective method, share-based compensation expense is calculated by taking the original grant date fair market value of the award calculated under the provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, and amortizing the pro rata expense over the remaining vesting period.

Share-based compensation expense included in the consolidated statements of operations under both stock option plans

In thousands CHF	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Cost of revenues	7	3	16	8
Research and development	19	10	34	21
Sales and marketing	34	6	58	75
General and administrative	61	80	107	120
Total share-based compensation	121	99	215	224

The Company calculated the fair value of each option grant on the date of grant using the Black-Scholes option-pricing model as prescribed by SFAS 123R using the assumptions in the following table. The risk free interest rate under the International Option Plan is based on the Swiss Confederation bond yield during the option grant period. The risk free interest rate under the United States Option Plan is based on the U.S. Treasury yield curve during the option grant period. The expected life is calculated taking an average between the option vesting term and the contractual term. The expected volatility is based on historical volatility. The forfeiture rates are based on historical forfeitures.

Assumptions for calculation of the fair value of each option granted on the date of grant using the Black Scholes option-pricing model under both stock option plans

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Risk free interest rate – International Plan	2.7%	2.25%	2.51-2.7%	2.25%
Risk free interest rate – United States Plan	2.7%	4.9%	2.51-2.7%	4.5-4.9%
Expected life (years) - International Plan	3.75	3-4.5	3.75	3-4.5
Expected life (years) - United States Plan	6.25	7	6.25	7
Expected volatility	41.2%	17.2-43.7%	41.2-42.5%	47-48.8%
Forfeiture rate - International Plan	-	14.51%	-	14.51%
Forfeiture rate - United States Plan	-	6.1%	-	6.1%

Stock option activity under both stock option plans for the six months ended June 30, 2007

	Number of Options	Weighted Average Exercise (per share in CHF)	Aggregate Intrinsic Value (In thousands CHF)
Outstanding, December 31, 2006	310,179	19.11	
Granted	25,000	30.36	
Exercised	(40,346)	14.34	
Forfeited or expired	(11,526)	20.24	
Outstanding, June 30, 2007	283,307	20.74	10,840
Exercisable, June 30, 2007	211,386	19.52	8,345

The total aggregate intrinsic value of options outstanding in the preceding table represents the difference in the Company's closing stock price on the last trading day in June 2007 and the exercise price of options outstanding multiplied by the number of options outstanding on June 30, 2007. The total aggregate intrinsic value of options exercisable in table above represents the difference in the Company's closing stock price on the last trading day in June 2007 and the exercise price of options exercisable (or vested and outstanding) multiplied by the number of options exercisable on June 30, 2007. The total intrinsic value of options exercised was TCHF 1,075 and TCHF 97 for the three months ended June 30, 2007 and 2006, respectively, and TCHF 1,363 and TCHF 253 for the six months ended June 30, 2007 and 2006, respectively.

Stock option activity for nonvested shares under both stock option plans for the six months ended June 30, 2007

	Number of Options	Weighed Average Grant-Date Fair Value (per share in CHF)
Nonvested, beginning of period	64,511	11.72
Granted	25,000	12.67
Vested	(17,442)	11.52
Forfeited or expired	(148)	7.70
Nonvested, end of period	71,921	11.65

The weighted-average grant-date fair value per share of options granted was CHF 12.65 and CHF 11.12 for the six months ended June 30, 2007 and 2006, respectively.

Summary of stock options outstanding under both stock option plans as of June 30, 2007

Range of Exercise Prices (per share in CHF)	Options Outstanding			Options Exercisable	
	Number of Options	Weighted Average Contractual Life Remaining (Years)	Weighted Average Exercise Price (per share in CHF)	Number of Options	Weighted Average Exercise Price (per share in CHF)
10.00 - 14.00	63,759	3.76	12.89	63,134	12.88
15.05 - 19.75	39,669	3.81	17.22	32,593	17.14
20.10 - 24.30	129,639	5.64	21.31	91,272	21.11
27.10 - 29.00	14,140	8.37	28.01	3,151	28.02
30.00 - 35.00	36,100	4.48	33.55	21,236	34.81
Totals	283,307			211,386	

As of June 30, 2007, total share-based compensation cost not yet recognized related to nonvested share-based arrangements was TCHF 838. This cost is estimated to be recognized over a weighted average period of 2.3 years.

Note 7 – Retirement and Pension Plans

United States

In the United States, the Company sponsors a 401(k) retirement plan that is considered a defined contribution discretionary plan under which eligible participants may contribute up to a maximum of 80% of their pre-tax earnings subject to certain statutory limitations. The Company made no discretionary contributions to the 401(k) retirement plan during the six months ended June 30, 2007 and 2006.

Switzerland

The Company sponsors a defined benefit plan (the "Plan") covering all of its employees earning more than TCHF 25 per year. Net periodic pension benefit cost was TCHF 98 and TCHF 86 for the three months ended June 30, 2007 and 2006, respectively, and TCHF 188 and TCHF 176 for the six months ended June 30, 2007 and 2006, respectively.

Note 8 – Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding during the period.

Diluted net income per share is computed by dividing net income by the weighted average number of shares outstanding plus dilutive potential common shares. Dilutive potential common shares are stock options outstanding with a dilutive effect which is determined using the treasury stock method.

Diluted net loss per share is the same as basic net loss per share for the three months ended June 30, 2006 as the effect of the assumed exercise of stock options is anti-dilutive due to the Company's net loss.

Common stock equivalents attributable to outstanding stock options totaling 12,000 and 323,069 for the three months ended June 30, 2007 and 2006, respectively, and 25,600 and 70,390 for the six months ended June 30, 2007 and 2006, respectively, have been excluded from the calculation of the weighed average shares outstanding as the effects are anti-dilutive.

Note 9 – Income Taxes

The components of the benefit (provision) for income taxes

In thousands CHF	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Current	(526)	(1)	(548)	(9)
Deferred	3,888	-	3,888	-
Total benefit (provision) for income taxes	3,362	(1)	3,340	(9)

A substantial portion of the Company's operations are outside of Switzerland and in various countries with different tax laws and rates. The current provision for income taxes above is based on income generated in various countries.

The Company records a valuation allowance to reduce its deferred tax assets to the level that management believes will more likely than not be realized. As of December 31, 2006, the Company had recorded a full valuation allowance with respect to its deferred tax assets as management believed that it was more likely than not that some portion or all of the deferred tax assets would not be realized based on historical losses in many of the countries. In June 2007, management reassessed the Company's ability to realize its deferred tax assets based on historical income and estimated projected discounted future taxable income for each country and determined that a reduction in the valuation allowance on some deferred tax assets would be appropriate. The reduction in the valuation allowance of CHF 3,888 is recorded as a tax benefit in the provision for taxes in the consolidated statements of operations for the three months and six months ended June 30, 2007. The Company may need to adjust the valuation allowance for deferred tax assets in the future if actual future taxable income by country is significantly different than management's estimates for future taxable income by country.

Note 10 – Segment Information

The Company operates predominantly in a single industry segment as a provider of enterprise software and related services. The Company's reportable operating segments, based on geographic location of transaction, are Europe, the Americas and Asia Pacific. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Intergeographic revenues primarily represent intercompany revenues which are accounted for based on established sales prices between the related companies and are eliminated in consolidation.

Segments by geographic area of origin

In thousands CHF	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Revenues				
Europe	2,616	2,609	7,153	5,051
Americas	2,923	1,739	4,766	4,255
Asia Pacific	37	158	79	634
Elimination of intergeographic revenues	-	(144)	-	(388)
Total revenues	5,576	4,362	11,998	9,552
Net Income (Loss)				
Europe	1,183	(523)	2,298	(936)
Americas	2,347	343	2,492	1,671
Total net income (loss)	3,530	(180)	4,790	735
			June 30,	December 31,
			2007	2006
Assets				
Europe			25,031	16,266
Americas			3,619	4,880
Total assets			28,650	21,146

Note 11 – Commitments and Contingencies

The Company's standard software license agreement includes an indemnification clause that indemnifies the licensee against liability and damages arising out of or in connection with an assertion that the software infringes any United States trademark or copyright. Financial Accounting Standards Board Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, requires certain disclosures regarding intellectual property infringement indemnification. To date, the Company has had no material claims or costs related to these indemnification clauses and therefore, has no liability recorded related to these indemnification clauses as of June 30, 2007 and December 31, 2006.

Note 12 – Financing Arrangements

In January 2007, the Company entered into a loan and security agreement with a bank where by the Company can finance eligible receivables up to 80% of USD 1.25 million in accordance with the terms of the agreement. As of June 30, 2007 and December 31, 2006, there were no borrowings against this loan agreement.

About Day (www.day.com)

Day is a provider of integrated content, portal and digital asset management software. Day's technology Communiqué offers a comprehensive, rapidly deployable framework to unify and manage all digital business data, systems, applications and processes through the web. Communiqué's content-centric architecture, and its innovative ContentBus, turns the entire business into a virtual repository bringing together content from any system, regardless of location, language or platform.

Day is an international company, founded in 1993, and listed on the SWX Swiss Exchange (Symbol: DAYN) since April 2000. Day's securities are also traded in the U.S.'s Over-The-Counter market in the form of American Depositary Receipts (Symbol: DYIHY). Day's customers are some of the largest global corporations and include Audi, DaimlerChrysler, Deutsche Post World Net, Deutsche Bank, InterContinental Hotels Group, McDonald's and Volkswagen.

Forward-looking Statements

This report may contain forward-looking statements regarding future events or the future performance of Day Software Holding AG and its subsidiaries (the "Company"). Words such as "expects," "plans," "believes," "may," "will," and variations of these words or similar expressions are intended to identify forward-looking statements. These statements speak only as of the date hereof. Such information is subject to change, and the Company will not necessarily inform you of such changes. Actual events or results, of course, could differ materially and adversely from those expressed in any forward-looking statement. The Company does not make filings (e.g., Forms 10-K and 10-Q) with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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