



**DAY SOFTWARE**

**SUPPLEMENTARY FINANCIAL SCHEDULES**

**YEAR ENDED DECEMBER 31, 2008**

# CONSOLIDATED BALANCE SHEETS

(in thousands CHF, except share information)

(unaudited)

ASSETS	December 31, 2008	December 31, 2007
<b>Current assets</b>		
Cash and cash equivalents	12,814	11,442
Accounts receivable, net of allowance of CHF 211 and CHF 223 as of December 31, 2008 and 2007, respectively	9,263	8,762
Unbilled receivables	76	568
Other receivables	157	144
Prepaid expenses	397	650
Deferred tax assets	1,005	1,565
Current assets of discontinued operations	-	429
<b>Total current assets</b>	<b>23,712</b>	<b>23,560</b>
<b>Non-current assets</b>		
Property and equipment, net	346	355
Capitalized software development costs, net	-	1,891
Goodwill and intangible assets, net	-	2,951
Deferred tax assets	1,634	2,746
Other assets	105	100
Non-current assets of discontinued operations	-	39
<b>Total non-current assets</b>	<b>2,085</b>	<b>8,082</b>
<b>TOTAL ASSETS</b>	<b>25,797</b>	<b>31,642</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	874	1,274
Deferred revenue	4,568	4,096
Other current liabilities	1,402	501
Current income taxes payable	190	-
Accrued liabilities	3,196	2,262
Current liabilities of discontinued operations	-	200
<b>Total current liabilities</b>	<b>10,230</b>	<b>8,333</b>
Deferred revenue less current portion	619	102
Long-term portion of unfunded pension obligation	2,295	1,720
<b>Total liabilities</b>	<b>13,144</b>	<b>10,155</b>
<b>Shareholders' equity</b>		
Share capital, CHF 10.00 par value; 1,473,123 shares issued and outstanding, 718,500 additional authorized, 682,810 conditional as of December 31, 2008; 1,437,433 shares issued and outstanding, 676,000 additional authorized, 592,137 conditional as of December 31, 2007	14,731	14,374
Treasury shares	(370)	(620)
Additional paid-in capital	141,388	140,568
Accumulated deficit	(143,570)	(131,227)
Accumulated other comprehensive loss	474	(1,608)
<b>Total shareholders' equity</b>	<b>12,653</b>	<b>21,487</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>25,797</b>	<b>31,642</b>

# CONSOLIDATED STATEMENTS OF OPERATIONS

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

(unaudited)

	Six Months Ended December 31, 2008	Six Months Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2007
<b>Revenue</b>				
Software licenses	5,596	5,516	11,347	10,526
Product support	5,243	4,427	9,680	8,137
Services	4,170	3,772	6,784	6,366
<b>Total revenue</b>	<b>15,009</b>	<b>13,715</b>	<b>27,811</b>	<b>25,029</b>
<b>Cost of revenue</b>				
Software licenses	98	174	271	332
Product support and services	4,159	3,023	6,849	5,936
Write-down of capitalized software costs	1,635	-	1,635	-
<b>Total cost of revenue</b>	<b>5,892</b>	<b>3,197</b>	<b>8,755</b>	<b>6,268</b>
<b>Gross profit</b>	<b>9,117</b>	<b>10,518</b>	<b>19,056</b>	<b>18,761</b>
<b>Operating expenses</b>				
Research and development	3,341	3,029	6,776	4,902
Sales and marketing	5,101	3,448	9,409	6,629
General and administrative	3,074	2,156	5,192	4,059
<b>Income (loss) from continuing operations</b>	<b>(2,399)</b>	<b>1,885</b>	<b>(2,321)</b>	<b>3,171</b>
Interest income	100	72	168	114
Interest expense	(1)	(1)	(3)	(2)
Foreign exchange gain (loss)	(2,410)	(86)	(2,530)	(25)
Other income (expense)	(34)	26	(18)	35
<b>Income (loss) from continuing operations before income taxes</b>	<b>(4,744)</b>	<b>1,896</b>	<b>(4,704)</b>	<b>3,293</b>
Benefit (provision) for income taxes	(1,778)	735	(1,807)	4,075
<b>Net income (loss) from continuing operations</b>	<b>(6,522)</b>	<b>2,631</b>	<b>(6,511)</b>	<b>7,368</b>
<b>Net loss from discontinued operations, net of tax</b>	<b>(5,078)</b>	<b>(406)</b>	<b>(5,491)</b>	<b>(353)</b>
<b>Net income (loss)</b>	<b>(11,600)</b>	<b>2,225</b>	<b>(12,002)</b>	<b>7,015</b>
<b>Basic net income (loss) per share</b>				
Continuing operations	(4.54)	1.85	(4.55)	5.25
Discontinued operations	(3.53)	(0.29)	(3.84)	(0.25)
<b>Net income (loss)</b>	<b>(8.07)</b>	<b>1.57</b>	<b>(8.39)</b>	<b>5.00</b>
<b>Diluted net income (loss) per share</b>				
Continuing operations	(4.54)	1.68	(4.55)	4.83
Discontinued operations	(3.53)	(0.29)	(3.84)	(0.25)
<b>Net income (loss)</b>	<b>(8.07)</b>	<b>1.42</b>	<b>(8.39)</b>	<b>4.60</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands CHF)

(unaudited)

	Year Ended December 31, 2008	Year Ended December 31, 2007
<b>Net income (loss)</b>	(12,002)	7,015
<b>Net loss - discontinued operations</b>	5,491	353
<b>Adjustments to reconcile net income (loss) to net cash provided by operating activities</b>		
Depreciation and amortization of fixed assets	169	112
Amortization of capitalized software costs	256	319
Write-down of capitalized software costs	1,635	-
Net foreign currency exchange losses	2,530	55
Share-based compensation	732	427
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(1,411)	(3,398)
Unbilled receivables	497	728
Prepaid expenses and other current assets	179	(540)
Deferred tax assets	1,527	(4,437)
Other assets	(11)	(28)
Accounts payable	(292)	734
Deferred revenues	1,310	69
Accrued liabilities	803	961
Other current liabilities	299	13
Current income taxes payable	196	-
Pension liabilities	378	547
<b>Net cash provided by operating activities of continuing operations</b>	<b>2,286</b>	<b>2,930</b>
<b>Cash flows from investing activities of continuing operations</b>		
Capitalized software development cost	-	(673)
Purchases of equipment	(170)	(259)
<b>Net cash used in investing activities of continuing operations</b>	<b>(170)</b>	<b>(932)</b>
<b>Cash flows from financing activities of continuing operations</b>		
Proceeds from stock option exercises	477	806
Purchase of treasury shares	(1,047)	(3,098)
Proceeds from sale of treasury shares	913	3,478
<b>Net cash provided by financing activities of continuing operations</b>	<b>343</b>	<b>1,186</b>
Net cash used - discontinued operations	(295)	(109)
Foreign currency adjustment on cash	(792)	(53)
Net cash and cash equivalents at end of period - discontinued operations	-	(79)
<b>Net increase in cash and cash equivalents</b>	<b>1,372</b>	<b>2,943</b>
Cash and cash equivalents at beginning of period	11,442	8,499
<b>Cash and cash equivalents at end of period</b>	<b>12,814</b>	<b>11,442</b>
<b>Supplemental disclosure of cash flow information:</b>		
Net interest paid	3	2
Net taxes paid	55	70
<b>Non-cash investing and financing activities - none</b>		

## 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					
<b>Balances</b>							
<b>January 1, 2007</b>	<b>1,381,664</b>	<b>13,817</b>	<b>(1,255)</b>	<b>139,938</b>	<b>(138,033)</b>	<b>(1,970)</b>	<b>12,497</b>
Proceeds from exercise of stock options	55,769	557	-	249	-	-	806
Purchase of treasury shares	-	-	(3,098)	-	-	-	(3,098)
Proceeds from sale of treasury shares	-	-	3,733	(46)	(209)	-	3,478
Share-based compensation	-	-	-	427	-	-	427
Comprehensive income (loss):							
Prior service cost	-	-	-	-	-	531	531
Net income	-	-	-	-	7,015	-	7,015
Foreign currency translation	-	-	-	-	-	(169)	(169)
Total comprehensive income	-	-	-	-	-	-	7,377
<b>Balances</b>							
<b>December 31, 2007</b>	<b>1,437,433</b>	<b>14,374</b>	<b>(620)</b>	<b>140,568</b>	<b>(131,227)</b>	<b>(1,608)</b>	<b>21,487</b>
Proceeds from exercise of stock options	35,690	357	-	120	-	-	477
Purchase of treasury shares	-	-	(1,047)	-	-	-	(1,047)
Proceeds from sale of treasury shares	-	-	1,297	(43)	(341)	-	913
Share-based compensation	-	-	-	743	-	-	743
Comprehensive income (loss):							
Prior service cost	-	-	-	-	-	(197)	(197)
Net loss	-	-	-	-	(12,002)	-	(12,002)
Foreign currency translation	-	-	-	-	-	2,279	2,279
Total comprehensive loss	-	-	-	-	-	-	(9,920)
<b>Balances</b>							
<b>December 31, 2008</b>	<b>1,473,123</b>	<b>14,731</b>	<b>(370)</b>	<b>141,388</b>	<b>(143,570)</b>	<b>474</b>	<b>12,653</b>

**CONSOLIDATED RECONCILIATION OF GAAP TO NON GAAP INCOME**

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

(unaudited)

<b>CONTINUING OPERATIONS</b>	<b>GAAP Three Months Ended December 31, 2008</b>	<b>Write-down of capitalized software costs Three Months Ended December 31, 2008</b>	<b>Restructuring Three Months Ended December 31, 2008</b>	<b>NON GAAP Three Months Ended December 31, 2008</b>
<b>Revenue</b>				
Software licenses	3,534			3,534
Product support	2,595			2,595
Services	2,321			2,321
<b>Total revenue</b>	<b>8,450</b>	<b>-</b>	<b>-</b>	<b>8,450</b>
<b>Cost of revenue</b>				
Software licenses	2			2
Product support and services	2,208		(83)	2,125
Write-down of capitalized software costs	1,635	(1,635)		-
<b>Total cost of revenue</b>	<b>3,845</b>	<b>(1,635)</b>	<b>(83)</b>	<b>2,127</b>
<b>Gross profit</b>	<b>4,605</b>	<b>1,635</b>	<b>83</b>	<b>6,323</b>
<b>Operating expenses</b>				
Research and development	1,594			1,594
Sales and marketing	3,188		(65)	3,123
General and administrative	1,772		(272)	1,500
<b>Income (loss) from continuing operations</b>	<b>(1,949)</b>	<b>1,635</b>	<b>420</b>	<b>106</b>