THIRD QUARTER
Report – July 31
2015

Enghouse Systems
Software engineered for results

September 10, 2015

To our Shareholders,

Third quarter revenue was $71.3 million, an increase of 28.4% over revenue of $55.5 million in the third quarter last year. On a year to date basis, revenue was $203.0 million compared to $157.9 million last year, an increase of 28.5%. Hosted and maintenance services revenue was $33.8 million in the quarter, an increase of 14.7% over the same period last year.

Adjusted EBITDA for the quarter was $18.5 million ($0.68 per diluted share) compared to $14.4 million ($0.53 per diluted share) in last year's third quarter. Adjusted EBITDA for the year to date was $50.9 million ($1.88 per diluted share) compared to $40.4 million ($1.50 per diluted share) last year, an increase of 25.9%.

Net income for the quarter was $8.1 million ($0.30 per diluted share) compared to the prior year's third quarter net income of $7.2 million ($0.27 per diluted share). Results from operating activities for the quarter were $16.2 million compared to $13.5 million in the prior year's third quarter, an increase of 20.4% over the prior year and include special charges related to acquisitions of $1.6 million.

Operating expenses before special charges related to restructuring of acquired operations were $29.8 million compared to $25.6 million in the prior year's third quarter and primarily includes incremental operating costs related to acquisitions. Non-cash amortization charges in the quarter were $5.7 million compared to $4.3 million in the prior year's third quarter and include amortization charges for acquired software and customer relationships from acquired operations.

Enghouse generated cash flows from operations of $9.3 million in the quarter after payment of $11.8 million to settle litigation matters during the quarter. Excluding litigation payments, cash flow from operations would have been $21.1 million and $50.4 million in the quarter and year to date respectively. Enghouse closed the quarter with $91.3 million in cash, cash equivalents and short-term investments, compared to $84.9 million at October 31, 2014. The cash balance was achieved after payments of $27.3 million for acquisitions (net of cash acquired) and dividends of $8.4 million year to date. The Company continues to have no long-term debt.

The Board of Directors has approved an eligible quarterly dividend of $0.12 per common share, payable on November 30, 2015 to shareholders of record at the close of business on November 16, 2015.

On June 19, 2015 Enghouse was added to the S&P/TSX Composite Index and Composite Dividend Index which should increase the Company's profile on the TSX and generate awareness of Enghouse to a broader range of investors.

Subsequent to quarter end, Enghouse completed the acquisition of Aktavara AB ("Aktavara") on September 9, 2015. Headquartered in Stockholm, Sweden, Aktavara provides innovative software solutions for telecommunications service providers. Enghouse remains committed to diversifying its revenue stream and continues to seek accretive acquisitions to grow its market share.

S Sadler

Stephen J. Sadler
Chairman of the Board and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") has been prepared as of September 10, 2015 and all information contained herein is current as of that date. For a complete understanding of our business environment, risks, trends and uncertainties and the effect of critical accounting policies and estimates on our results, this MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the notes thereto for the periods ended July 31, 2015 and 2014, as well as the Company's audited Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal year ended October 31, 2014, contained in the Company's 2014 Annual Report to Shareholders. This MD&A covers the consolidated results of operations, financial condition and cash flows of Enghouse Systems Limited ("Enghouse Systems") and its subsidiaries (together the "Company" or "Enghouse"), all wholly owned, for the third quarter ended July 31, 2015. Unless otherwise noted, the results reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, stated in thousands, except per share amounts.

This document is intended to assist the reader in better understanding operations and key financial results as of the date of this report. The unaudited condensed consolidated interim financial statements and the MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors.

Non-GAAP Measures

The Company uses non-GAAP measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Company uses Adjusted EBITDA as a measure of operating performance. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Adjusted EBITDA is calculated as results from operating activities adjusted for depreciation of property, plant and equipment, and special charges for acquisition related restructuring costs. Management uses Adjusted EBITDA to evaluate operating performance as it excludes amortization of software and intangibles (which is an accounting allocation of the cost of software and intangible assets arising on acquisition), any impact of finance and tax related activities, asset depreciation, other income and restructuring costs primarily related to acquisitions.

Forward-looking Statements

Certain statements made or incorporated by reference in this MD&A are forward-looking and relate to, among other things, anticipated financial performance, business prospects, strategies, regulatory developments, new services, market forces, commitments and technological developments. By its nature, such forward-looking information is subject to various risks and uncertainties, including those discussed in this MD&A or in documents incorporated by reference in this MD&A, such as Enghouse's Annual Information Form, which could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed herein. Readers are cautioned not to place undue reliance on this forward-looking information, and the Company shall have no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

For additional information with respect to certain of these risks or factors, reference should be made to section "Risks and Uncertainties" of the MD&A and notes to the consolidated financial statements for the year ended October 31, 2014, as well as to the Company's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities, copies of which are filed electronically on SEDAR at www.sedar.com.

Corporate Overview

Enghouse is a Canadian publicly traded company (TSX:ESL) that develops enterprise software solutions for a number of vertical markets. The Company is organized around two business segments: the Interactive Management Group and the Asset Management Group. The Interactive Management Group specializes in customer interaction software and services that are designed to enhance customer service, increase efficiency and manage customer communications across the enterprise. Core technologies include contact center, attendant console, interactive voice response, dialers, agent performance optimization and analytics that support any telephony environment, deployed on-premise or in the cloud. Its customers include insurance companies, banks and utilities as well as high technology, health care and hospitality companies. The Asset Management Group provides a portfolio of products to telecom service providers, utilities and the oil and gas industry such as telecom billing, intelligent routing, number portability, network asset management, GIS, wholesale revenue management solutions and data conversion services. The Asset Management Group also provides fleet routing, dispatch, scheduling, communications and emergency control center solutions for the transportation, first responders, distribution and security sectors.

The Company's strategy remains focused on building a consistently profitable enterprise software company with a diversified product suite and global market presence. The Company emphasizes the importance of recurring revenue streams to increase shareholder value and the predictability of its operating results. This objective is achieved through a combination of organic growth and acquisitions. While the Company continues to develop and enhance its existing product portfolio, it is also important to augment and expedite this strategy with new and complementary technology, products and services obtained through acquisition. This dual-faceted approach will enable the Company to provide a broader spectrum of products and services to its customer base more quickly than through organic means alone.

Quarterly Results of Operations

The following table sets forth certain unaudited information for each of the eight most recent quarters (the last of which ended July 31, 2015). Historically, the Company's operating results have fluctuated on a quarterly basis, which the Company expects will continue in the future. Fluctuations in results continue to relate to the timing of software license and hardware sales, which may result in large sales orders in any one quarter, movements in foreign currency exchange rates and to the timing of acquisitions, staffing and infrastructure changes. See "Risks and Uncertainties" for more details.

For the three months ending	Total revenue $	Net income $	Earnings per share – basic $	Earnings per share – diluted $	Cash and short-term investments $	Total assets $
July 31, 2015	71,264	8,094	0.31	0.30	91,288	369,917
April 30, 2015	68,701	7,568	0.29	0.28	88,541	352,914
January 31, 2015	63,019	2,539*	0.10*	0.09*	101,847	354,628
October 31, 2014	62,056	9,739^	0.37	0.36	84,864	327,771
July 31, 2014	55,488	7,215	0.28	0.27	104,958	313,069
April 30, 2014	54,951	6,558	0.25	0.24	101,014	312,124
January 31, 2014	47,492	6,172	0.24	0.23	100,081	303,677
October 31, 2013	47,171	9,712^	0.37	0.36	90,297	277,956

*Net of adjustment to the provision related to the finalization of contract litigation matters in the amount of $5.0 million after tax.
^Includes credit adjustment to tax provision of $3.3 million in fiscal 2014 and $3.1 million in fiscal 2013 on the recognition of deferred tax assets related to non-capital losses

Results of Operations:
(in thousands of Canadian dollars except per share amounts)

	Q3/2015 $	Q3/2014 $	Year over year change $	%
Interactive Management Group	48,069	44,597	3,472	7.8
Asset Management Group	23,195	10,891	12,304	113.0
Total revenue	**71,264**	**55,488**	**15,776**	**28.4**
Direct costs	23,629	16,051	7,578	47.2
Revenue, net of direct costs	**47,635**	**39,437**	**8,198**	**20.8**
Operating expenses	29,832	25,635	4,197	16.4
Special charges	1,582	334	1,248	373.7
Results from operating activities	**16,221**	**13,468**	**2,753**	**20.4**
Amortization of acquired software and customer relationships	(5,695)	(4,273)	(1,422)	(33.3)
Finance income	47	119	(72)	(60.5)
Finance expense	(206)	(99)	(107)	(108.1)
Other income	11	35	(24)	(68.6)
Income before income taxes	10,378	9,250	1,128	12.2
Provision for income taxes	2,284	2,035	249	12.2
Net Income	**8,094**	**7,215**	**879**	**12.2**
Earnings per share – basic	0.31	0.28	0.03	10.7
Earnings per share – diluted	0.30	0.27	0.03	11.1
Cash flow from operating activities	**9,339**	**16,977**	**(7,638)**	**(45.0)**
Cash flow from operating activities excluding changes in working capital	**17,230**	**14,476**	**2,754**	**19.0**

Adjusted EBITDA:

The table below reconciles Adjusted EBITDA to the most directly comparable IFRS measure, Results from operating activities:

	Three Months ended		Nine Months ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
Total Revenue	**$ 71,264**	**$ 55,488**	**$ 202,984**	**$ 157,931**
Results from operating activities	16,221	13,468	47,296	37,470
Depreciation of property, plant and equipment	647	577	1,921	1,672
Special charges	1,582	334	1,661	1,256
Adjusted EBITDA	**$ 18,450**	**$ 14,379**	**$ 50,878**	**$ 40,398**
Adjusted EBITDA margin	**25.9%**	**25.9%**	**25.1%**	**25.6%**
Adjusted EBITDA per diluted share	**$ 0.68**	**$ 0.53**	**$ 1.88**	**$ 1.50**

Revenue

Total revenue for the quarter was $71.3 million compared to $55.5 million in the prior year's third quarter, a 28.4% increase over the prior year. Hosted and maintenance services revenue was $33.8 million compared to $29.4 million in the prior year's third quarter, an increase of 14.7%. This includes maintenance revenue of $28.4 million compared to $24.2 million in the prior year's third quarter and reflects incremental maintenance revenue from license sales in the past fiscal year as well as contributions from acquired operations. Hosted services revenue was up marginally at $5.4 million in the quarter compared to $5.2 million last year. License revenue was $21.8 million compared to $18.2 million in last year's third quarter as a result of incremental subscription and third party revenue as well as contributions from acquisitions.

Revenue for the fiscal year to date was $203.0 million compared to $157.9 million in fiscal 2014, a 28.5% increase. Hosted and maintenance services revenue grew 20.4% in the year to $99.7 million and represents 49.1% of revenue compared to 52.4% last year. Revenue also includes license revenue of $62.5 million, an 18.4% increase over last year.

The Interactive Management Group contributed $48.1 million in revenue in the quarter, compared to $44.6 million reported in the third quarter of fiscal 2014 and reflects the incremental revenue contributions of Reitek S.p.A ("Reitek") acquired on May 8, 2015. The increase is also attributable to incremental contributions from acquisitions completed after last year's third quarter. The Asset Management Group contributed revenue of $23.2 million in the quarter, compared to $10.9 million reported in the third quarter of fiscal 2014 and reflects full quarter incremental revenue contributions from CDRator A/S ("CDRator") acquired on March 3, 2015 and acquisitions completed in the prior fiscal year. On a year to date basis, the Interactive Management Group contributed $136.7 million compared to $126.3 million, while the Asset Management Group revenue was $66.3 million compared to $31.6 million last year as a result of incremental contributions from acquisitions completed in the current and prior fiscal years as well as incremental services revenue from the Group's telecom billing and workflow operations. As a result of acquisitions the Asset Management Group now contributes 32.7% of revenue compared to 20.0% last year.

Both revenue and costs were impacted by the stronger U.S. dollar which compared to the Canadian dollar averaged $1.24 in the current quarter versus $1.08 in the prior year's third quarter. The Pound Sterling also positively impacted revenue averaging $1.91 in the current quarter compared to $1.83 in the prior year's third quarter. The positive impact on revenue was mitigated by the stronger Canadian dollar against both the Euro, which averaged $1.37 in the quarter versus $1.49 last year while the Swedish Kronor averaged $0.15 in the current quarter versus $0.16 in the prior year's third quarter. The rate changes had an offsetting impact on foreign currency denominated operating costs.

Direct costs

Direct costs for the quarter were $23.6 million or 33.2% of revenue compared to $16.1 million or 28.9% of revenue in the prior year's third quarter. For the year to date, direct costs were 32.3% of revenue compared to 29.2% last year. The increase in costs and decrease in margins is attributable to incremental 3rd party software and hardware contributions at lower margins in the quarter, as well as increased hosted and third party services costs. Direct costs for services include costs for both hosted and maintenance services as well as professional services.

On a segment basis, direct costs in the quarter for the Interactive Management Group were $13.4 million or 27.8% of revenue compared to $10.3 million or 23.1% of revenue in the prior year's third quarter. Direct costs for the Asset Management Group were $10.3 million or 44.2% of revenue compared to $5.8 million or 52.2% of revenue in the prior year's third quarter. The higher direct costs in the Asset Management segment reflect higher proportional contributions from lower margin services and hardware revenue.

Revenue, net of direct costs

Revenue net of direct costs increased by $8.2 million to $47.6 million or 66.8% of revenue compared to $39.4 million or 71.1% of revenue in the prior year's third quarter. The increase in revenue, net of direct costs is primarily attributable to incremental revenue from acquisitions. The decrease in margins is primarily attributable to increased mix of hardware and third party contributions compared to the prior year's third quarter.

Operating Expenses

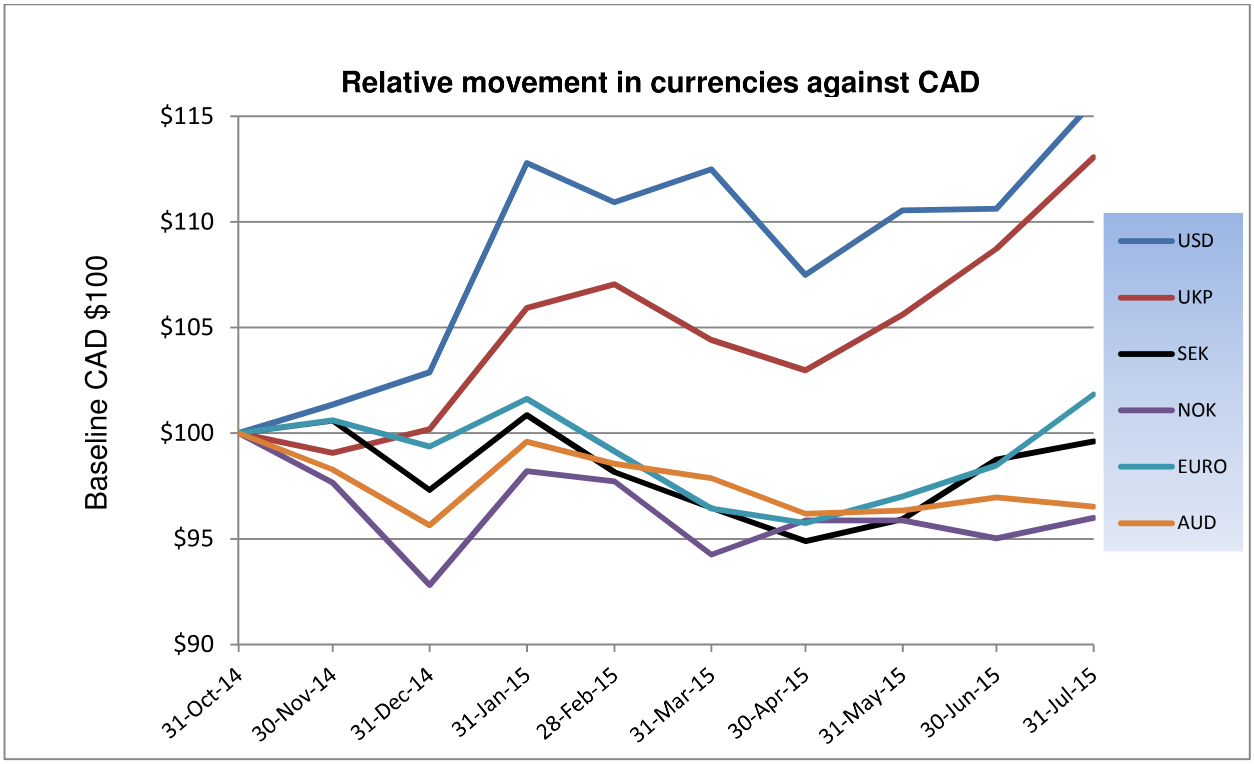
Operating expenses, excluding special charges, for the quarter were $29.8 million, compared to $25.6 million reported in the third quarter of last year, a 16.4% increase. The increase in costs reflect incremental operating costs related to newly acquired operations and the impact of stronger foreign currencies, including the U.S dollar and British pound, which increased operating costs stated in Canadian dollars. Selling, general and administrative costs include foreign exchange losses of $0.4 million recorded in the quarter compared to nominal losses last year. Last year's expenses included $0.3 million in special charges related to restructuring initiatives undertaken on acquired operations (Basset) compared to $1.6 million in the third quarter of this year primarily related to Reitek. Operating costs, excluding special charges, as a percentage of total revenue decreased from 46.2% to 41.9% in the quarter as a result of reduced proportional R&D spending and cost reduction initiatives undertaken this year. For the fiscal year to date, operating expenses excluding special charges increased by 21.0% to $88.4 million or 43.6% of revenue from $73.1 million (46.3%) in fiscal 2014.

The Company continues to invest in R&D for future growth. R&D expenses were $9.7 million or 13.6% as a percentage of revenue in the quarter, compared to $8.9 million or 16.0% in the prior-year's third quarter. This is net of R&D tax credits of $0.8 million and $0.1 million, respectively, recorded in the current and prior year's third quarters.

Non-cash charges for amortization of acquired software and customer relationships related to acquisitions were $5.7 million, up from the prior year's third quarter expense of $4.3 million as a result of incremental charges related to the acquisitions of Basset, Jinny, Voxtron, CDRator and Reitek, which were partially offset by expiring amortization charges from previous acquisitions. On a year to date basis, non-cash amortization represents a charge of $16.8 million versus $12.4 million last year.

Foreign Exchange

The Company continues to earn a significant portion of revenue from sales denominated in currencies other than the Canadian dollar. As a result of acquisitions in the Scandinavian region and Europe, an increasing proportion of revenue is derived from operations outside of the U.S. and is denominated in currencies other than the U.S. dollar. As a result, the Company transacts a significant proportion of its business in Pounds Sterling, Euros, Swedish, Norwegian and Danish Kronor, as well as currencies in the Asia Pacific region.



Exchange rate Source: Bank of Canada Currency Rates

Compared to the second quarter, on average, the Canadian dollar strengthened against the U.S dollar, euro and the pound sterling, losing significant ground late in the quarter. As the Company's reporting currency is the Canadian dollar, this has negatively impacted revenue reported in Canadian dollars while positively impacting operating costs, and partially acts as a natural hedge. However, compared to last year's third quarter exchange rates revenue was positively impacted by an estimated $1.2 million over the prior year, while costs increased by an estimated $0.9 million. This was calculated by applying the change in the average exchange rates from Q3/14 to Q3/15 to the Company's foreign currency denominated revenue and direct costs and operating expenses in Q3/15.

The Company does not hedge foreign currency exposure but funds its U.S. dollar operational expenses with U.S. dollar revenue in order to mitigate exposure. A similar natural hedge exists for the Company's U.K. and Scandinavian operations. The Company continues to have more operating expenses denominated in Canadian dollars than Canadian dollar revenue. Going forward, fluctuations in exchange rates among the Canadian dollar, the U.S. dollar, the pound sterling, the Swedish krona, the euro and other currencies may have a material but mitigating effect on the Company's foreign currency denominated revenue and expenses stated in Canadian dollars. This will also impact the relative cost of foreign currency denominated acquisitions stated in Canadian dollars.

The Company recorded foreign exchange losses of $0.4 million related to foreign currency denominated monetary assets and liabilities in the current year's third quarter compared to nominal gains in the prior year's third quarter. The loss was recorded primarily as a result of the impact of the late weakening in the Canadian dollar against other major currencies on the Company's foreign currency denominated monetary assets and liabilities. The Company records these foreign exchange gains and losses in selling, general and administrative expenses in the unaudited condensed consolidated interim statements of operations. Translation gains or losses incurred upon consolidation of the Company's foreign operation's balance sheets into Canadian dollars are included in the Company's accumulated other comprehensive income (loss) account on the balance sheet.

Finance and Other Income

The Company recognized finance and other income of $0.1 million in the quarter compared to $0.2 million in the third quarter of the prior year as a result of declining yields and recorded no gain on the sale of equities in the third quarter. Nominal gains were recorded in the third quarter of the prior year.

Income Tax Expense

During the quarter, the Company established a tax provision of $2.3 million as compared to a provision of $2.0 million in the prior year's third quarter. The Company paid $0.3 million in tax instalments in the quarter, compared to $1.1 million in the third quarter of the prior year.

Net Income

Net income was $8.1 million or $0.30 per share on a diluted basis in the quarter compared to $7.2 million or $0.27 per share in the third quarter of the prior year, and includes the impact of special charges related to acquisitions of $1.6 million. For the year to date, net income was $18.2 million or $0.67 per diluted share compared to $19.9 million or $0.74 per share. The decrease in net income year to date reflects an adjustment of $8.8 million ($5.0 million net of tax) to the provision for contract litigation matters which was booked during the first quarter.

Liquidity and Capital Resources:

The Company closed the quarter with cash reserves of $91.3 million, compared to the October 31, 2014 balance of $84.9 million. This is after funding acquisitions completed in the current fiscal year of $25.2 million, payment of purchase consideration for prior year acquisitions of $2.1 million, payment of $11.2 million to settle litigation matters and $8.4 million for dividends. The Company continues to have no long-term debt and has sufficient cash resources to fund both its current and future financial operating commitments as well as its dividend and acquisition strategies. During the quarter the Company generated cash flows from operating activities of $9.3 million compared to $17.0 million in the third quarter of the prior year, which is after payment to settle a litigation matter in the quarter. On a year to date basis the Company generated cash flows from operating activities of $39.2 million compared to $40.7 million last year. Excluding settlement payments, cash flow from operating activities would have been $21.1 million for the quarter and $50.4 million for the year.

The Company had 26,285,462 Common Shares issued and outstanding as at September 10, 2015. During the third quarter, no stock options were exercised. In comparison, 15,000 options were exercised in the prior year's third quarter adding $0.1 million. The Company did not grant options in the third quarter of the fiscal year or in the third quarter of last year. Enghouse did not repurchase any shares of its common stock in either third quarter under its Normal Course Issuer Bid.

Off-Balance Sheet Arrangements
The Company has not entered into off-balance sheet financing arrangements. Except for operating leases and other low probability and/or immeasurable contingent liabilities (not accrued in accordance with IFRS), all commitments are reflected on the Company's balance sheet.

Transactions with Related Parties
The Company has not entered into any transactions with related parties during the year, other than transactions between wholly owned subsidiaries and the Company in the normal course of business, which are eliminated on consolidation.

Risks and Uncertainties
The primary risks and uncertainties that affect or may affect the Company and its business, financial condition, and results of operations remain substantially unchanged from those discussed in the Company's latest Annual Information Form and its Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended October 31, 2014, contained in the Company's 2014 Annual Report to Shareholders and all such risks and uncertainties are incorporated herein by reference.

Controls and Procedures
In compliance with the Canadian Securities Administrators' National Instrument 52-109 ("NI 52-109"), the Company has filed with applicable Canadian securities regulatory authorities, certificates signed by its Chief Executive Officer ("CEO") and Vice President Finance that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design of internal controls over financial reporting.

Disclosure Controls and Procedures
Disclosure controls and procedures have been designed under the supervision of the CEO and Vice President Finance, with the participation of other management, to provide reasonable assurance that all relevant information required to be disclosed by the Company is recorded, processed, summarized and reported on a timely basis to senior management, as appropriate, to allow timely decisions regarding required public disclosure. Pursuant to NI 52-109, as of October 31, 2014, an evaluation of the effectiveness of the Company's disclosure controls and procedures was carried out under the supervision of the CEO and Vice President Finance. Based on this evaluation, the CEO and the Vice President Finance concluded that the design and operation of these disclosure controls and procedures were effective. This evaluation considered the Company's disclosure policy, a sub-certification process and the functioning of the Company's Disclosure Committee.

Internal Controls over Financial Reporting
The Company's CEO and Vice President Finance are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with IFRS.

At October 31, 2014, an evaluation was carried out of the effectiveness of the design and operation of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting. Based on that evaluation, the Company's CEO and Vice President Finance have concluded that, as at October 31, 2014, the design and operation of controls over financial reporting was effective. These evaluations were conducted in accordance with the standards established in "Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission", and the requirements of NI 52-109.

There were no changes to the Company's internal control over financial reporting during the quarter ended July 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional Information

Additional information relating to the Company including our most recently completed Annual Information Form ("AIF") is available on SEDAR at ***www.sedar.com*** and on the Company's website at ***www.enghouse.com***.

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended July 31, 2015 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)
(Unaudited)

	July 31, 2015	October 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 81,464	$ 72,780
Short-term investments	9,824	12,084
Accounts receivable, net	60,915	54,341
Income tax receivable	1,243	-
Prepaid expenses and other assets	9,385	7,571
	162,831	**146,776**
Non-current assets		
Property, plant and equipment	5,155	4,020
Intangible assets (Note 4)	73,181	68,014
Goodwill (Note 4)	122,151	98,534
Deferred income tax assets	6,599	10,427
Total assets	**$ 369,917**	**$ 327,771**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 51,420	$ 41,297
Income taxes payable	-	2,644
Dividends payable	3,154	2,616
Provisions (Note 5)	3,317	3,407
Deferred revenue	56,705	47,745
	$ 114,596	**97,709**
Non-current liabilities		
Deferred income tax liabilities	21,440	19,930
Deferred revenue	2,604	1,877
Total liabilities	**138,640**	**119,516**
Shareholders' Equity		
Share capital (Note 6)	60,924	59,746
Contributed surplus	4,479	3,782
Retained earnings	144,827	135,554
Accumulated other comprehensive income	21,047	9,173
Total shareholders' equity	**231,277**	**208,255**
Total liabilities and shareholders' equity	**$ 369,917**	**$ 327,771**

Commitments and contingencies (Note 12)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)
(Unaudited)

	Three months ended July 31		Nine months ended July 31	
	2015	**2014**	**2015**	**2014**
Revenue				
Software licenses	$ 21,844	$ 18,172	$ 62,540	$ 52,807
Hosted and maintenance services	33,751	29,424	99,697	82,783
Professional services	13,493	6,617	34,826	17,849
Hardware	2,176	1,275	5,921	4,492
	71,264	**55,488**	**202,984**	**157,931**
Direct costs				
Software licenses	1,958	1,142	5,601	4,026
Services	20,080	14,071	55,995	39,164
Hardware	1,591	838	4,006	2,935
	23,629	**16,051**	**65,602**	**46,125**
Revenue, net of direct costs	**47,635**	**39,437**	**137,382**	**111,806**
Operating expenses				
Selling, general and administrative	19,482	16,202	56,119	44,392
Research and development	9,703	8,856	30,385	27,016
Depreciation of property, plant and equipment	647	577	1,921	1,672
Special charges (Note 5)	1,582	334	1,661	1,256
	31,414	**25,969**	**90,086**	**74,336**
Results from operating activities	**16,221**	**13,468**	**47,296**	**37,470**
Litigation settlements (Note 12)	-	-	(8,774)	-
Amortization of acquired software and customer relationships	(5,695)	(4,273)	(16,783)	(12,414)
Finance income	47	119	211	386
Finance expenses	(206)	(99)	(493)	(232)
Other income	11	35	86	43
Income before income taxes	**10,378**	**9,250**	**21,543**	**25,253**
Provision for income taxes (Note 8)	2,284	2,035	3,342	5,308
Net income for the period	**$ 8,094**	**$ 7,215**	**$ 18,201**	**$ 19,945**
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences from foreign operations	11,737	(4,376)	11,642	6,145
Transfer to net income of realized gains on available for sale investments	-	(19)	(74)	(56)
Unrealized gain (loss) on available for sale investments	159	(6)	342	(64)
Deferred income tax (expense) recovery	(21)	3	(36)	16
Other comprehensive income (loss)	**11,875**	**(4,398)**	**11,874**	**6,041**
Comprehensive income	**$ 19,969**	**$ 2,817**	**$ 30,075**	**$ 25,986**
Earnings per share				
Basic	**$ 0.31**	**$ 0.28**	**$ 0.69**	**$ 0.76**
Diluted	**$ 0.30**	**$ 0.27**	**$ 0.67**	**$ 0.74**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

(in thousands of Canadian dollars)
(Unaudited)

	Share Capital -number	Share capital $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Retained earnings $	Total $
Balance – November 1, 2014	**26,163,962**	**59,746**	**3,782**	**9,173**	**135,554**	**208,255**
Net income	-	-	-	-	18,201	18,201
Other Comprehensive Income:						
Cumulative Translation Adjustment	-	-	-	11,642	-	11,642
Transfer to net income of realized gains on available-for-sale investments	-	-	-	(74)	-	(74)
Unrealized gain on available-for-sale investments	-	-	-	342	-	342
Deferred income tax expense	-	-	-	(36)	-	(36)
Comprehensive income for the period	**-**	**-**	**-**	**11,874**	**18,201**	**30,075**
Employee share options:						
Value of services recognized	-	-	937	-		937
Proceeds on issuing shares	121,500	1,178	(240)	-		938
Dividends	-	-	-		(8,928)	(8,928)
Balance – July 31, 2015	**26,285,462**	**60,924**	**4,479**	**21,047**	**144,827**	**231,277**
Balance – November 1, 2013	**26,042,962**	**58,514**	**3,175**	**5,139**	**115,800**	**182,628**
Net income	-	-	-	-	19,945	19,945
Other Comprehensive Income:						
Cumulative Translation Adjustment	-	-	-	6,145	-	6,145
Transfer to net income of realized gains on available-				(56)		(56)
for-sale investments	-	-	-	(64)	-	(64)
Unrealized loss on available-for-sale investments	-	-	-		-	
Deferred income tax recovery	-	-	-	16	-	16
Comprehensive income for the period	**-**	**-**	**-**	**6,041**	**19,945**	**25,986**
Employee share options:						
Value of services recognized			676	-	-	676
Proceeds on issuing shares	98,500	1,053	(235)	-	-	818
Dividends	-	-	-		(7,314)	(7,314)
Balance – July 31, 2014	**26,141,462**	**59,567**	**3,616**	**11,180**	**128,431**	**202,794**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)
(Unaudited)

	Three months ended July 31		Nine months ended July 31	
	2015	**2014**	**2015**	**2014**
Cash flows from operating activities				
Net income	$ 8,094	$ 7,215	$ 18,201	$ 19,945
Adjustments for:				
Depreciation of property, plant and equipment	647	577	1,921	1,672
Amortization of acquired software and customer relationships	5,695	4,273	16,783	12,414
Stock-based compensation expense	315	312	937	676
Provision for income taxes	2,284	2,035	3,342	5,308
Finance expenses and other income	195	64	407	189
	17,230	**14,476**	**41,591**	**40,204**
Changes in non-cash operating working capital (Note 13)	4,230	3,646	13,163	4,860
Cash paid on settlement of litigation (Note 12)	(11,785)	-	(11,162)	-
Income tax paid	(336)	(1,145)	(4,404)	(4,317)
Net cash flows from operating activities	**9,339**	**16,977**	**39,188**	**40,747**
Cash flows from investing activities				
Purchase of property, plant and equipment, net	(640)	(525)	(2,097)	(1,313)
Purchase of other software	(251)	-	(251)	-
Acquisitions, net of cash acquired of $4,864 ($4,361 - 2014) (Note 10)	(5,342)	(7,469)	(25,160)	(17,529)
Purchase consideration for prior period acquisitions (Note 10)	(1,456)	(579)	(2,139)	(4,001)
Net sale (purchase) of short-term investments	1,039	(1,955)	3,386	1,291
Net cash flows used in investing activities	**(6,650)**	**(10,528)**	**(26,261)**	**(21,552)**
Cash flows from financing activities				
Issuance of share capital	-	103	938	818
Payment of cash dividend	(3,154)	(2,613)	(8,391)	(6,783)
Net cash flows used in financing activities	**(3,154)**	**(2,510)**	**(7,453)**	**(5,965)**
Effect of currency translation adjustments on cash and cash equivalents	3,466	(1,410)	3,210	1,992
Net increase in cash and cash equivalents during the period	**3,001**	**2,529**	**8,684**	**15,222**
Cash and cash equivalents- beginning of period	78,463	82,802	72,780	70,109
Cash and cash equivalents - end of period	**$ 81,464**	**$ 85,331**	**$ 81,464**	**$ 85,331**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended July 31, 2015 and 2014
(Unaudited, in thousands of Canadian dollars, except as indicated)

1. Description of the business and reporting entity
Enghouse Systems Limited ("Enghouse Systems") and its wholly owned subsidiaries (together the "Company" or "Enghouse") develop enterprise software solutions for a variety of vertical markets. The Company is organized around two business segments: the Interactive Management Group and the Asset Management Group. The Interactive Management Group specializes in customer interaction software and services that are designed to enhance customer service, increase efficiency and manage customer communications across the enterprise. The Asset Management Group provides products and services to telecom service providers as well as fleet management and public safety software solutions for the transportation industry, first responders, distribution, security, utilities and oil and gas industries. Enghouse Systems is incorporated and domiciled in Canada. The address of its registered office is 80 Tiverton Court, Suite 800, Markham, Ontario, L3R 0G4. The Company has offices around the world including the United States, the United Kingdom, Sweden, Norway, Denmark, Germany, Ireland, Belgium, Australia, New Zealand, Israel, Lebanon, Romania, Italy and Croatia.

2. Basis of preparation

(a) Statement of compliance
These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended October 31, 2014, which have been prepared in accordance with IFRS. These unaudited condensed consolidated interim financial statements were approved for issue on September 10, 2015.

(b) Basis of preparation and measurement
These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies disclosed in Note 3 of the Company's 2014 annual consolidated financial statements. They have been prepared on the historical cost basis except for available-for-sale financial assets, certain assets and liabilities initially recognized in connection with business combinations, and derivative financial instruments, which are measured at fair value.

The policies applied in these unaudited condensed consolidated interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of September 10, 2015, the date the Board of Directors approved the unaudited condensed consolidated interim financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending October 31, 2015 could result in a restatement of these unaudited condensed consolidated interim financial statements.

(c) Functional and presentation of currency
The Company's subsidiaries generally operate in their local currency environment. Accordingly, items included in the financial statements of each legal entity consolidated within the Enghouse group are measured using the currency of the primary economic environment in which the legal entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is also Enghouse Systems' functional currency.

(d) Use of estimates and judgments
The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management and the key sources of estimation uncertainty were the same as those

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended July 31, 2015 and 2014
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that applied to the consolidated financial statements for the year ended October 31, 2014, with the exception of changes in estimates that are required in determining the provision for income taxes.

3. Significant accounting policies
The accounting policies adopted are consistent with those of the previous financial year.

4. Intangible assets

	Acquired Software $	Other Software $	Customer Relationships $	Goodwill $	Total $
At November 1, 2014					
Cost	107,677	-	57,158	98,534	263,369
Accumulated depreciation	(68,883)	-	(27,938)	-	(96,821)
Net book value	**38,794**	**-**	**29,220**	**98,534**	**166,548**
Period ended July 31, 2015					
Opening net book value	38,794	-	29,220	98,534	166,548
Acquisition	7,770	-	10,900	16,386	35,056
Additions	-	251	-	-	251
Amortization	(10,465)	-	(6,318)	-	(16,783)
Purchase Price Adjustments	-	-	-	(861)	(861)
Exchange difference	1,285	-	1,744	8,092	11,121
Closing net book value	**37,384**	**251**	**35,546**	**122,151**	**195,332**
At July 31, 2015					
Cost	115,447	251	68,058	122,151	305,907
Accumulated amortization	(78,063)	-	(32,512)	-	(110,575)
Net book value	**37,384**	**251**	**35,546**	**122,151**	**195,332**

5. Provisions
Provisions include provisions for onerous contracts, legal claims, restructuring and special charges, and are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

	Total
At November 1, 2014	**$ 3,407**
Additional provisions (Note 12)	11,059
Unused amounts reversed	(110)
Recovered/(Utilized) during the period	(12,126)
Effect of movements in foreign exchange	1,087
At July 31, 2015	**$ 3,317**

6. Share capital and other components of shareholder's equity

Capital Stock
The authorized share capital of the Company consists of an unlimited number of common shares, an unlimited amount of Class A, redeemable, retractable, non-voting, non-cumulative, preference shares and an unlimited number of Class B, redeemable, retractable, non-voting, preference shares. There were 26,285,462 common shares outstanding as at July 31, 2015. There were no Class A and no Class B preference shares issued and outstanding as at either October 31, 2014 or July 31, 2015.

Notes to Condensed Consolidated Interim Financial Statements
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Common share repurchase plan
On April 22, 2015, the Company renewed its common share repurchase plan, whereby it may repurchase up to a maximum of 1,797,594 common shares of the Company, expiring on April 21, 2016. The Company did not repurchase any common shares in either of fiscal 2015 or in fiscal 2014.

Accumulated other comprehensive income (loss)
Accumulated other comprehensive income (loss) is comprised of the following separate components of equity:

Cumulative translation account
The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations net of income tax recovery of $414 on a year to date basis (YTD 2014- recovery of $102).

Unrealized gains/losses on available-for-sale financial assets
Available-for-sale differences comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired net of income tax expense of $36 on a year to date basis (YTD 2014- recovery of $16).

Dividends
During the three months ended July 31, 2015, the Company declared and paid dividends of $0.12 per common share (three months ended July 31, 2014 - $0.10 per common share).

7. Stock-based Compensation
The Company has granted options to purchase common shares to certain directors, officers and employees of the Company, pursuant to the terms of the Company's stock option plan (the "Plan"). The Plan provides that a total of 2,096,200 (July 31, 2014 – 2,240,200) common shares are reserved for options and that the shares reserved for options, which could become exercisable in any one year, will not exceed more than 10% of the issued and outstanding common shares of the Company at the time such options may be exercisable. These options vest at various times over four years and expire seven years after the grant date. The exercise price of each option equals the market price of the Company's stock on the date the options are granted.

A summary of the status of the Company's Plan as at July 31, 2015 and July 31, 2014, and changes during the three and nine months ended respectively on those dates is presented as follows:

Three months ended:	**July 31, 2015**		**July 31, 2014**	
	Number of Options	**Weighted Average Exercise Price in $**	**Number of Options**	**Weighted Average Exercise Price in $**
Outstanding at beginning of period	1,284,500	18.74	1,364,500	14.41
Granted	-	-	-	-
Exercised	-	-	(15,000)	6.93
Forfeited	-	-	-	-
Outstanding at end of period	**1,284,500**	**18.74**	**1,349,500**	**14.49**
Options exercisable at end of period	**800,500**	**13.05**	**733,000**	**9.86**

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended July 31, 2015 and 2014
(Unaudited, in thousands of Canadian dollars, except as indicated)

Nine months ended:	**July 31, 2015**		**July 31, 2014**	
	Number of Options	**Weighted Average Exercise Price in $**	**Number of Options**	**Weighted Average Exercise Price in $**
Outstanding at beginning of period	1,288,500	14.56	1,419,000	12.42
Granted	135,000	48.47	110,000	34.45
Exercised	(121,500)	7.73	(98,500)	8.31
Forfeited	(17,500)	17.15	(81,000)	12.81
Outstanding at end of period	**1,284,500**	**18.74**	**1,349,500**	**14.49**
Options exercisable at end of period	**800,500**	**13.05**	**733,000**	**9.86**

The Company uses the fair value method for recording compensation expense related to equity instruments awarded to employees, officers and directors in accordance with IFRS 2. For the purposes of expensing stock options, each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. During the third quarter of 2015, the Company recorded a non-cash charge of $315 (Q3/2014 - $312).

For options granted in the period, the fair value of each stock option on the date of the grant was estimated using the Black-Scholes option pricing model as set out below. Estimated volatility is calculated on a daily basis using historical closing prices, as adjusted for certain events that management deemed to be non-recurring and non-indicative of future events over a five year period, which reflects the expected life of the options.

	Options Granted FY 2015	**Options Granted FY 2014**
Risk-free interest rate (%)	0.68% - 1.34%	1.34% - 1.93%
Estimated volatility (%)	20%-28%	20%-28%
Dividend yield	$0.48	$0.40
Expected life (in years)	3.5 - 6.3	3.5 - 6.3
Weighted average fair value (in dollars)	$6.74 - $11.63	$5.01 - $9.34

There were 135,000 options granted to date in fiscal 2015 (110,000 – 2014).

8. Income tax
Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income for the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions and the relative mix of income earned in differing jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined for the consolidated group. The Company's effective tax rate for the three month period ended July 31, 2015 was a provision of 22.0%. The effective tax rate for the nine month period was a provision of 15.5%, which includes the tax effect of legal provision adjustments of $8.8 million booked in the first quarter.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended July 31, 2015 and 2014

(Unaudited, in thousands of Canadian dollars, except as indicated)

9. Earnings per share

Basic: Basic earnings per share are calculated by dividing the net income attributable to owners of the parent by the weighted average number of common shares issued and outstanding during the period.

	Three months ended July 31		Nine months ended July 31	
	2015	**2014**	**2015**	**2014**
Net income attributable to owners of the parent	$ 8,094	$ 7,215	$ 18,201	$ 19,945
Weighted average number of common shares in issue	26,285	26,074	26,230	26,131
Basic earnings per share	**$ 0.31**	**$ 0.28**	**$ 0.69**	**$ 0.76**

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding assuming conversions of all dilutive potential common shares. The Company has only stock options as potential dilutive common shares. For stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined using the average market share price of the Company's outstanding shares for the period) based on the monetary value of the subscription rights attached to the stock options. The number of shares calculated above is compared to the number of shares that would have been issued assuming the exercise of the stock options.

	Three months ended July 31		Nine months ended July 31	
	2015	**2014**	**2015**	**2014**
Net income attributable to owners of the parent	$ 8,094	$ 7,215	$ 18,201	$ 19,945
Weighted average number of common shares issued	26,285	26,074	26,230	26,131
Adjustments for:				
Stock options	822	755	775	772
Weighted average number of common shares for diluted earnings per share	27,107	26,829	27,005	26,903
Diluted earnings per share	**$ 0.30**	**$ 0.27**	**$ 0.67**	**$ 0.74**

10. Acquisitions

Acquisitions have been recorded under the purchase method of accounting and results have been included in the unaudited condensed consolidated interim statements of operations from their respective acquisition dates. Accordingly, the allocation of the purchase price to assets and liabilities is based on the fair value, with the excess of the purchase price over the fair value of the assets acquired being allocated to goodwill.

2015 Acquisitions:

Interactive Management

The Company acquired 100% of the issued and outstanding common shares of Reitek S.p.A ("Reitek") on May 8, 2015 for an aggregate cash purchase price of approximately $6.2 million (net of acquired cash). Of this amount, approximately $1.0 million remains subject to hold back and adjustment. Results are included in the Interactive Management Group from the date of acquisition.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended July 31, 2015 and 2014
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Based in Milan, Italy, Reitek is a leading provider of omni-channel contact center solutions for enterprises of all sizes including multinational corporations, mostly serving the Italian market. Reitek's products are delivered both on premise and in the cloud and are distributed through a reseller channel.

Asset Management Group
The Company acquired 100% of the issued and outstanding common shares of CDRator A/S ("CDRator") on March 3, 2015 for an aggregate cash purchase price of approximately $27.6 million. Of this amount, approximately $2.9 million remains subject to hold back and adjustment. Results are included in the Asset Management Group from the acquisition date.

Headquartered in Denmark, CDRator provides market-leading solutions that automate billing and customer care functions for MVNO/E (mobile virtual network operators and enablers). CDRator offers an out-of-the-box self-care, post and pre-paid real time billing platform that can be rapidly deployed for enabling next generation mobile and converged virtual network operators.

2014 Acquisitions:

Interactive Management
The Company acquired 100% of the issued and outstanding common shares of Information Access Technology, Inc. ("IAT"), IT Sonix AG ("IT Sonix") and Voxtron NV ("Voxtron") on November 4, 2013, March 4, 2014 and October 3, 2014 respectively, for an aggregate cash purchase price of approximately $22.8 million. Of this amount, approximately $1.1 million remains subject to hold back and adjustment. Results are included in the Interactive Management Group from the date of acquisition.

Headquartered in West Jordan (Salt Lake City), Utah, IAT specializes in innovative communication technology which enables companies to design, execute and measure customer communication campaigns. IAT solutions include premise and hosted products and services for both outbound dialing and broadcast messaging. Based in Leipzig, Germany, IT Sonix is a software provider specializing in outbound contact center solutions with a particular focus on tele-marketing. ELSBETH, IT Sonix's flagship solution, is a fully featured, general purpose, outbound suite combining a powerful predictive dialer, campaign management, call scripting, real-time speech analytics and agent coaching capabilities. Headquartered in Temse (Brussels), Belgium, Voxtron provide multi-channel contact center and dispatch solutions for small, medium and large enterprises as well as the railroad and utilities sectors.

Asset Management Group
The Company acquired 100% of the issued and outstanding common shares of Basset AB ("Basset") and Jinny Software Limited ("Jinny") on July 4, 2014 and August 5, 2014, respectively for an aggregate cash purchase price of approximately $20.4 million. Of this amount, approximately $2.3 million remains subject to hold back and adjustment. Results are included in the Asset Management Group from their respective dates of acquisition.

Headquartered in Stockholm, Sweden, Basset provides revenue management solutions to telecommunications operators and next generation electric utilities in Europe, Africa and the Middle East. Based in Dublin, Ireland, Jinny is an end-to-end provider of mobile value added services, rich communications, and diameter signaling management solutions for wireless carriers globally. Jinny's solutions enable customers to run different cellular network technologies simultaneously, and are integrated with leading network equipment providers.

Management has established the preliminary purchase price allocations taking into account all relevant information at the time of preparing these notes to the unaudited condensed consolidated interim financial statements. The purchase price allocations below have not been finalized, other than IAT, IT Sonix and Basset, subject to receipt of additional information related to the settlement of the hold back obligations

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended July 31, 2015 and 2014
(Unaudited, in thousands of Canadian dollars, except as indicated)

The Company's purchase price allocations are as follows:

	Interactive Management Group Preliminary Quarter ended July 31, 2015	Asset Management Group Preliminary Quarter ended July 31, 2015	Interactive Management Group Preliminary Year ended October 31, 2014	Asset Management Group Preliminary Year ended October 31, 2014
Cash and cash equivalents	$ 849	$ 4,015	$ 2,825	$ 1,536
Accounts receivable, net	5,514	4,530	7,944	13,090
Prepaid expenses and other assets	644	451	805	2,196
Property, plant and equipment	227	301	901	355
Deferred income tax assets	-	-	-	1,123
Acquired software	2,140	5,630	9,126	13,450
Customer relationships	3,750	7,150	5,600	6,271
Goodwill	4,945	11,441	6,868	7,630
Total assets acquired	**$ 18,069**	**$ 33,518**	**$ 34,069**	**$ 45,651**
Less: Current liabilities assumed	$ 10,037	$ 3,092	$ 7,256	$ 22,038
Less: Deferred income tax liabilities	1,826	2,839	4,030	3,204
Total liabilities assumed	**$ 11,863**	**$ 5,931**	**$ 11,286**	**$ 25,242**
Net assets acquired for cash consideration	**$ 6,206**	**$ 27,587**	**$ 22,783**	**$ 20,409**

11. Segmented information
The Company has two operating segments, the Interactive Management Group and the Asset Management Group, based on the nature of the operations and markets that each of these segments serves. The accounting policies followed by these segments are the same as those described in the summary of significant accounting policies.

The Company's operating segments each develop and market software products and provide services for their respective markets and are inclusive of the current year acquisitions. The Interactive Management Group specializes in customer interaction software and services that are designed to enhance customer service, increase efficiency and manage customer communications across the enterprise. Core technologies include contact center, attendant console, interactive voice response, call recording and workforce optimization solutions that support any telephony environment, on-premise or in the cloud. Its customers include insurance companies, banks and utilities as well as high technology, health care and hospitality companies. The Asset Management Group provides a portfolio of products to telecom service providers as well as fleet management and public safety software solutions for the transportation industry, first responders, distribution, security, utilities and oil and gas industries. These include telecom billing, data conversion, and geo-spatial software solutions for complex network infrastructures and fleet/logistics management solutions for the public and private sectors.

The Company evaluates segment performance based on revenue and profit or loss before income taxes.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended July 31, 2015 and 2014
(Unaudited, in thousands of Canadian dollars, except as indicated)

	Interactive Management Group	Asset Management Group	Total
Three months ended July 31, 2015			
Revenue	$ 48,069	$ 23,195	$ 71,264
Operating expenses excluding non-cash charges	(33,803)	(17,421)	(51,224)
Special Charges	(1,318)	(264)	(1,582)
Depreciation of property, plant and equipment	(526)	(121)	(647)
Segmented profit	**$ 12,422**	**$ 5,389**	**$ 17,811**
Corporate expenses			(1,590)
Results from operating activities			**$ 16,221**
Amortization of acquired software and customer relationships			(5,695)
Finance income			47
Finance expenses			(206)
Other income			11
Income before income taxes			**$ 10,378**

	Interactive Management Group	Asset Management Group	Total
Three months ended July 31, 2014			
Revenue	$ 44,597	$ 10,891	$ 55,488
Operating expenses excluding non-cash charges	(31,642)	(7,959)	(39,601)
Special Charges	-	(334)	(334)
Depreciation of property, plant and equipment	(480)	(97)	(577)
Segmented profit	**$ 12,475**	**$ 2,501**	**$ 14,976**
Corporate expenses			(1,508)
Results from operating activities			**$ 13,468**
Amortization of acquired software and customer relationships			(4,273)
Finance income			119
Finance expenses			(99)
Other income			35
Income before income taxes			**$ 9,250**

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended July 31, 2015 and 2014
(Unaudited, in thousands of Canadian dollars, except as indicated)

	Interactive Management Group	Asset Management Group	Total
Nine months July 31, 2015			
Revenue	$ 136,702	$ 66,282	$ 202,984
Operating expenses excluding non-cash charges	(97,539)	(49,747)	(147,286)
Special Charges	(1,415)	(246)	(1,661)
Depreciation of property, plant and equipment	(1,566)	(355)	(1,921)
Segmented profit	**$ 36,182**	**$ 15,934**	**$ 52,116**
Corporate expenses			(4,820)
Results from operating activities			**$ 47,296**
Litigation settlements			(8,774)
Amortization of acquired software and customer relationships			(16,783)
Finance income			211
Finance expenses			(493)
Other income			86
Income before income taxes			**$ 21,543**
Goodwill	$ 85,329	$ 36,822	$ 122,151
Other assets	132,686	105,256	237,942
Short-term investments			9,824
Total assets	**$ 218,015**	**$ 142,078**	**$ 369,917**
Capital Expenditures	$ 1,730	$ 367	$ 2,097

	Interactive Management Group	Asset Management Group	Total
Nine months July 31, 2014			
Revenue	$ 126,294	$ 31,637	$ 157,931
Operating expenses excluding non-cash charges	(89,826)	(23,541)	(113,367)
Special Charges	(922)	(334)	(1,256)
Depreciation of property, plant and equipment	(1,365)	(307)	(1,672)
Segmented profit	**$ 34,181**	**$ 7,455**	**$ 41,636**
Corporate expenses			(4,166)
Results from operating activities			**$ 37,470**
Amortization of acquired software and customer relationships			(12,414)
Finance income			386
Finance expenses			(232)
Other income			43
Income before income taxes			**$ 25,253**
Goodwill	$ 72,586	$ 19,536	$ 92,122
Other assets	137,132	64,188	201,320
Short-term investments			19,627
Total assets	**$ 209,718**	**$ 83,724**	**$ 313,069**
Capital Expenditures	$ 1,141	$ 172	$ 1,313

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended July 31, 2015 and 2014

(Unaudited, in thousands of Canadian dollars, except as indicated)

12. Commitments and contingencies

Southern California Gas Company v. Syntellect, Inc.: Southern California Gas Company ("SoCal") filed a lawsuit against a wholly owned subsidiary of the Company relating to the indemnification provisions in a contract between the parties. The United States District Court, Southern District of California, issued a judgment in favor of SoCal. However, the judgment was appealed to the United States Ninth Circuit Court of Appeals. That court affirmed aspects of the judgment, but reversed the finding that evidence of apportionment of damages should be excluded and directed the district court to consider the issue. Subsequently, the district court issued an order granting a motion brought by SoCal that apportionment was not appropriate and that the Company is responsible for 100% of SoCal's damages and a judgment (together with the order, the "Judgment") in favour of SoCal which, together with certain additional SoCal costs and interest, amounts to U.S. $9.45 million (the "Award"). The Company appealed the Judgment to the United States Ninth Circuit Court of Appeals, which was denied on February 23, 2015. Approximately $11.8 million, representing the Award plus estimated additional SoCal costs and interest was paid in June 2015 to SoCal to finalize this matter. The Company booked a litigation settlement provision of $9.4 million in the first quarter of 2015 to cover its obligations. The Company also previously settled an unrelated matter in its favor during the year, booking a recovery of $0.6 million.

General

The Company provides its customers with a qualified indemnity against the infringement of third party intellectual property rights. From time to time, various owners of patents and copyrighted works send the Company or its customers letters alleging that the Company's products do or might infringe upon the owner's intellectual property rights, and/or suggesting that the Company or its customers should negotiate a license agreement with the owner. The Company's policy is to never knowingly infringe upon any third party's intellectual property rights. Accordingly, where appropriate, the Company forwards any such allegation or licensing request to its outside legal counsel for review. The Company generally attempts to resolve any such matter by informing the owner of the Company's position concerning non-infringement or invalidity. Even though the Company attempts to resolve these matters without litigation, it is always possible that the owner of a patent or copyrighted work will sue the Company.

In response to correspondence from and, in a few instances, litigation instigated by, third party patent holders, a few of the Company's customers have attempted to tender to the Company the defense of its products under contractual indemnity provisions. The Company does not believe that it currently has any obligation to provide such a defense or that the Company's products infringe any third party patent. With respect to this litigation, and any other litigation the Company becomes involved with, under a contractual indemnity or any other legal theory, the Company has and will continue to consider all its options for resolution and vigorously assert all appropriate defenses.

13. Changes in non-cash operating working capital

	Three months ended July 31,		Nine months ended July 31,	
	2015	**2014**	**2015**	**2014**
Decrease in accounts receivable, net	$ 10,270	$ 7,092	$ 8,933	$ 8,394
Decrease in prepaid expenses and other assets	564	1,350	173	542
(Decrease) increase in accounts payable & accrued liabilities	(3,677)	(462)	683	(7,583)
Increase (decrease) in income taxes payable	617	(1,400)	(1,378)	(1,333)
(Decrease) increase in deferred revenue	(3,544)	(2,934)	4,752	4,840
	$ 4,230	**$ 3,646**	**$ 13,163**	**$ 4,860**