

## Enghouse Releases Second Quarter Results and Announces Dividend

FOR IMMEDIATE RELEASE

**Markham, Ontario – (June 7, 2007)** – Enghouse Systems Limited (TSX:ESL) today announced its unaudited second quarter financial results for the period ended April 30, 2007.

Second quarter revenue was \$15.0 million, compared to \$15.0 million reported in the same period last year. Net income for the second quarter was \$2.29 million or \$0.09 per diluted share compared to the prior year's second quarter net income of \$2.45 million or \$0.09 per diluted share. On a year to date basis, revenue was \$28.5 million compared to \$31.8 million in the prior year, while net income was \$4.13 million compared to \$5.52 million in the prior fiscal year. The decrease in revenue and net income on a year to date basis reflects the impact of a decreased number of licenses ordered by one customer.

Operating expenses increased to \$8.4 million from \$7.7 million in the prior year's second quarter as a result of the inclusion of foreign exchange losses of \$0.6 million reported in the second quarter. Also included in the operating expenses are non-cash amortization charges of \$1.5 million compared to \$1.4 million in the prior year's second quarter related to the amortization of software and intangibles including those recorded as part of the Ontira acquisition completed on March 31, 2007. Both quarters include \$0.1 million in non-cash compensation expense related to stock options.

The Company generated cash flows from operations of \$4.5 million in the second quarter compared to \$10.1 million in the prior year's second quarter, which included receipt of the final year's annual maintenance from one customer. On a year to date basis, the Company generated cash flows of \$9.7 million compared to \$13.4 million in the prior year, closing the quarter with \$106.1 million in cash and short-term investments. The Company continues to have no long-term debt.

During the second quarter the Company completed the acquisition of Ontira Communications Inc., the results of which have been included from the date of acquisition, March 31, 2007. After the quarter, Enghouse paid an eligible cash dividend of \$0.025 per share on May 31, 2007. At its meeting held today, the Board of Directors authorized the payment of an eligible quarterly dividend of \$0.025 per share payable on August 31, 2007 to shareholders of record at the close of business on August 14, 2007.

Stephen Sadler, the Chairman of Enghouse said "The Company's quarterly dividend is intended to provide shareholders with an ongoing return on investment. The Company continues to focus on deploying its cash reserves on acquisitions that will further diversify its revenue stream and extend its market presence."

### About Enghouse

Enghouse Systems Limited is a leading global provider of enterprise software solutions serving a variety of distinct vertical markets. Its strategy is to build a larger and more diverse software company through strategic acquisitions and managed growth. Enghouse shares are listed on the Toronto Stock Exchange under the symbol "ESL". Further information about Enghouse may be obtained from the Company's web site at [www.enghouse.com](http://www.enghouse.com).

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**Enghouse Systems Limited**  
**Consolidated Balance Sheets**  
*(in thousands of Canadian dollars)*  
*(Unaudited)*

	April 30, 2007	October 31, 2006
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 13,715	\$ 5,602
Short-term investments	92,394	92,621
Accounts receivable, net	11,220	15,253
Future income taxes	3,256	3,480
Prepaid expenses and other assets	2,122	2,074
	<u>122,707</u>	<u>119,030</u>
Property and equipment	1,603	1,667
Acquired software and other intangibles	19,426	21,370
Goodwill	15,287	13,929
Long-term future income taxes	3,463	3,761
	<u>\$ 162,486</u>	<u>\$ 159,757</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 11,943	\$ 12,688
Income taxes payable	6,453	7,629
Deferred revenue	17,102	16,143
	<u>35,498</u>	<u>36,460</u>
Future income taxes	9,600	10,227
Deferred revenue	679	64
	<u>\$ 45,777</u>	<u>\$ 46,751</u>
<b>Shareholders' Equity</b>		
Share capital	49,016	49,047
Contributed surplus	255	262
Retained earnings	73,679	69,549
Accumulated other comprehensive loss	(6,241)	(5,852)
	<u>116,709</u>	<u>113,006</u>
	<u>\$ 162,486</u>	<u>\$ 159,757</u>

**Enghouse Systems Limited**  
**Consolidated Statements of Operations and Retained Earnings**  
*(in thousands of Canadian dollars except per share amounts)*  
*(Unaudited)*

	Three months ended April 30		Six months ended April 30	
	2007	2006	2007	2006
<b>Revenue</b>				
Software licenses	\$ 3,087	\$ 3,575	\$ 5,840	\$ 9,863
Services	11,347	11,123	21,633	21,416
Hardware	602	323	991	506
	<b>15,036</b>	<b>15,021</b>	<b>28,464</b>	<b>31,785</b>
<b>Cost of Sales</b>				
Software licenses	698	335	1,167	1,141
Services	3,542	3,591	7,305	7,189
Hardware	516	295	789	421
	4,756	4,221	9,261	8,751
<b>Gross Margin</b>	<b>10,280</b>	<b>10,800</b>	<b>19,203</b>	<b>23,034</b>
<b>Operating expenses</b>				
Selling, general and administrative	4,491	3,786	7,836	7,890
Research and development	2,144	1,956	4,115	4,220
Stock based compensation	103	124	220	243
Amortization of property and equipment	200	360	432	670
Amortization of acquired software and other intangibles	1,470	1,449	2,947	2,748
	8,408	7,675	15,550	15,771
<b>Income before the undernoted</b>	<b>1,872</b>	<b>3,125</b>	<b>3,653</b>	<b>7,263</b>
Interest income, net	1,007	737	1,978	1,360
Other income	678	-	810	-
<b>Income before income taxes</b>	<b>3,557</b>	<b>3,862</b>	<b>6,441</b>	<b>8,623</b>
Provision for income taxes	1,272	1,414	2,311	3,099
<b>Net income for the period</b>	<b>\$ 2,285</b>	<b>\$ 2,448</b>	<b>\$ 4,130</b>	<b>\$ 5,524</b>
<b>Retained Earnings, beginning of period</b>	<b>\$ 71,394</b>	<b>\$ 61,622</b>	<b>\$ 69,549</b>	<b>\$ 58,546</b>
<b>Retained Earnings, end of period</b>	<b>\$ 73,679</b>	<b>\$ 64,070</b>	<b>\$ 73,679</b>	<b>\$ 64,070</b>
<b>Earnings per share</b>				
Basic	\$ 0.09	\$ 0.10	\$ 0.16	\$ 0.22
Diluted	\$ 0.09	\$ 0.09	\$ 0.16	\$ 0.21
Weighted average shares outstanding during period (millions)				
- basic	25.5	25.5	25.5	25.5
- diluted	26.4	26.6	26.4	26.5

**Enghouse Systems Limited**  
**Consolidated Statements of Comprehensive Income (Loss)**  
*(in thousands of Canadian dollars)*  
*(Unaudited)*

	Three months ended		Six months ended	
	April 30		April 30	
	2007	2006	2007	2006
Net income for the period	\$ 2,285	\$ 2,448	\$ 4,130	\$ 5,524
Other comprehensive income (loss):				
Unrealized loss on translating financial statements of self-sustaining foreign operations	(1,258)	(1,136)	(811)	(1,394)
Transfer to net income of realized gains on available for sale investments, net of tax of \$244 (six months - \$292)	(434)	-	(518)	-
Unrealized gain on available for sale investments, net of tax of \$111 (six months - \$526)	196	-	930	-
Unrealized foreign currency translation (loss) gain on available for sale investments, net of tax of \$17 (six months - (\$5))	(29)	-	10	-
<b>Other comprehensive loss</b>	<b>\$ (1,525)</b>	<b>\$ (1,136)</b>	<b>\$ (389)</b>	<b>\$ (1,394)</b>
<b>Comprehensive income</b>	<b>\$ 760</b>	<b>\$ 1,312</b>	<b>\$ 3,741</b>	<b>\$ 4,130</b>
Accumulated other comprehensive loss, beginning of period	\$ (4,716)	\$ (4,018)	\$ (5,852)	\$ (3,760)
Other comprehensive loss	(1,525)	(1,136)	(389)	(1,394)
<b>Accumulated other comprehensive loss, end of period</b>	<b>\$ (6,241)</b>	<b>\$ (5,154)</b>	<b>\$ (6,241)</b>	<b>\$ (5,154)</b>

**Enghouse Systems Limited**  
**Consolidated Statements of Cash Flows**  
*(in thousands of Canadian dollars)*  
*(Unaudited)*

	For the three months ended April 30		For the six months ended April 30	
	2007	2006	2007	2006
<b>Cash flows from operating activities:</b>				
Net income for the period	\$ 2,285	\$ 2,448	\$ 4,130	\$ 5,524
<b>Add (deduct) items not involving cash:</b>				
Amortization of property and equipment	200	360	432	670
Amortization of acquired software and other intangibles	1,470	1,449	2,947	2,748
Stock-based compensation expense	103	124	220	243
Gain on sale of short-term investments	(678)	-	(810)	-
Future income taxes	25	729	4	1,799
	<b>3,405</b>	<b>5,110</b>	<b>6,923</b>	<b>10,984</b>
<b>Changes in operating assets and liabilities</b>				
Decrease (increase) in accounts receivable, net	2,855	2,947	4,370	(1,958)
(Increase) decrease in prepaid expenses and other assets	(43)	(92)	(58)	183
Increase (decrease) in accounts payable and accrued liabilities	224	675	(1,805)	293
Increase (decrease) in current income taxes payable	298	389	(1,254)	801
(Decrease) increase in deferred revenue	(2,174)	2,103	1,583	4,193
Unrealized foreign exchange loss	(35)	(1,071)	(99)	(1,047)
<b>Cash flows from operating activities</b>	<b>4,530</b>	<b>10,061</b>	<b>9,660</b>	<b>13,449</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(143)	(83)	(273)	(169)
Acquisitions, net of cash acquired	(2,210)	-	(2,210)	(38,203)
Net sale (purchase) of short-term investments	2,420	(11,394)	1,508	26,598
	<b>67</b>	<b>(11,477)</b>	<b>(975)</b>	<b>(11,774)</b>
<b>Cash flows from financing activities</b>				
Issuance of share capital	-	786	41	833
Purchase and cancellation of common shares	-	-	(301)	(212)
	<b>-</b>	<b>786</b>	<b>(260)</b>	<b>621</b>
Effect of foreign exchange rate changes on cash	(612)	(166)	(312)	(371)
<b>Net increase (decrease) in cash during the period</b>	<b>3,985</b>	<b>(796)</b>	<b>8,113</b>	<b>1,925</b>
<b>Cash – Beginning of period</b>	<b>9,730</b>	<b>7,983</b>	<b>5,602</b>	<b>5,262</b>
<b>Cash – End of period</b>	<b>\$ 13,715</b>	<b>\$ 7,187</b>	<b>\$13,715</b>	<b>\$ 7,187</b>
<b>Supplementary Cash Flow Information:</b>				
<b>Cash paid during the year for</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Income Taxes	1,164	289	3,886	437

**Cash excludes short-term investments**

**Enghouse Systems Limited**  
**Selected Segment Reporting Information**

(in thousands of Canadian dollars)  
(Unaudited)

	<b>Three Months ended</b>		<b>Six Months ended</b>	
	<b>April 30, 2007</b>	<b>April 30, 2006</b>	<b>April 30, 2007</b>	<b>April 30, 2006</b>
<b>Revenue:</b>				
Asset Management Division	\$ 2,192	\$ 3,820	\$ 4,637	\$ 9,297
Syntellect Division	12,844	11,201	23,827	22,488
<b>Total</b>	<b>\$ 15,036</b>	<b>\$ 15,021</b>	<b>\$ 28,464</b>	<b>\$ 31,785</b>
<b>Segment Profit (EBIT):</b>				
Asset Management Division	\$ 98	\$ 1,838	\$ 521	\$ 5,317
Syntellect Division	2,945	1,841	4,364	3,484
Corporate	(575)	(580)	(1,135)	(1,257)
Foreign Exchange	(596)	26	(97)	(281)
<b>Total</b>	<b>\$ 1,872</b>	<b>\$ 3,125</b>	<b>\$ 3,653</b>	<b>\$ 7,263</b>