

Enghouse Releases First Quarter Results and Announces 33.3% Increase in its Dividend

FOR IMMEDIATE RELEASE

Markham, Ontario – (March 8, 2010) – Enghouse Systems Limited (TSX:ESL) today announced its unaudited first quarter financial results for the period ended January 31, 2010.

First quarter revenue was \$19.5 million, compared to \$18.2 million reported in the same period last year, Operating income for the quarter was \$3.7 million compared to \$2.6 million in the prior year's first quarter, an increase of 45%. Net income for the first quarter was \$1.9 million or \$0.08 per share on a diluted basis compared to the prior year's first quarter net income of \$0.8 million or \$0.03 per share. The increase in revenue was primarily a result of increased license sales in the quarter and contributions from acquisitions.

Operating expenses increased to \$9.5 million from \$8.6 million in the prior year's first quarter and include incremental operating costs related to the Trio and Pulse acquisitions, not included in the prior quarter's results. Non-cash amortization charges were \$1.8 million compared to \$2.0 million in the prior year's first quarter and include amortization charges for acquired software and other intangibles from the acquired operations including Trio and Pulse.

The Company generated cash flows from operations of \$2.1 million in the first quarter compared to \$2.0 million in the prior year's first quarter. Enghouse closed the quarter with \$89.8 million in cash and short-term investments, after payment of \$4.2 million related to the acquisition of Pulse and \$1.3 million for the final holdback on the Envovx acquisition, compared to \$93.2 million at October 31, 2009. The Company continues to have no long-term debt and did not repurchase any shares in the quarter.

During the quarter the Company integrated the acquisition of Pulse Voice Inc., completed on November 1, 2009 into its Asset Management and Syntellect (IVR) divisions. The Board of Directors today authorized a 33.3% increase to the eligible quarterly dividend from \$0.03 per common share to \$0.04 per common share, payable on May 31, 2010 to shareholders of record at the close of business on May 17, 2010. The Company remains committed to its strategy of seeking further acquisitions to continue to diversify its revenue stream and expand 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.

Operating income is not a measure recognized by generally accepted accounting principles ("GAAP") and does not have standardized meaning in accordance with such principles. Therefore, operating income may not be comparable to similar measures presented by other issuers. Operating income is calculated as net income before amortization of acquired software and other intangibles, net interest income, other income, foreign exchange gains and losses and the provision for income taxes. This is denoted as "Income before the undernoted" on the Consolidated Statements of Operations and Retained Earnings of the Company. Management uses operating income to evaluate performance as it excludes amortization of software and intangibles and foreign exchange gains and losses.

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Enghouse Systems Limited
Consolidated Balance Sheets

(in thousands of Canadian dollars)
(Unaudited)

	January 31, 2010	October 31, 2009
Assets		
Current		
Cash	\$ 34,293	\$ 39,276
Short-term investments	55,526	53,876
Accounts receivable, net	19,771	17,017
Future income taxes	374	973
Prepaid expenses and other assets	2,791	2,434
	112,755	113,576
Property and equipment, net	1,925	1,576
Acquired software and other intangibles, net	22,158	22,934
Goodwill	22,408	19,965
Future income taxes	3,687	3,183
	\$ 162,933	\$ 161,234
Liabilities		
Current		
Accounts payable and accrued liabilities	14,221	\$ 17,107
Income taxes payable	1,031	1,473
Dividend payable	754	746
Deferred revenue	20,189	15,765
	36,195	35,091
Future income taxes	8,823	8,693
Long-term income taxes payable	717	1,043
Deferred revenue	189	197
	45,924	45,024
Shareholders' Equity		
Share capital	50,517	49,780
Contributed surplus	2,097	2,047
Retained earnings	74,291	73,142
Accumulated other comprehensive loss	(9,896)	(8,759)
	117,009	116,210
	\$ 162,933	\$ 161,234

Enghouse Systems Limited
Consolidated Statements of Operations and Retained Earnings
For the three months ended January 31

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

	2010	2009
Revenue		
Software licenses	\$ 5,989	\$ 5,106
Services	12,778	12,044
Hardware	769	1,078
	19,536	18,228
Cost of sales		
Software licenses	936	1,024
Services	4,887	5,059
Hardware	466	951
	6,289	7,034
Gross margin	13,247	11,194
Operating expenses		
Selling, general and administrative	6,249	5,314
Research and development	2,969	2,964
Amortization of property and equipment	300	338
	9,518	8,616
Income before the undernoted	3,729	2,578
Amortization of acquired software and other intangibles	(1,801)	(1,952)
Foreign exchange gain	82	130
Other income	564	-
Interest income, net	151	443
Income before income taxes	\$ 2,725	\$ 1,199
Provision for income taxes		
Current	797	513
Future	25	(108)
Net income for the period	\$ 1,903	\$ 794
Retained earnings, beginning of period	73,142	72,015
Dividends	(754)	(621)
Purchase and cancellation of common shares	-	(1,560)
Retained earnings, end of period	\$74,291	\$ 70,628
Earnings per share		
Basic	\$ 0.08	\$ 0.03
Diluted	\$ 0.08	\$ 0.03
Weighted average shares outstanding during period (millions)		
- basic	24.9	25.2
- diluted	25.1	25.4

Enghouse Systems Limited
Consolidated Statements of Comprehensive Income and Accumulated Other
Comprehensive Loss

For the three months ended January 31

(in thousands of Canadian dollars)

(Unaudited)

	2010	2009
Net income for the period	\$ 1,903	\$ 794
Other comprehensive income:		
Unrealized loss on translating financial statements of self-sustaining foreign operations	(1,364)	(307)
Transfer to net income of realized gains on available for sale investments, net of tax of (\$170)	(394)	-
Unrealized gain (loss) on available for sale investments, net of tax of \$290 (Q1/09 – (\$76))	670	(147)
Unrealized foreign currency translation (loss) gain on available for sale investments, net of tax of (\$21) (Q1/09 - \$16)	(49)	32
Other comprehensive loss	\$ (1,137)	\$ (422)
Comprehensive income	\$ 766	\$ 372
Accumulated other comprehensive loss, beginning of period	\$ (8,759)	\$ (3,219)
Other comprehensive loss	(1,137)	(422)
Accumulated other comprehensive loss, end of period	\$ (9,896)	\$ (3,641)

Enghouse Systems Limited
Consolidated Statements of Cash Flows
For the three months ended January 31
(in thousands of Canadian dollars)
(Unaudited)

	2010	2009
Cash flows from operating activities		
Net income for the period	\$ 1,903	\$ 794
Add (deduct) items not involving cash		
Amortization of property and equipment	300	338
Amortization of acquired software and other intangibles	1,801	1,952
Gain on sale of short-term investments	(564)	-
Stock-based compensation expense	50	18
Future income taxes	25	(108)
Cash flows before changes in operating assets and liabilities	3,515	2,994
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable, net	(927)	825
(Increase) decrease in prepaid expenses and other assets	(306)	84
Decrease in accounts payable and accrued liabilities	(3,712)	(2,884)
Decrease in current income taxes payable	(732)	(605)
Increase in deferred revenue	4,165	2,479
Unrealized foreign exchange loss (gain)	87	(911)
Cash flows from operating activities	2,090	1,982
Cash flows from investing activities		
Purchase of property and equipment, net	(224)	(126)
Acquisitions, net of cash acquired	(5,529)	(358)
(Purchase) proceeds of short-term investments	(1,014)	7,455
	(6,767)	6,971
Cash flows from financing activities		
Issuance of share capital	737	53
Payment of cash dividend	(746)	(636)
Purchase and cancellation of common shares	-	(2,687)
	(9)	(3,270)
Effect of foreign exchange rate changes on cash	(297)	113
Net (decrease) increase in cash during the period	(4,983)	5,796
Cash – beginning of period	39,276	12,331
Cash – end of period	\$ 34,293	\$ 18,127
Supplementary cash flow information:		
Cash paid during the period for income taxes	\$ 1,580	\$ 514

Note: Cash excludes short-term investments

Enghouse Systems Limited
Selected Segment Reporting Information
(in thousands of Canadian dollars)
(Unaudited)

**For the three months ended
January 31**

	2010	2009
Revenue:		
Asset Management Division	\$ 2,862	\$ 2,477
Syntellect Division	16,674	15,751
Total	\$ 19,536	\$ 18,228
Segment Profit (EBIT):		
Asset Management Division	\$ 26	\$ (168)
Syntellect Division	2,441	1,343
Corporate expenses	(539)	(549)
Foreign exchange	82	130
Interest and other income	715	443
Total	\$ 2,725	\$ 1,199