



Enghouse Releases First Quarter Results and Announces 30% Increase in its Dividend

FOR IMMEDIATE RELEASE

Markham, Ontario – (March 6, 2012) – Enghouse Systems Limited (TSX:ESL) today announced its unaudited first quarter financial results for the period ended January 31, 2012.

First quarter revenue was \$30.5 million, compared to \$28.6 million in the first quarter last year. Results from operating activities for the quarter were \$7.6 million compared to \$6.6 million in the prior year's first quarter, an increase of 15%. Net income for the first quarter increased by 33% to \$4.1 million or \$0.16 per share on a diluted basis compared to the prior year's first quarter net income of \$3.1 million or \$0.12 per share. The increase in revenue was primarily a result of incremental revenue contributions from acquisitions. Revenue reflects hosted and maintenance services contributions of \$16.0 million in the quarter, an increase of 19% over last year.

Operating expenses increased to \$14.9 million from \$13.5 million in the prior year's first quarter and include incremental operating costs related to the acquisition of CosmoCom Inc. on April 1, 2011. Non-cash amortization charges were \$2.4 million and include amortization charges for acquired software and customer relationships from acquired operations.

Enghouse closed the quarter with \$101.5 million in cash, cash equivalents and short-term investments. The Company continues to have no long-term debt and did not repurchase any shares in the quarter. The Company's first quarter financial statements reflect the adoption of International Financial Reporting Standards.

The Board of Directors also announced today a 30% increase in its eligible quarterly dividend to \$0.065 per common share, payable on May 31, 2012 to shareholders of record at the close of business on May 17, 2012. Enghouse has increased its dividend in each of the past four years.

On March 1, 2012, the Company acquired CustomCall Data Systems, Inc., a provider of billing, provisioning and workflow solutions to telecommunications service providers for a cash purchase price of approximately U.S. \$7.3 million. CustomCall's solutions expand the end-to-end product suite provided to the telecommunications market by the Company's Networks division. The acquisition underscores Enghouse's commitment to diversify its revenue stream and accelerate its expansion into new markets. The Company continues to seek further acquisitions to grow its market share.

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.

Non-IFRS Measures

The Company uses non-IFRS measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS 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 results from operating activities as a measure of operating performance. Therefore, results from operating activities may not be comparable to similar measures presented by other issuers. Results from operating activities are calculated as net income before amortization of acquired software and customer relationships, finance income, finance expenses, other income, and the provision for income taxes. Management uses results from operating activities 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, and does not represent the allocation of the cost of an asset that must be replaced as is the case with depreciation of property and equipment.

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Enghouse Systems Limited

Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(Unaudited)

	January 31, 2012	October 31, 2011	November 1, 2010
Assets			
Current assets:			
Cash and cash equivalents	\$ 66,971	\$ 65,624	\$ 46,640
Short-term investments	34,520	33,967	31,627
Accounts receivable, net	26,390	23,006	24,500
Income tax receivable	-	-	591
Prepaid expenses and other assets	3,454	3,479	3,360
	131,335	126,076	106,718
Non-current assets:			
Property and equipment	1,740	1,543	1,588
Acquired software and customer relationships	27,132	29,709	34,330
Goodwill	43,855	43,734	35,137
Deferred income taxes	11,735	11,138	3,478
	84,462	86,124	74,533
Total assets	\$ 215,797	\$ 212,200	\$ 181,251
Liabilities			
Current liabilities:			
Trade payables	\$ 19,184	\$ 22,686	\$ 18,808
Income taxes payable	3,374	2,878	-
Dividends payable	1,275	1,267	1,007
Accrued provisions	2,278	2,442	1,307
Deferred revenue	32,558	28,933	26,040
	58,669	58,206	47,162
Non-current liabilities:			
Deferred income tax liabilities	11,355	10,743	12,571
Long-term income taxes payable	248	420	522
Deferred revenue	1,208	1,404	790
Total liabilities	71,480	70,773	61,045
Shareholders' Equity			
Share capital	53,569	52,134	50,705
Contributed surplus	2,828	2,970	2,653
Retained earnings	88,073	85,288	66,546
Accumulated other comprehensive (loss) gain	(153)	1,035	302
Total equity	144,317	141,427	120,206
Total liabilities and equity	\$ 215,797	\$ 212,200	\$ 181,251

Enghouse Systems Limited

Consolidated Interim Statements of Operations and Comprehensive Income

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

	Quarter ended January 31,	
	2012	2011
Revenue		
Software licenses	\$ 10,518	\$ 10,711
Hosted and maintenance services	15,979	13,380
Professional services	3,740	3,756
Hardware	296	722
	<u>30,533</u>	<u>28,569</u>
Direct costs		
Software licenses	909	1,557
Services	6,896	6,315
Hardware	206	560
	<u>8,011</u>	<u>8,432</u>
Revenue, net of direct costs	22,522	20,137
Operating expenses		
Selling, general and administrative	9,861	9,404
Research and development	4,803	3,866
Depreciation of property and equipment	278	275
	<u>14,942</u>	<u>13,545</u>
Results from operating activities	7,580	6,592
Amortization of acquired software and customer relationships	(2,438)	(2,440)
Finance income	243	138
Finance expenses	(41)	(53)
Other income (expense)	(2)	(5)
	<u>5,342</u>	<u>4,232</u>
Income before income taxes	5,342	4,232
Provision for income taxes	<u>1,282</u>	<u>1,180</u>
Net income for the period	<u>\$ 4,060</u>	<u>\$ 3,052</u>
Foreign currency translation differences from foreign operations	(582)	(650)
Transfer to net income of realized gains on available for sale investments, net of tax of (\$-); Q1/2011 – (\$1)	-	(2)
Unrealized (loss) gain on available for sale investments, net of tax of (\$194); Q1/2011 – \$4	(614)	20
Unrealized foreign currency translation gain (loss) on available for sale investments, net of tax of \$3; Q1/2011 – (\$4)	8	(21)
Other comprehensive loss	<u>(1,188)</u>	<u>(653)</u>
Comprehensive income	<u>\$ 2,872</u>	<u>\$ 2,399</u>
Earnings per share		
Basic	\$0.16	\$0.12
Diluted	\$0.16	\$0.12

Enghouse Systems Limited

Consolidated Interim Statements of Changes in Equity

(in thousands of Canadian dollars)

(Unaudited)

	Share Capital -number	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Retained earnings \$	Total \$
Balance – November 1, 2011	25,337,262	52,134	2,970	1,035	85,288	141,427
Net income	-	-	-	-	4,060	4,060
Other Comprehensive Income (net of tax):						
Cumulative Translation Adjustment	-	-	-	(582)	-	(582)
Transfer to net income of realized gains on available-for-sale investments, net of tax	-	-	-	-	-	-
Unrealized gain (loss) on available-for-sale investments, net of tax	-	-	-	(614)	-	(614)
Unrealized foreign currency translation gain (loss) on available-for-sale investments, net of tax	-	-	-	8	-	8
Comprehensive income (loss) for the period	-	-	-	(1,188)	4,060	2,872
Employee share options:						
Value of services recognized	-	-	166	-	-	166
Proceeds on issuing shares	163,300	1,435	(308)	-	-	1,127
Purchase and cancellation of commons shares	-	-	-	-	-	-
Dividends	-	-	-	-	(1,275)	(1,275)
Balance – January 31, 2012	25,500,562	53,569	2,828	(153)	88,073	144,317
Balance – November 1, 2010	25,171,662	50,705	2,653	302	66,546	120,206
Net income	-	-	-	-	3,052	3,052
Other Comprehensive Income (net of tax):						
Cumulative Translation Adjustment	-	-	-	(650)	-	(650)
Transfer to net income of realized gains on available-for-sale investments, net of tax	-	-	-	(2)	-	(2)
Unrealized gain (loss) on available-for-sale investments, net of tax	-	-	-	20	-	20
Unrealized foreign currency translation gain (loss) on available-for-sale investments, net of tax	-	-	-	(21)	-	(21)
Comprehensive income (loss) for the period	-	-	-	(653)	3,052	2,399
Employee share options:						
Value of services recognized	-	-	171	-	-	171
Proceeds on issuing shares	-	-	-	-	-	-
Purchase and cancellation of commons shares	-	-	-	-	-	-
Dividends	-	-	-	-	(1,007)	(1,007)
Balance – January 31, 2011	25,171,662	50,705	2,824	(351)	68,591	121,769

Enghouse Systems Limited

Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)
(Unaudited)

	Quarter ended January 31	
	2012	2011
Cash flows from operating activities		
Net income	\$ 4,060	\$ 3,052
Adjustments for:		
Depreciation of property and equipment	278	275
Amortization of acquired software and customer relationships	2,438	2,440
Stock-based compensation expense	166	171
Deferred income tax expense	203	(125)
Finance expenses and other income	43	58
Income tax paid	(533)	(326)
Changes in non-cash operating working capital	(3,873)	4,127
Net cash flows from operating activities	2,782	9,672
Cash flows from investing activities		
Purchase of property and equipment, net	(491)	(176)
Finance income	(243)	(138)
Acquisitions, net of cash acquired	-	(2,450)
Net (purchase) proceeds from sale of short-term investments	(976)	12,443
Net cash flows from investing activities	(1,710)	9,679
Cash flows from financing activities		
Issuance of share capital	1,127	-
Payment of cash dividend	(1,267)	(1,007)
Net cash flows used in financing activities	(140)	(1,007)
Effect of currency translation adjustments on cash and cash equivalents	415	(737)
Net increase in cash and cash equivalents during the period	1,347	17,607
Cash and cash equivalents- beginning of period	65,624	46,640
Cash and cash equivalents - end of period	\$ 66,971	\$ 64,247

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

	For the three months ended January 31	
	2012	2011
Revenue:		
Asset Management Group	\$ 3,071	\$ 3,069
Interactive Management Group	27,462	25,500
Total	\$ 30,533	\$ 28,569
Segment Profit (EBIT):		
Asset Management Group	\$ 709	\$ 582
Interactive Management Group	5,279	4,462
Corporate expenses	(846)	(892)
Finance income	243	138
Finance expenses	(41)	(53)
Other income (expense)	(2)	(5)
Total	\$ 5,342	\$ 4,232