

## Enghouse Releases Third Quarter Results and Announces Dividend

FOR IMMEDIATE RELEASE

**Markham, Ontario – (September 10, 2007)** – Enghouse Systems Limited (TSX:ESL) today announced its unaudited third quarter financial results for the period ended July 31, 2007.

Third quarter revenue was \$13.8 million, compared to \$14.8 million reported in the same period last year. Net income for the third quarter was \$2.04 million or \$0.08 per diluted share compared to the prior year's third quarter net income of \$2.67 million or \$0.10 per diluted share. On a year-to-date basis, revenue was \$42.3 million compared to \$46.6 million in the prior year, while net income was \$6.17 million compared to \$8.19 million in the prior fiscal year. The decrease in revenue and net income on a quarter and year-to-date basis continues to reflect the impact of license revenue and maintenance support revenue from one customer.

Operating expenses increased to \$7.5 million from \$7.0 million in the prior year's third quarter primarily as a result of the inclusion of incremental costs associated with the acquisition of Ontira Communications Inc. ("Ontira") completed on March 31, 2007. 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 third quarter related to the amortization of software and intangibles including those recorded as part of the Ontira acquisition.

The Company generated cash flows from operations of \$4.3 million in the third quarter compared to \$3.3 million in the prior year's third quarter. On a year-to-date basis, the Company generated cash flows of \$14.0 million compared to \$16.8 million in the prior year, closing the quarter with \$105.3 million in cash and short-term investments. The Company continues to have no long-term debt.

During the quarter Enghouse spent \$2.4 million to repurchase 314,100 of its common shares under the Company's buyback program and paid an eligible cash dividend of \$0.025 per share. After the quarter, on August 31, 2007, a further eligible cash dividend of \$0.025 was paid. At its meeting held today, the Board of Directors authorized the payment of an eligible quarterly dividend of \$0.025 per share payable on November 30, 2007 to shareholders of record at the close of business on November 14, 2007.

Stephen Sadler, the Chairman of Enghouse said "The Company has a strong financial base and operating cash flows for its regular dividend program, its share buyback program and to seek accretive acquisitions to increase shareholder value."

### 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)*

	July 31, 2007	October 31, 2006
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 13,563	\$ 5,602
Short-term investments	91,758	92,621
Accounts receivable, net	10,339	15,253
Future income taxes	3,147	3,480
Prepaid expenses and other assets	1,900	2,074
	<u>120,707</u>	<u>119,030</u>
Property and equipment	2,058	1,667
Acquired software and other intangibles	17,773	21,370
Goodwill	14,007	13,929
Future income taxes	2,677	3,761
	<u>\$ 157,222</u>	<u>\$ 159,757</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 9,773	\$ 12,688
Income taxes payable	6,320	7,629
Deferred revenue	16,000	16,143
	<u>32,093</u>	<u>36,460</u>
Future income taxes	8,883	10,227
Deferred revenue	944	64
	<u>41,920</u>	<u>46,751</u>
<b>Shareholders' Equity</b>		
Share capital	48,671	49,177
Contributed surplus	1,630	1,314
Retained earnings	71,844	68,367
Accumulated other comprehensive loss	(6,843)	(5,852)
	<u>115,302</u>	<u>113,006</u>
	<u>\$ 157,222</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 July 31		Nine months ended July 31	
	2007	2006	2007	2006
<b>Revenue</b>				
Software licenses	\$ 3,133	\$ 3,604	\$ 8,973	\$ 13,467
Services	10,249	10,793	31,882	32,209
Hardware	448	451	1,439	957
	<b>13,830</b>	<b>14,848</b>	<b>42,294</b>	<b>46,633</b>
<b>Cost of Sales</b>				
Software licenses	387	486	1,554	1,627
Services	3,712	3,799	11,017	10,988
Hardware	312	374	1,101	795
	4,411	4,659	13,672	13,410
<b>Gross Margin</b>	<b>9,419</b>	<b>10,189</b>	<b>28,622</b>	<b>33,223</b>
<b>Operating expenses</b>				
Selling, general and administrative	3,710	3,264	11,546	11,154
Research and development	2,005	1,864	6,120	6,084
Stock based compensation	112	145	332	388
Amortization of property and equipment	180	295	612	965
Amortization of acquired software and other intangibles	1,483	1,440	4,430	4,188
	7,490	7,008	23,040	22,779
<b>Income before the undernoted</b>	<b>1,929</b>	<b>3,181</b>	<b>5,582</b>	<b>10,444</b>
Interest income, net	1,240	909	3,218	2,269
Other income	-	36	810	36
<b>Income before income taxes</b>	<b>3,169</b>	<b>4,126</b>	<b>9,610</b>	<b>12,749</b>
Provision for income taxes	1,134	1,460	3,445	4,559
<b>Net income for the period</b>	<b>\$ 2,035</b>	<b>\$ 2,666</b>	<b>\$ 6,165</b>	<b>\$ 8,190</b>
<b>Retained Earnings, beginning of period</b>	<b>\$ 72,270</b>	<b>\$ 63,814</b>	<b>\$ 68,367</b>	<b>\$ 58,452</b>
Dividends	(637)	-	(637)	-
Purchase and cancellation of common shares	(1,824)	(926)	(2,051)	(1,088)
<b>Retained Earnings, end of period</b>	<b>\$ 71,844</b>	<b>\$ 65,554</b>	<b>\$ 71,844</b>	<b>\$ 65,554</b>
<b>Earnings per share</b>				
Basic	\$ 0.08	\$ 0.10	\$ 0.24	\$ 0.32
Diluted	\$ 0.08	\$ 0.10	\$ 0.23	\$ 0.31
Weighted average shares outstanding during period (millions)				
- basic	25.4	25.6	25.4	25.6
- diluted	26.3	26.6	26.3	26.6

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

	Three months ended July 31		Nine months ended July 31	
	2007	2006	2007	2006
Net income for the period	\$ 2,035	\$ 2,666	\$ 6,165	\$ 8,190
Other comprehensive income (loss):				
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations	(547)	408	(1,358)	(986)
Transfer to net income of realized gains on available for sale investments, net of tax of \$292	-	-	(518)	-
Unrealized gain on available for sale investments, net of tax of \$6 (year-to-date - \$532)	11	-	941	-
Unrealized foreign currency translation loss on available for sale investments, net of tax of \$37 (year-to-date - \$32)	(66)	-	(56)	-
<b>Other comprehensive (loss) income</b>	<b>\$ (602)</b>	<b>\$ 408</b>	<b>\$ (991)</b>	<b>\$ (986)</b>
<b>Comprehensive income</b>	<b>\$ 1,433</b>	<b>\$ 3,074</b>	<b>\$ 5,174</b>	<b>\$ 7,204</b>
Accumulated other comprehensive loss, beginning of period	\$ (6,241)	\$ (5,154)	\$ (5,852)	\$ (3,760)
Other comprehensive (loss) income	(602)	408	(991)	(986)
<b>Accumulated other comprehensive loss, end of period</b>	<b>\$ (6,843)</b>	<b>\$ (4,746)</b>	<b>\$ (6,843)</b>	<b>\$ (4,746)</b>

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

	For the three months ended July 31		For the nine months ended July 31	
	2007	2006	2007	2006
<b>Cash flows from operating activities:</b>				
Net income for the period	\$ 2,035	\$ 2,666	\$ 6,165	\$ 8,190
<b>Add (deduct) items not involving cash:</b>				
Amortization of property and equipment	180	295	612	965
Amortization of acquired software and other intangibles	1,483	1,440	4,430	4,188
Stock-based compensation expense	112	145	332	388
Gain on sale of short-term investments	-	(36)	(810)	(36)
Future income taxes	199	259	203	2,058
	<b>4,009</b>	<b>4,769</b>	<b>10,932</b>	<b>15,753</b>
<b>Changes in operating assets and liabilities</b>				
Decrease (increase) in accounts receivable, net	546	(950)	4,916	(2,908)
Decrease in prepaid expenses and other assets	159	-	101	42
Decrease in accounts payable and accrued liabilities	(202)	(741)	(2,007)	(307)
(Decrease) increase in current income taxes payable	(47)	1,087	(1,301)	1,888
(Decrease) increase in deferred revenue	(306)	(1,147)	1,277	3,046
Unrealized foreign exchange gain (loss)	135	284	36	(763)
<b>Cash flows from operating activities</b>	<b>4,294</b>	<b>3,302</b>	<b>13,954</b>	<b>16,751</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(699)	(100)	(972)	(269)
Acquisitions, net of cash acquired (Note 4)	-	-	(2,210)	(38,203)
Net (purchase) sale of short-term investments	(330)	(1,607)	1,178	24,991
	<b>(1,029)</b>	<b>(1,707)</b>	<b>(2,004)</b>	<b>(13,481)</b>
<b>Cash flows from financing activities</b>				
Issuance of share capital	110	39	151	872
Payment of cash dividend	(637)	-	(637)	-
Purchase and cancellation of common shares	(2,423)	(1,218)	(2,724)	(1,430)
	<b>(2,950)</b>	<b>(1,179)</b>	<b>(3,210)</b>	<b>(558)</b>
Effect of foreign exchange rate changes on cash	(467)	66	(779)	(305)
<b>Net (decrease) increase in cash during the period</b>	<b>(152)</b>	<b>482</b>	<b>7,961</b>	<b>2,407</b>
<b>Cash – Beginning of period</b>	13,715	7,187	5,602	5,262
<b>Cash – End of period</b>	<b>\$ 13,563</b>	<b>\$ 7,669</b>	<b>\$13,563</b>	<b>\$ 7,669</b>
<b>Supplementary Cash Flow Information:</b>				
<b>Cash paid during the year for</b>				
Interest	-	-	-	-
Income Taxes	\$ 738	\$ 59	\$ 4,624	\$ 496

**Cash excludes short-term investments**

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

(in thousands of Canadian dollars)  
(Unaudited)

	Three Months ended		Nine Months ended	
	July 31, 2007	July 31, 2006	July 31, 2007	July 31, 2006
<b>Revenue:</b>				
Asset Management Division	\$ 2,398	\$ 3,096	\$ 7,035	\$ 12,393
Syntellect Division	11,432	11,752	35,259	34,240
<b>Total</b>	<b>\$ 13,830</b>	<b>\$ 14,848</b>	<b>\$ 42,294</b>	<b>\$ 46,633</b>
<b>Segment Profit (EBIT):</b>				
Asset Management Division	\$ 42	\$ 1,102	\$ 563	\$ 6,419
Syntellect Division	2,364	2,596	6,728	6,080
Corporate	(492)	(586)	(1,627)	(1,843)
Foreign Exchange	15	69	(82)	(212)
<b>Total</b>	<b>\$ 1,929</b>	<b>\$ 3,181</b>	<b>\$ 5,582</b>	<b>\$ 10,444</b>