



NEWS

Enhouse Releases Fourth Quarter Results and Announces Dividend

FOR IMMEDIATE RELEASE

Markham, Ontario – (December 17, 2007) – Enhouse Systems Limited (TSX:ESL) today announced its unaudited fourth quarter and year end financial results for the period ended October 31, 2007.

Fourth quarter revenue was \$12.9 million, compared to \$15.8 million reported in the same period last year. Net loss for the fourth quarter was \$0.7 million or \$0.03 per diluted share compared to the prior year's fourth quarter net income of \$2.8 million or \$0.11 per diluted share. For the fiscal year, revenue was \$55.2 million compared to \$62.5 million in the prior year, while net income was \$5.5 million compared to \$11.0 million in the prior fiscal year, or \$0.21 and \$0.42 per diluted share respectively. The decrease in revenue and net income for the quarter and fiscal year reflects the impact of reduced license revenue and maintenance support revenue from one customer as well as the impact of foreign exchange translation on the Company's predominantly U.S. dollar denominated revenue stream. In the fourth quarter the Company also recorded a goodwill impairment charge of \$1.9 million related to its Moore operations and did not record any tax benefits thereon.

Operating expenses of \$7.8 million include foreign exchange losses of \$0.6 million in the quarter and incremental costs related to Ontira Communications Inc. ("Ontira"), acquired on March 31, 2007. Also included in the operating expenses are non-cash amortization charges of \$1.5 million in both year's fourth quarters related to the amortization of software and intangibles including those recorded as part of the Ontira acquisition in the current year.

The Company used cash flows from operations of \$1.0 million in the fourth quarter compared to cash flows generated of \$3.1 million in the prior year's fourth quarter. For the fiscal year, the Company generated cash flows from operating activities of \$13.0 million compared to \$19.9 million in the prior year, closing the year with \$100.5 million in cash and short-term investments. The Company did not have any positions in asset backed commercial paper at October 31, 2007 and continues to have no long-term debt.

During the quarter Enhouse paid an eligible cash dividend of \$0.025 per share and on November 30, 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 February 29, 2008 to shareholders of record at the close of business on February 14, 2008.

About Enhouse

Enhouse 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. Enhouse shares are listed on the Toronto Stock Exchange under the symbol "ESL". Further information about Enhouse may be obtained from the Company's web site at www.enhouse.com.

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Enhouse Systems Limited
Consolidated Balance Sheets

(in thousands of Canadian dollars)
(Unaudited)

	October 31, 2007	October 31, 2006
Assets		
Current Assets:		
Cash	\$ 11,321	\$ 5,602
Short-term investments	89,184	92,621
Accounts receivable, net	10,376	15,253
Future income taxes	1,359	3,480
Prepaid expenses and other assets	1,488	2,074
	<u>113,728</u>	<u>119,030</u>
Property and equipment	1,930	1,667
Acquired software and other intangibles	15,819	21,370
Goodwill	10,652	13,929
Future income taxes	4,128	3,761
	<u>\$ 146,257</u>	<u>\$ 159,757</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 9,258	\$ 12,688
Income taxes payable	7,342	7,629
Dividend payable	629	-
Deferred revenue	12,602	16,143
	<u>29,831</u>	<u>36,460</u>
Future income taxes	7,964	10,227
Deferred revenue	953	64
	<u>38,748</u>	<u>46,751</u>
Shareholders' Equity		
Share capital	48,670	49,177
Contributed surplus	1,771	1,314
Retained earnings	69,931	68,367
Accumulated other comprehensive loss	(12,863)	(5,852)
	<u>107,509</u>	<u>113,006</u>
	<u>\$ 146,257</u>	<u>\$ 159,757</u>

Enhouse Systems Limited
Consolidated Statements of Operations and Retained Earnings

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

	Three months ended October 31		Twelve months ended October 31	
	2007	2006	2007	2006
Revenue				
Software licenses	\$ 2,413	\$ 4,517	\$ 11,386	\$ 17,984
Services	10,115	10,781	41,997	42,990
Hardware	379	551	1,818	1,508
	12,907	15,849	55,201	62,482
Cost of Sales				
Software licenses	558	499	2,112	2,126
Services	3,646	3,958	14,663	14,946
Hardware	327	503	1,428	1,298
	4,531	4,960	18,203	18,370
Gross Margin	8,376	10,889	36,998	44,112
Operating expenses				
Selling, general and administrative	3,976	3,851	15,522	15,005
Research and development	1,985	1,907	8,105	7,991
Stock based compensation	140	142	472	530
Amortization of property and equipment	240	219	852	1,184
Amortization of acquired software and other intangibles	1,501	1,472	5,931	5,660
	7,842	7,591	30,882	30,370
Income before the undernoted	534	3,298	6,116	13,742
Interest income, net	1,097	1,044	4,315	3,313
Other income	462	51	1,272	87
Goodwill impairment	(1,942)	-	(1,942)	-
Income before income taxes	151	4,393	9,761	17,142
Provision for income taxes	806	1,580	4,251	6,139
Net income for the period	\$ (655)	\$ 2,813	\$ 5,510	\$ 11,003
Retained Earnings, beginning of period	\$ 71,844	\$ 65,554	\$ 68,367	\$ 58,452
Dividends	(1,258)	-	(1,895)	-
Purchase and cancellation of common shares	-	-	(2,051)	(1,088)
Retained Earnings, end of period	\$ 69,931	\$ 68,367	\$ 69,931	\$ 68,367
Earnings per share				
Basic	\$ (0.03)	\$ 0.11	\$ 0.22	\$ 0.43
Diluted	\$ (0.03)	\$ 0.11	\$ 0.21	\$ 0.42
Weighted average shares outstanding during period (millions)				
- basic	25.2	25.5	25.4	25.5
- diluted	25.2	26.4	26.2	26.5

Enhouse Systems Limited
Consolidated Statements of Comprehensive Income (Loss) and Accumulated
Other Comprehensive Loss

(in thousands of Canadian dollars)
(Unaudited)

	Three months ended October 31		Twelve months ended October 31	
	2007	2006	2007	2006
Net income for the period	\$ (655)	\$ 2,813	\$ 5,510	\$ 11,003
Other comprehensive loss:				
Unrealized loss on translating financial statements of self-sustaining foreign operations	(5,939)	(705)	(7,298)	(1,691)
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 \$45 (year-to-date - \$578)	80	-	1,022	-
Unrealized foreign currency translation loss on available for sale investments, net of tax of \$91 (year-to-date - \$122)	(161)	-	(217)	-
Other comprehensive loss	(6,020)	(705)	(7,011)	(1,691)
Comprehensive (loss) income	\$ (6,675)	\$ 2,108	\$ (1,501)	\$ 9,312
Accumulated other comprehensive loss, beginning of period	\$ (6,843)	\$ (4,746)	\$ (5,852)	\$ (3,760)
Unrealized loss on available for sale investments, net of tax of \$227	-	(401)	-	(401)
Other comprehensive loss	(6,020)	(705)	(7,011)	(1,691)
Accumulated other comprehensive loss, end of period	\$ (12,863)	\$ (5,852)	\$ (12,863)	\$ (5,852)

Enhouse Systems Limited
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(Unaudited)

	For the three months ended October 31		For the twelve months ended October 31	
	2007	2006	2007	2006
Cash flows from operating activities				
Net income for the period	\$ (655)	\$ 2,813	\$ 5,510	\$11,003
Add (deduct) items not involving cash				
Amortization of property and equipment	240	219	852	1,184
Amortization of acquired software and other intangibles	1,501	1,472	5,931	5,660
Stock-based compensation expense	140	142	472	530
Goodwill impairment	1,942	-	1,942	-
Gain on sale of short-term investments	-	(51)	(810)	(87)
Gain on sale of patents	(462)	-	(462)	-
Future income taxes	(380)	(413)	(177)	1,645
	2,326	4,182	13,258	19,935
Changes in operating assets and liabilities				
(Increase) decrease in accounts receivable, net	(1,066)	(979)	3,850	(3,887)
Decrease (increase) in prepaid expenses and other assets	255	(134)	356	(92)
Decrease in accounts payable and accrued liabilities	(833)	(111)	(2,840)	(418)
Increase in current income taxes payable	1,384	1,144	83	3,032
(Decrease) increase in deferred revenue	(1,988)	(2,148)	(711)	898
Unrealized foreign exchange (loss) gain	(1,076)	1,181	(1,040)	418
Cash flows from operating activities	(998)	3,135	12,956	19,886
Cash flows from investing activities				
Purchase of property and equipment, net	(273)	(291)	(1,245)	(560)
Acquisitions, net of cash acquired	206	-	(2,004)	(38,202)
Proceeds from sale of patents	462	-	462	-
Net sale (purchase) of short-term investments	329	(4,903)	1,507	20,088
	724	(5,194)	(1,280)	(18,674)
Cash flows from financing activities				
Issuance of share capital	-	31	151	903
Payment of cash dividend	(629)	-	(1,266)	-
Purchase and cancellation of common shares	-	-	(2,724)	(1,430)
	(629)	31	(3,839)	(527)
Effect of foreign exchange rate changes on cash	(1,339)	(39)	(2,118)	(345)
Net (decrease) increase in cash during the period	(2,242)	(2,067)	5,719	340
Cash – beginning of period	13,563	7,669	5,602	5,262
Cash – end of period	\$ 11,321	\$ 5,602	\$11,321	\$ 5,602

Supplementary cash flow information:

Cash paid during the year for income taxes 762 690 5,386 1,186

Cash excludes short-term investments

Enhouse Systems Limited
Selected Segment Reporting Information

(in thousands of Canadian dollars)
(Unaudited)

	For the three months ended October 31		For the twelve months ended October 31	
	2007	2006	2007	2006
Revenue:				
Asset Management Division	\$ 2,290	\$ 2,552	\$ 9,325	\$ 14,945
Syntellect Division	10,617	13,297	45,876	47,537
Total	\$ 12,907	\$ 15,849	\$ 55,201	\$ 62,482
Segment Profit (EBIT):				
Asset Management Division	\$ (29)	\$ 390	\$ 534	\$ 6,834
Less: Goodwill impairment	(1,942)	-	(1,942)	-
Asset Management Division	(1,971)	390	(1,408)	6,834
Syntellect Division	1,507	3,807	8,235	9,887
Corporate	(391)	(701)	(2,018)	(2,545)
Foreign Exchange	(553)	(198)	(635)	(434)
Total	\$ (1,408)	\$ 3,298	\$ 4,174	\$ 13,742