

Enghouse Releases First Quarter Results and Announces Dividend

FOR IMMEDIATE RELEASE

Markham, Ontario – (March 7, 2007) – Enghouse Systems Limited (TSX:ESL) today announced its unaudited first quarter financial results for the period ended January 31, 2007.

First quarter revenue was \$13.4 million, compared to \$16.8 million reported in the same period last year. Net income for the first quarter was \$1.8 million or \$0.07 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 decline in revenue and profit was primarily a result of a decreased number of licenses being ordered by one customer.

Operating expenses decreased to \$7.1 million from \$8.1 million in the prior year's first quarter and reflects foreign exchange gains of \$0.5 million in the quarter compared to foreign exchange losses in the prior year's first quarter of \$0.3 million. Also included in the operating expenses are non-cash amortization charges of \$1.5 million compared to \$1.3 million in the prior year's first quarter related to the amortization of software and other intangibles including those recorded as part of the Apropos acquisition. Both quarters include \$0.1 million in non-cash compensation expense related to stock options.

The Company generated cash flows from operations of \$5.1 million in the first quarter compared to \$3.4 million in the prior year's first quarter as a result of strong cash collections, closing the quarter with over \$105 million in cash and short-term investments. The Company continues to have no long-term debt.

At its meeting held today, the Board of Directors authorized the payment of a quarterly dividend of \$0.025 per share. The first quarterly dividend shall be payable on May 31, 2007 to shareholders of record at the close of business on May 14, 2007. The Chairman of the Board, Stephen Sadler, said "Our decision to pay a regular quarterly dividend was taken to provide an ongoing return to shareholders as we continue activities to increase overall value. 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.

For further information please contact:

Neil Shafran
Executive Vice President
Enghouse Systems Limited
Tel: (905) 946-3200
Email: investor@enghouse.com

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

	January 31, 2007	October 31, 2006
Assets		
Current		
Cash	\$ 9,730	\$ 5,602
Short-term investments	95,628	92,621
Accounts receivable, net	14,369	15,253
Future income taxes	3,237	3,480
Prepaid expenses and other assets	2,183	2,074
	<u>125,147</u>	<u>119,030</u>
Property, plant and equipment	1,587	1,667
Acquired software and other intangibles	20,144	21,370
Goodwill	13,871	13,929
Long-term future income taxes	3,499	3,761
	<u>\$ 164,248</u>	<u>\$ 159,757</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 11,453	\$ 12,688
Income taxes payable	6,219	7,629
Deferred revenue	20,087	16,143
	<u>37,759</u>	<u>36,460</u>
Future income taxes	10,001	10,227
Deferred revenue	644	64
	<u>48,404</u>	<u>46,751</u>
Shareholders' Equity		
Share capital	49,016	49,047
Contributed surplus	150	262
Retained earnings	71,394	69,549
Accumulated other comprehensive income	(4,716)	(5,852)
	<u>115,844</u>	<u>113,006</u>
	<u>\$ 164,248</u>	<u>\$ 159,757</u>

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)

	2007	2006
Revenue		
Software licenses	\$ 2,753	\$ 6,288
Services	10,286	10,293
Hardware	389	183
	13,428	16,764
Cost of Sales		
Software licenses	469	806
Services	3,763	3,598
Hardware	273	126
	4,505	4,530
Gross Margin	8,923	12,234
Operating expenses		
Selling, general and administrative	3,345	4,104
Research and development	1,971	2,264
Stock based compensation	117	119
Amortization of property, plant and equipment	232	310
Amortization of acquired software and other intangibles	1,477	1,299
	7,142	8,096
Income before the undernoted	1,781	4,138
Interest income, net	971	623
Other income	132	-
Income before income taxes	\$ 2,884	\$ 4,761
Provision for income taxes	1,039	1,685
Net income for the period	\$ 1,845	\$ 3,076
Retained Earnings, beginning of period	69,549	\$ 58,546
Retained Earnings, end of period	\$ 71,394	\$ 61,622
Earnings per share		
Basic	\$ 0.07	\$ 0.12
Diluted	\$ 0.07	\$ 0.12
Weighted average shares outstanding during period (millions)		
- basic	25.5	25.5
- diluted	26.4	26.5

Enghouse Systems Limited
Consolidated Statements of Comprehensive Income
For the three months ended January 31

(in thousands of Canadian dollars)
(Unaudited)

	2007	2006
Net income for the period	\$ 1,845	\$ 3,076
Other Comprehensive income		
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	447	(258)
Unrealized gain on available for sale financial assets, net of tax	650	-
Unrealized foreign currency translation gain on available for sale financial assets, net of tax	39	-
Comprehensive income	\$ 2,981	\$ 2,818

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

	2007	2006
Cash flows from operating activities:		
Net income for the period	\$ 1,845	\$ 3,076
Add (deduct) items not involving cash:		
Amortization of property, plant and equipment	232	310
Amortization of acquired software and other intangibles	1,477	1,299
Stock-based compensation expense	117	119
Gain on sale of short-term investments	(132)	-
Future income taxes	(21)	1,070
Cash flows before changes in operating assets and liabilities	3,518	5,874
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable, net	1,515	(4,905)
(Increase) decrease in prepaid expenses and other assets	(15)	275
Decrease in accounts payable and accrued liabilities	(2,029)	(382)
(Decrease) increase in current income taxes payable	(1,552)	412
Increase in deferred revenue	3,757	2,090
Unrealized foreign exchange	(64)	24
Cash flows from operating activities	5,130	3,388
Cash flows from investing activities		
Net purchase of property, plant and equipment	(130)	(86)
Acquisitions, net of cash acquired	-	(38,202)
Net (purchase) sale of short-term investments	(912)	37,991
	(1,042)	(297)
Cash flows from financing activities		
Issuance of share capital	41	47
Purchase and cancellation of common shares	(301)	(212)
	(260)	(165)
Effect of foreign exchange rate changes on cash	300	(205)
Net increase in cash during the period	4,128	2,721
Cash – Beginning of period	5,602	5,262
Cash – End of period	\$ 9,730	\$ 7,983
Supplementary Cash Flow Information:		
Cash paid during the period for		
Interest	\$ -	\$ -
Income Taxes	2,722	148

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

	Three Months ended	
	January 31, 2007	January 31, 2006
Revenue:		
Asset Management Division	\$ 2,445	\$ 5,477
Syntellect Division	10,983	11,287
Total	<u>\$ 13,428</u>	<u>\$ 16,764</u>
Segment Profit (EBIT):		
Asset Management Division	\$ 423	\$ 3,479
Syntellect Division	1,419	1,643
Corporate	(61)	(984)
Total	<u>\$ 1,781</u>	<u>\$ 4,138</u>