

Enghouse Releases Third Quarter Results and Announces Dividend

FOR IMMEDIATE RELEASE

Markham, Ontario – (September 9, 2008) – Enghouse Systems Limited (TSX:ESL) today announced its unaudited third quarter results for the period ended July 31, 2008.

Third quarter revenue was \$14.7 million, compared to \$13.8 million reported in the same period last year. Net income for the third quarter was \$1.58 million or \$0.06 per diluted share compared to the prior year's third quarter net income of \$2.04 million or \$0.08 per diluted share. On a year-to-date basis, revenue was \$38.4 million compared to \$42.3 million in the prior year, while net income was \$3.67 million compared to \$6.17 million in the prior fiscal year.

Operating expenses increased to \$7.7 million from \$7.5 million in the prior year's third quarter primarily as a result of the inclusion of incremental costs associated with the acquisitions of Gamma Projects Limited ("Gamma") completed on March 31, 2008 and Fluency Voice Technology Limited ("Fluency") completed on May 31, 2008. Also included in the operating expenses are non-cash amortization charges of \$1.6 million compared to \$1.5 million in the prior year's third quarter related to the amortization of software and intangibles including those recorded as part of the Gamma and Fluency acquisitions.

The Company generated cash flows from operations of \$2.3 million in the third quarter compared to \$4.3 million in the prior year's third quarter. On a year-to-date basis, the Company generated cash flows of \$6.3 million, closing the quarter with \$103.2 million in cash and short-term investments. The Company continues to have no long-term debt.

During the quarter Enghouse spent \$0.2 million to repurchase 39,900 of its common shares under the Company's buyback program at an average cost of \$6.06 per share and paid an eligible cash dividend of \$0.025 per share on August 29, 2008. 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 28, 2008 to shareholders of record at the close of business on November 14, 2008.

On May 31, 2008 the Company completed the acquisition of Fluency to expand its presence in the U.K. During the quarter the Fluency business was combined with Syntellect's operations.

The Company continues to have 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.

For further information please contact:

Stephen Sadler
Chief Executive Officer
Enghouse Systems Limited
Tel: (905) 946-3200
Email: investor@enghouse.com

Enghouse Systems Limited
Consolidated Balance Sheets

(in thousands of Canadian dollars)
(Unaudited)

	July 31, 2008	October 31, 2007
Assets		
Current Assets:		
Cash	\$ 7,900	\$ 11,321
Short-term investments	95,330	89,184
Accounts receivable, net	12,551	10,376
Future income taxes	1,785	1,359
Prepaid expenses and other assets	2,263	1,488
	<u>119,829</u>	<u>113,728</u>
Property and equipment	2,245	1,930
Acquired software and other intangibles	14,435	15,819
Goodwill	14,746	10,652
Future income taxes	6,574	4,128
	<u>\$ 157,829</u>	<u>\$ 146,257</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 11,729	\$ 9,258
Income taxes payable	6,523	7,342
Dividend payable	637	629
Deferred revenue	16,006	12,602
	<u>34,895</u>	<u>29,831</u>
Future income taxes	8,794	7,964
Deferred revenue	683	953
	<u>44,372</u>	<u>38,748</u>
Shareholders' Equity		
Share capital	50,366	48,670
Contributed surplus	1,986	1,771
Retained earnings	70,329	69,931
Accumulated other comprehensive loss	(9,224)	(12,863)
	<u>113,457</u>	<u>107,509</u>
	<u>\$ 157,829</u>	<u>\$ 146,257</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	
	2008	2007	2008	2007
Revenue				
Software licenses	\$ 3,517	\$ 3,133	\$ 7,819	\$ 8,973
Services	10,742	10,249	29,359	31,882
Hardware	434	448	1,183	1,439
	14,693	13,830	38,361	42,294
Cost of Sales				
Software licenses	995	387	2,013	1,554
Services	4,370	3,712	11,643	11,017
Hardware	353	312	964	1,101
	5,718	4,411	14,620	13,672
Gross Margin	8,975	9,419	23,741	28,622
Operating expenses				
Selling, general and administrative	3,588	3,710	10,108	11,546
Research and development	2,195	2,005	5,929	6,120
Stock based compensation	75	112	217	332
Amortization of property and equipment	263	180	691	612
Amortization of acquired software and other intangibles	1,570	1,483	4,512	4,430
	7,691	7,490	21,457	23,040
Income before the undernoted	1,284	1,929	2,284	5,582
Interest income, net	723	1,240	2,641	3,218
Other income	441	-	768	810
Income before income taxes	2,448	3,169	5,693	9,610
Provision for income taxes	864	1,134	2,024	3,445
Net income for the period	\$ 1,584	\$ 2,035	\$ 3,669	\$ 6,165
Retained Earnings, beginning of period	\$ 69,548	\$ 71,633	\$ 69,931	\$ 68,367
Dividends	(637)	(629)	(1,901)	(1,266)
Purchase and cancellation of common shares	(166)	(1,824)	(1,370)	(2,051)
Retained Earnings, end of period	\$ 70,329	\$ 71,215	\$ 70,329	\$ 71,215
Earnings per share				
Basic	\$ 0.06	\$ 0.08	\$ 0.15	\$ 0.24
Diluted	\$ 0.06	\$ 0.08	\$ 0.14	\$ 0.23
Weighted average shares outstanding during period (millions)				
- basic	25.2	25.4	25.3	25.4
- diluted	25.8	26.3	25.9	26.3

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	
	2008	2007	2008	2007
Net income for the period	\$ 1,584	\$ 2,035	\$ 3,669	\$ 6,165
Other comprehensive income (loss):				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	955	(547)	3,579	(1,358)
Transfer to net income of realized gains on available for sale investments, net of tax of nil (year-to-date \$118)	-	-	(209)	(518)
Unrealized (loss) gain on available for sale investments, net of tax of (\$69) (year-to-date - \$138)	(122)	11	244	941
Unrealized foreign currency translation gain (loss) on available for sale investments, net of tax of \$31 (year-to-date - \$14)	55	(66)	25	(56)
Other comprehensive income (loss)	\$ 888	\$ (602)	\$ 3,639	\$ (991)
Comprehensive income	\$ 2,472	\$ 1,433	\$ 7,308	\$ 5,174
Accumulated other comprehensive loss, beginning of period	\$(10,112)	\$ (6,241)	\$(12,863)	\$ (5,852)
Other comprehensive income (loss)	888	(602)	3,639	(991)
Accumulated other comprehensive loss, end of period	\$ (9,224)	\$ (6,843)	\$ (9,224)	\$ (6,843)

Enghouse 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	
	2008	2007	2008	2007
Cash flows from operating activities:				
Net income for the period	\$ 1,584	\$ 2,035	\$ 3,669	\$ 6,165
Add (deduct) items not involving cash:				
Amortization of property and equipment	263	180	691	612
Amortization of acquired software and other intangibles	1,570	1,483	4,512	4,430
Stock-based compensation expense	75	112	217	332
Gain on sale of short-term investments	-	-	(327)	(810)
Gain on sale of patents	(441)	-	(441)	-
Future income taxes	(18)	199	(1,380)	203
	3,033	4,009	6,941	10,932
Changes in operating assets and liabilities				
(Increase) decrease in accounts receivable, net	(171)	546	1,140	4,916
(Increase) decrease in prepaid expenses and other assets	(36)	159	(438)	101
Increase (decrease) in accounts payable and accrued liabilities	355	(202)	(246)	(2,007)
Increase (decrease) in current income taxes payable	602	(47)	(984)	(1,301)
(Decrease) increase in deferred revenue	(818)	(306)	271	1,277
Unrealized foreign exchange (loss) gain	(654)	135	(365)	36
Cash flows from operating activities	2,311	4,294	6,319	13,954
Cash flows from investing activities				
Purchase of property and equipment	(356)	(699)	(796)	(972)
Acquisitions, net of cash acquired	(2,467)	-	(4,742)	(2,210)
Proceeds from sale of patents	441	-	441	-
Net (purchase) sale of short-term investments	(4,229)	(330)	(3,919)	1,178
	(6,611)	(1,029)	(9,016)	(2,004)
Cash flows from financing activities				
Issuance of share capital	1,076	110	2,285	151
Payment of cash dividend	(629)	(637)	(1,893)	(637)
Purchase and cancellation of common shares	(242)	(2,423)	(1,959)	(2,724)
	205	(2,950)	(1,567)	(3,210)
Effect of foreign exchange rate changes on cash	141	(467)	843	(779)
Net (decrease) increase in cash during the period	(3,954)	(152)	(3,421)	7,961
Cash – Beginning of period	11,854	13,715	11,321	5,602
Cash – End of period	\$ 7,900	\$ 13,563	\$ 7,900	\$13,563
Supplementary Cash Flow Information:				
Cash paid during the year for				
Income taxes	\$ 195	\$ 738	\$ 3,485	\$ 4,624

Cash excludes short-term investments

Enghouse Systems Limited
Selected Segment Reporting Information

(in thousands of Canadian dollars)

(Unaudited)

	Three Months ended July 31		Nine Months ended July 31	
	2008	2007	2008	2007
Revenue:				
Asset Management Division	\$ 2,836	\$ 2,398	\$ 7,047	\$ 7,035
Syntellect Division	11,857	11,432	31,314	35,259
Total	\$ 14,693	\$ 13,830	\$ 38,361	\$ 42,294
Segment Profit (EBIT):				
Asset Management Division	\$ 136	\$ 42	\$ (413)	\$ 563
Syntellect Division	1,561	2,364	3,904	6,728
Corporate	(517)	(492)	(1,612)	(1,627)
Foreign Exchange	104	15	405	(82)
Total	\$ 1,284	\$ 1,929	\$ 2,284	\$ 5,582