

## Enghouse Releases First Quarter Results and Announces Dividend

FOR IMMEDIATE RELEASE

**Markham, Ontario – (March 5, 2008)** – Enghouse Systems Limited (TSX:ESL) today announced its unaudited first quarter results for the period ended January 31, 2008.

First quarter revenue was \$10.9 million, compared to \$13.4 million reported in the same period last year. Net income for the first quarter was \$0.8 million or \$0.03 per share on a diluted basis compared to the prior year's first quarter net income of \$1.8 million or \$0.07 per share. The decline in revenue and profit was primarily a result of the impact of foreign exchange on translated revenue as well as decreased license and services revenue in the Company's Syntellect Division.

Operating expenses decreased to \$6.4 million from \$7.1 million in the prior year's first quarter. Included in the operating expenses are non-cash amortization charges of \$1.5 million consistent with the prior year's first quarter charges and relate to the amortization of software and other intangibles. The Company reported \$0.1 million in non-cash compensation expense related to stock options, marginally down from the expense reported in the prior year's first quarter as stock options become fully amortized.

The Company generated cash flows from operations of \$2.0 million in the first quarter compared to \$5.1 million in the prior year's first quarter, closing the quarter with \$104.5 million in cash and short-term investments compared to \$100.5 million at October 31, 2007. The Company continues to have no long-term debt.

At its meeting held today, the Board of Directors authorized the payment of an eligible quarterly dividend of \$0.025 per share, payable on May 30, 2008 to shareholders of record at the close of business on May 14, 2008. 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](http://www.enghouse.com).

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**Enghouse Systems Limited**  
**Consolidated Balance Sheets**

*(in thousands of Canadian dollars)*  
*(Unaudited)*

	January 31, 2008	October 31, 2007
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 12,831	\$ 11,321
Short-term investments	91,700	89,184
Accounts receivable, net	9,068	10,376
Future income taxes	1,431	1,359
Prepaid expenses and other assets	1,846	1,488
	<u>116,876</u>	<u>113,728</u>
Property and equipment, net	1,873	1,930
Acquired software and other intangibles, net	14,586	15,819
Goodwill	11,100	10,652
Future income taxes	4,673	4,128
	<u>\$ 149,108</u>	<u>\$ 146,257</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 7,722	\$ 9,258
Income taxes payable	5,378	7,342
Dividend payable	635	629
Deferred revenue	15,056	12,602
	<u>28,791</u>	<u>29,831</u>
Future income taxes	8,030	7,964
Deferred revenue	889	953
	<u>37,710</u>	<u>38,748</u>
<b>Shareholders' Equity</b>		
Share capital	49,788	48,670
Contributed surplus	1,845	1,771
Retained earnings	69,917	69,931
Accumulated other comprehensive loss	(10,152)	(12,863)
	<u>111,398</u>	<u>107,509</u>
	<u>\$ 149,108</u>	<u>\$ 146,257</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)*

	2008	2007
<b>Revenue</b>		
Software licenses	\$ 1,810	\$ 2,753
Services	8,696	10,286
Hardware	358	389
	<b>10,864</b>	<b>13,428</b>
<b>Cost of sales</b>		
Software licenses	521	469
Services	3,536	3,763
Hardware	288	273
	4,345	4,505
<b>Gross margin</b>	<b>6,519</b>	<b>8,923</b>
<b>Operating expenses</b>		
Selling, general and administrative	2,865	3,345
Research and development	1,764	1,971
Stock-based compensation	76	117
Amortization of property and equipment	211	232
Amortization of acquired software and other intangibles	1,460	1,477
	6,376	7,142
<b>Income before the undernoted</b>	<b>143</b>	<b>1,781</b>
Interest income, net	1,053	971
Other income	-	132
<b>Income before income taxes</b>	<b>\$ 1,196</b>	<b>\$ 2,884</b>
Provision for income taxes	425	1,039
<b>Net income for the period</b>	<b>\$ 771</b>	<b>\$ 1,845</b>
<b>Retained earnings, beginning of period</b>	69,931	68,367
Dividends	(635)	-
Purchase and cancellation of common shares	(150)	(227)
<b>Retained earnings, end of period</b>	<b>\$ 69,917</b>	<b>\$ 69,985</b>
<b>Earnings per share</b>		
Basic	\$ 0.03	\$ 0.07
Diluted	\$ 0.03	\$ 0.07
Weighted average shares outstanding during period (millions)		
- basic	25.2	25.5
- diluted	26.0	26.4

*The accompanying notes form an integral part of these consolidated interim financial statements.*

**Enghouse Systems Limited**  
**Consolidated Statements of Comprehensive Income and Accumulated Other**  
**Comprehensive Loss**  
**For the three months ended January 31**  
*(in thousands of Canadian dollars)*  
*(Unaudited)*

	2008	2007
Net income for the period	\$ 771	\$ 1,845
<b>Other comprehensive income:</b>		
Unrealized gain on translating financial statements of self-sustaining foreign operations	2,482	447
Transfer to net income of realized gains on available for sale investments, net of tax of nil, (Q1/07 - \$48)	-	(84)
Unrealized gain on available for sale investments, net of tax of \$164 (Q1/07 - \$413)	291	734
Unrealized foreign currency translation (loss) gain on available for sale investments, net of tax of \$35 (Q1/07 - \$22)	(62)	39
<b>Other comprehensive income</b>	<b>\$ 2,711</b>	<b>\$ 1,136</b>
<b>Comprehensive income</b>	<b>\$ 3,482</b>	<b>\$ 2,981</b>
<b>Accumulated other comprehensive loss, beginning of period</b>	<b>\$ (12,863)</b>	<b>\$ (5,852)</b>
Other comprehensive income	2,711	1,136
<b>Accumulated other comprehensive loss, end of period</b>	<b>\$ (10,152)</b>	<b>\$ (4,716)</b>

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

	2008	2007
<b>Cash flows from operating activities</b>		
Net income for the period	\$ 771	\$ 1,845
<b>Add (deduct) items not involving cash</b>		
Amortization of property and equipment	211	232
Amortization of acquired software and other intangibles	1,460	1,477
Stock-based compensation expense	76	117
Gain on sale of short-term investments	-	(132)
Future income taxes	(381)	(21)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>2,137</b>	<b>3,518</b>
<b>Changes in operating assets and liabilities</b>		
Decrease in accounts receivable, net	1,739	1,515
Increase in prepaid expenses and other assets	(284)	(15)
Decrease in accounts payable and accrued liabilities	(1,907)	(2,029)
Decrease in current income taxes payable	(2,091)	(1,552)
Increase in deferred revenue	1,744	3,757
Unrealized foreign exchange gain (loss)	618	(64)
<b>Cash flows from operating activities</b>	<b>1,956</b>	<b>5,130</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment, net	(141)	(130)
Purchase of short-term investments, net	(1,265)	(912)
	<b>(1,406)</b>	<b>(1,042)</b>
<b>Cash flows from financing activities</b>		
Issuance of share capital	1,175	41
Payment of cash dividend	(629)	-
Purchase and cancellation of common shares	(207)	(301)
	<b>339</b>	<b>(260)</b>
Effect of foreign exchange rate changes on cash	621	300
<b>Net increase in cash during the period</b>	<b>1,510</b>	<b>4,128</b>
Cash – beginning of period	11,321	5,602
<b>Cash – end of period</b>	<b>\$ 12,831</b>	<b>\$ 9,730</b>
<b>Supplementary cash flow information:</b>		
Cash paid during the period for income taxes	\$ 2,607	\$ 2,722

**Note: Cash excludes short-term investments**

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

(in thousands of Canadian dollars)  
(Unaudited)

**For the three months ended  
January 31**

	<b>2008</b>	<b>2007</b>
<b>Revenue:</b>		
Asset Management Division	\$ 1,963	\$ 2,445
Syntellect Division	8,901	10,983
<b>Total</b>	<b>\$ 10,864</b>	<b>\$ 13,428</b>
<b>Segment Profit (EBIT):</b>		
Asset Management Division	\$ (347)	\$ 423
Syntellect Division	624	1,419
Corporate	(488)	(560)
Foreign Exchange	354	499
<b>Total</b>	<b>\$ 143</b>	<b>\$ 1,781</b>