

Enghouse Releases Second Quarter Results

FOR IMMEDIATE RELEASE

Markham, Ontario – (June 3, 2009) – Enghouse Systems Limited (TSX:ESL) today announced its unaudited second quarter financial results for the period ended April 30, 2009.

Second quarter revenue was \$16.8 million, compared to \$12.8 million reported in the same period last year, an increase of approximately 31%. Net income for the second quarter was \$0.9 million or \$0.04 per share on a diluted basis compared to the prior year's second quarter net income of \$1.3 million or \$0.05 per share. The increase in revenue was primarily a result of increased license and services revenue in the Company's Syntellect Division, including revenue from recent acquisitions, Trio Enterprise AB ("Trio"), acquired April 1, 2009 and Envox, acquired on October 20, 2008, as well as the positive impact of translating U.S. dollar denominated revenue into Canadian dollars.

Operating expenses increased to \$8.5 million from \$5.9 million in the prior year's second quarter and include incremental operating costs related to acquisitions and the impact of foreign exchange on U.S. dollar denominated operating expenses. Non-cash amortization charges were \$1.7 million compared to \$1.5 million in the prior year's second quarter and include amortization charges for acquired software and other intangibles from the acquired operations including Envox and Trio.

The Company generated cash flows from operations of \$4.7 million in the second quarter compared to \$2.1 million in the prior year's second quarter, closing the quarter with \$88.6 million in cash and short-term investments compared to \$94.4 million at October 31, 2008. The Company continues to have no long-term debt. Since October 2008, the Company has spent \$7.4 million on acquisitions and \$1.3 million on dividend payments. In addition, the Company remains active in its normal course issuer buyback, re-purchasing 302,600 shares in the quarter at an average cost of \$5.06 per share for a total cost of \$1.5 million. On a year to date basis the Company has repurchased 892,824 shares for a total cost of \$4.2 million. Total cash spent on acquisitions, share buybacks and dividends to shareholders since October 31, 2008 was \$12.9 million.

The Board of Directors today authorized an eligible quarterly dividend of \$0.03 per share, payable on August 28, 2009 to shareholders of record at the close of business on August 14, 2009. 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.

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

	April 30, 2009	October 31, 2008
Assets		
Current		
Cash	\$ 27,302	\$ 12,331
Short-term investments	61,326	82,099
Accounts receivable, net	16,247	17,515
Future income taxes	1,427	1,895
Prepaid expenses and other assets	3,491	2,947
	<u>109,793</u>	<u>116,787</u>
Property and equipment, net	2,224	2,471
Acquired software and other intangibles, net	27,344	27,373
Goodwill	22,527	21,953
Future income taxes	3,549	3,228
	<u>\$ 165,437</u>	<u>\$ 171,812</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	14,594	\$ 16,490
Income taxes payable	2,719	4,958
Dividend payable	748	636
Deferred revenue	21,430	18,585
	<u>39,491</u>	<u>40,669</u>
Future income taxes	7,575	7,945
Long-term income taxes payable	1,043	1,321
Deferred revenue	339	686
	<u>48,448</u>	<u>50,621</u>
Shareholders' Equity		
Share capital	49,813	50,568
Contributed surplus	1,908	1,827
Retained earnings	69,865	72,015
Accumulated other comprehensive loss	(4,597)	(3,219)
	<u>116,989</u>	<u>121,191</u>
	<u>\$ 165,437</u>	<u>\$ 171,812</u>

Enghouse Systems Limited
Consolidated Statements of Operations and Retained Earnings
(in thousands of Canadian dollars except per share amounts)
(Unaudited)

	Three Months ended April 30		Six Months Ended April 30	
	2009	2008	2009	2008
Revenue				
Software licenses	\$ 4,455	\$ 2,492	\$ 9,561	\$ 4,302
Services	12,019	9,921	24,063	18,617
Hardware	360	391	1,438	749
	16,834	12,804	35,062	23,668
Cost of sales				
Software licenses	488	497	1,512	1,018
Services	4,809	3,737	9,868	7,273
Hardware	329	323	1,280	611
	5,626	4,557	12,660	8,902
Gross margin	11,208	8,247	22,402	14,766
Operating expenses				
Selling, general and administrative	5,217	3,668	10,531	6,961
Research and development	3,001	1,970	5,965	3,736
Amortization of property and equipment	321	217	659	428
	8,539	5,855	17,155	11,125
Income before the undernoted	2,669	2,392	5,247	3,641
Amortization of acquired software and other intangibles	(1,713)	(1,482)	(3,665)	(2,942)
Foreign exchange (loss) gain	(55)	(53)	75	301
Interest income, net	504	865	947	1,918
Other income	-	327	-	327
Income before income taxes	1,405	2,049	2,604	3,245
Provision for income taxes				
Current	533	849	1,046	1,471
Future	(66)	(114)	(174)	(311)
Net income for the period	\$ 938	\$ 1,314	\$ 1,732	\$ 2,085
Retained earnings, beginning of period	\$ 70,628	\$ 69,917	\$ 72,015	\$ 69,931
Dividends	(748)	(635)	(1,369)	(1,270)
Purchase and cancellation of common shares	(953)	(1,054)	(2,513)	(1,204)
Retained earnings, end of period	\$ 69,865	\$ 69,542	\$ 69,865	\$ 69,542
Earnings per share				
Basic	\$ 0.04	\$ 0.05	\$ 0.07	\$ 0.08
Diluted	\$ 0.04	\$ 0.05	\$ 0.07	\$ 0.08
Weighted average shares outstanding during period (millions)				
- basic	24.8	25.3	25.0	25.3
- diluted	24.9	25.9	25.1	25.9

Enghouse Systems Limited
Consolidated Statements of Comprehensive (Loss) income and Accumulated Other
Comprehensive Loss
(in thousands of Canadian dollars)
(Unaudited)

	Three months ended April 30		Six months ended April 30	
	2009	2008	2009	2008
Net income for the period	\$ 938	\$ 1,314	\$ 1,732	\$ 2,085
Other comprehensive (loss) income:				
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations	(641)	142	(948)	2,624
Transfer to net income of realized gains on available for sale investments, net of tax of \$80	(156)	(209)	(156)	(209)
Unrealized (loss) gain on available for sale investments, net of tax of (\$230) (six months – (\$480))	(447)	75	(934)	366
Unrealized foreign currency translation gain (loss) on available for sale investments, net of tax of \$148 (six months - \$339)	288	32	660	(30)
Other comprehensive (loss) income	\$ (956)	\$ 40	\$ (1,378)	\$ 2,751
Comprehensive (loss) income	\$ (18)	\$ 1,354	\$ 354	\$ 4,836
Accumulated other comprehensive loss, beginning of period	\$ (3,641)	\$ (10,152)	\$ (3,219)	\$ (12,863)
Other comprehensive (loss) income	(956)	40	(1,378)	2,751
Accumulated other comprehensive loss, end of period	\$ (4,597)	\$ (10,112)	\$ (4,597)	\$ (10,112)

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

	For the three months ended April 30		For the six months ended April 30	
	2009	2008	2009	2008
Cash flows from operating activities				
Net income for the period	\$ 938	\$ 1,314	\$ 1,732	\$ 2,085
Add (deduct) items not involving cash				
Amortization of property and equipment	321	217	659	428
Amortization of acquired software and other intangibles	1,713	1,482	3,665	2,942
Stock-based compensation expense	63	66	81	142
Gain on sale of short-term investments	-	(327)	-	(327)
Future income taxes	(66)	(114)	(174)	(311)
Cash flows before changes in operating assets and liabilities	2,969	2,638	5,963	4,959
Changes in operating assets and liabilities				
Decrease (increase) in accounts receivable, net	3,445	(428)	4,270	1,311
Increase in prepaid expenses and other assets	(168)	(118)	(84)	(402)
Increase (decrease) in accounts payable and accrued liabilities	403	1,306	(2,481)	(601)
Decrease in current income taxes payable	(1,905)	(362)	(2,510)	(2,637)
(Decrease) increase in deferred revenue	(607)	(655)	1,872	1,089
Unrealized foreign exchange loss (gain)	603	(329)	(308)	289
Cash flows from operating activities	4,740	2,052	6,722	4,008
Cash flows from investing activities				
Purchase of property and equipment, net	(130)	(299)	(256)	(440)
Acquisitions, net of cash acquired	(6,502)	(2,275)	(6,860)	(2,275)
Proceeds of short-term investments	12,825	1,575	20,280	310
	6,193	(999)	13,164	(2,405)
Cash flows from financing activities				
Issuance of share capital	897	34	950	1,209
Payment of cash dividend	(621)	(635)	(1,257)	(1,264)
Purchase and cancellation of common shares	(1,531)	(1,510)	(4,218)	(1,717)
	(1,255)	(2,111)	(4,525)	(1,772)
Effect of foreign exchange rate changes on cash	(503)	81	(390)	702
Net increase in cash during the period	9,175	(977)	14,971	533
Cash – beginning of period	18,127	12,831	12,331	11,321
Cash – end of period	\$ 27,302	\$ 11,854	\$ 27,302	\$ 11,854
Supplementary cash flow information:				
Cash paid during the period for income taxes	\$ 862	\$ 683	\$ 1,376	\$ 3,290

Note: Cash excludes short-term investments

Enghouse Systems Limited
Selected Segment Reporting Information

(in thousands of Canadian dollars)
(Unaudited)

	Three Months ended		Six Months ended	
	April 30, 2009	April 30, 2008	April 30, 2009	April 30, 2008
Revenue:				
Asset Management Division	\$ 2,263	\$ 2,248	\$ 4,740	\$ 4,211
Syntellect Division	14,571	10,556	30,322	19,457
Total	\$ 16,834	\$ 12,804	\$ 35,062	\$ 23,668
Segment Profit (EBIT):				
Asset Management Division	\$ (183)	\$ (202)	\$ (351)	\$ (549)
Syntellect Division	1,718	1,719	3,061	2,343
Corporate	(579)	(607)	(1,128)	(1,095)
Foreign Exchange	(55)	(53)	75	301
Interest and other income	504	1,192	947	2,245
Total	\$ 1,405	\$ 2,049	\$ 2,604	\$ 3,245