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## Enghouse Posts Record Results

FOR IMMEDIATE RELEASE

**Markham, Ontario – (December 14, 2011)** – Enghouse Systems Limited (TSX:ESL) today announced its fourth quarter (unaudited) and year end financial results for the period ended October 31, 2011, posting record revenue and net income on the year.

Revenue topped the \$100 million mark for the first time in the Company's history at \$122.6 million for the fiscal year. This is compared to \$94.2 million in the prior year, an increase of 30%, as the Company continues to successfully implement its growth strategy. Net income for the fiscal year was \$16.8 million or \$0.66 per diluted share compared to \$10.2 million or \$0.40 per diluted share in the prior year, an increase of approximately 65%, representing a record year for the Company. Operating expenses increased to \$57.0 million for the year compared to \$45.6 million in the prior year as a result of incremental costs related to acquired operations. As has become the norm, revenue and operating costs were also impacted by the continued volatility of foreign exchange as outlined in the Company's Management's Discussion and Analysis as filed on SEDAR.

For the fourth quarter, revenue was \$31.8 million, compared to \$27.4 million reported in the same period last year. Net income for the fourth quarter was \$5.9 million or \$0.23 per diluted share compared to \$3.4 million or \$0.13 per diluted share in the fourth quarter of last year.

The Company recorded non-cash amortization charges of \$2.7 million in the quarter compared to \$2.5 million in the prior year's fourth quarter. For the fiscal year, the Company reported amortization charges of \$10.3 million compared to \$8.5 million in the prior fiscal year.

The Company generated cash flows from operating activities of \$8.3 million in the quarter, compared to \$2.4 million in the prior year's fourth quarter, an increase of 249%, and \$41.1 million in the fiscal year compared to \$18.6 million in the prior fiscal year, an increase of 120%. Enghouse closed the year with \$99.6 million in cash and short-term investments after having spent \$16.8 million in the fiscal year on acquisitions and \$4.5 million on dividends.

Enghouse continues to have no long-term debt.

The Board of Directors today authorized an eligible quarterly dividend of \$0.05 per common share, payable on February 29, 2012 to shareholders of record at the close of business on February 15, 2012. 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)*

	October 31, 2011	October 31, 2010
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 65,624	\$ 46,640
Short-term investments	33,967	31,627
Accounts receivable, net	23,006	24,500
Income tax receivable	-	591
Future income taxes	1,769	447
Prepaid expenses and other assets	3,479	3,360
	<u>127,845</u>	<u>107,165</u>
Property and equipment, net	1,791	1,844
Acquired software and other intangibles, net	28,531	34,330
Goodwill	38,287	35,137
Future income taxes	9,295	2,951
	<u>\$ 205,749</u>	<u>\$ 181,427</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 25,128	\$ 20,115
Income taxes payable	3,579	-
Dividend payable	1,267	1,007
Deferred revenue	28,933	26,040
	<u>58,907</u>	<u>47,162</u>
Future income taxes	10,283	12,571
Long-term income taxes payable	420	522
Deferred revenue	1,404	790
	<u>71,014</u>	<u>61,045</u>
<b>Shareholders' Equity</b>		
Share capital	52,134	50,705
Contributed surplus	2,613	2,429
Retained earnings	91,613	79,606
Accumulated other comprehensive loss	(11,625)	(12,358)
	<u>134,735</u>	<u>120,382</u>
	<u>\$ 205,749</u>	<u>\$ 181,427</u>

**Enghouse 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	
	2011	2010	2011	2010
<b>Revenue</b>				
Software licenses	\$ 11,690	\$ 8,794	\$ 45,691	\$ 30,198
Services	19,927	17,903	74,260	61,304
Hardware	219	681	2,608	2,706
	<b>31,836</b>	<b>27,378</b>	<b>122,559</b>	<b>94,208</b>
<b>Cost of sales</b>				
Software licenses	769	920	5,208	4,363
Services	6,871	6,492	26,634	22,429
Hardware	237	459	1,966	1,845
	<b>7,877</b>	<b>7,871</b>	<b>33,808</b>	<b>28,637</b>
<b>Gross margin</b>	<b>23,959</b>	<b>19,507</b>	<b>88,751</b>	<b>65,571</b>
<b>Operating expenses</b>				
Selling, general and administrative	11,062	9,442	40,244	31,807
Research and development	4,213	3,487	15,672	12,477
Amortization of property and equipment	287	356	1,110	1,331
	<b>15,562</b>	<b>13,285</b>	<b>57,026</b>	<b>45,615</b>
<b>Income before the undernoted</b>	<b>8,397</b>	<b>6,222</b>	<b>31,725</b>	<b>19,956</b>
Amortization of acquired software and other intangibles	(2,687)	(2,475)	(10,291)	(8,458)
Interest income, net	274	92	667	387
Other income, net	631	203	800	1,145
Foreign exchange gain (loss)	853	90	(511)	238
<b>Income before income taxes</b>	<b>7,468</b>	<b>4,132</b>	<b>22,390</b>	<b>13,268</b>
Provision for (recovery of) income taxes				
Current	(57)	(1,504)	4,063	635
Future	1,605	2,210	1,491	2,395
<b>Net income for the period</b>	<b>\$ 5,920</b>	<b>\$ 3,426</b>	<b>\$ 16,836</b>	<b>\$ 10,238</b>
<b>Retained earnings, beginning of period</b>	<b>\$ 86,960</b>	<b>\$ 77,186</b>	<b>\$ 79,606</b>	<b>\$ 73,142</b>
Dividends	(1,267)	(1,006)	(4,796)	(3,774)
Purchase and cancellation of common shares	-	-	(33)	-
<b>Retained earnings, end of period</b>	<b>\$ 91,613</b>	<b>\$ 79,606</b>	<b>\$ 91,613</b>	<b>\$ 79,606</b>
<b>Earnings per share</b>				
Basic	\$ 0.23	\$ 0.14	\$ 0.67	\$ 0.41
Diluted	\$ 0.23	\$ 0.13	\$ 0.66	\$ 0.40
Weighted average shares outstanding during period (millions)				
- basic	25.3	25.2	25.2	25.1
- diluted	25.6	25.4	25.5	25.3

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

	Three months ended October 31		Twelve months ended October 31	
	2011	2010	2011	2010
Net income for the period	\$ 5,920	\$ 3,426	\$ 16,836	\$ 10,238
<b>Other comprehensive income (loss):</b>				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	2,800	(1,171)	(763)	(4,044)
Transfer to net income of realized gains on available for sale investments, net of tax of (\$99) (year to date – (\$126))	(532)	(646)	(674)	(1,303)
Unrealized gain on available for sale investments, net of tax of \$257 (year to date – \$395)	1,377	465	2,112	1,881
Unrealized foreign currency translation gain (loss) on available for sale investments, net of tax of \$24 (year to date – \$11)	127	(22)	58	(133)
<b>Other comprehensive income (loss)</b>	<b>\$ 3,772</b>	<b>\$ (1,374)</b>	<b>\$ 733</b>	<b>\$ (3,599)</b>
<b>Comprehensive income</b>	<b>\$ 9,692</b>	<b>\$ 2,052</b>	<b>\$ 17,569</b>	<b>\$ 6,639</b>
<b>Accumulated other comprehensive loss, beginning of period</b>	<b>\$ (15,397)</b>	<b>\$ (10,984)</b>	<b>\$ (12,358)</b>	<b>\$ (8,759)</b>
Other comprehensive income (loss)	3,772	(1,374)	733	(3,599)
<b>Accumulated other comprehensive loss, end of period</b>	<b>\$ (11,625)</b>	<b>\$ (12,358)</b>	<b>\$ (11,625)</b>	<b>\$ (12,358)</b>

**Enghouse 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	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Net income for the period	\$ 5,920	\$ 3,426	\$ 16,836	\$ 10,238
<b>Add (deduct) items not involving cash</b>				
Amortization of property and equipment	287	356	1,110	1,331
Amortization of acquired software and other intangibles	2,687	2,475	10,291	8,458
Stock-based compensation expense	123	111	492	382
Gain on sale of short-term investments	(631)	(605)	(800)	(1,547)
Future income taxes	1,605	2,210	1,491	2,395
<b>Cash flows before changes in operating assets and liabilities</b>	<b>9,991</b>	<b>7,973</b>	<b>29,420</b>	<b>21,257</b>
<b>Changes in operating assets and liabilities</b>				
Decrease (increase) in accounts receivable, net	1,449	(1,443)	6,466	151
Decrease in prepaid expenses and other assets	171	640	193	194
Increase (decrease) in accounts payable and accrued liabilities	974	(1,023)	1,430	(5,587)
(Decrease) increase in current income taxes payable	(44)	(2,379)	2,223	(3,240)
(Decrease) increase in deferred revenue	(2,409)	(2,350)	1,267	6,329
Unrealized foreign exchange (gain) loss	(1,853)	954	53	(474)
<b>Cash flows from operating activities</b>	<b>8,279</b>	<b>2,372</b>	<b>41,052</b>	<b>18,630</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment, net	(317)	(278)	(947)	(887)
Acquisitions, net of cash acquired	-	-	(16,842)	(30,131)
Net proceeds (purchase) from sale of short-term investments	4,406	(1,623)	695	23,664
	<b>4,089</b>	<b>(1,901)</b>	<b>(17,094)</b>	<b>(7,354)</b>
<b>Cash flows from financing activities</b>				
Issuance of share capital	667	20	1,131	925
Payment of cash dividends	(1,262)	(1,007)	(4,536)	(3,514)
Purchase and cancellation of common shares	-	-	(43)	-
	<b>(595)</b>	<b>(987)</b>	<b>(3,448)</b>	<b>(2,589)</b>
Effect of foreign exchange rate changes on cash	1,579	(303)	(1,526)	(1,323)
<b>Net increase (decrease) in cash during the period</b>	<b>13,352</b>	<b>(819)</b>	<b>18,984</b>	<b>7,364</b>
Cash – beginning of period	52,272	47,459	46,640	39,276
<b>Cash – end of period</b>	<b>\$ 65,624</b>	<b>\$ 46,640</b>	<b>\$ 65,624</b>	<b>\$ 46,640</b>
<b>Supplementary cash flow information:</b>				
Cash paid during the period for income taxes	\$ 669	\$ 91	\$ 1,762	\$ 2,509

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

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

(in thousands of Canadian dollars)  
(Unaudited)

	Three Months ended		Twelve Months ended	
	October 31, 2011	October 31, 2010	October 31, 2011	October 31, 2010
<b>Revenue:</b>				
Asset Management Group	\$ 3,075	\$ 3,499	\$ 12,842	\$ 13,503
Interactive Management Group	28,761	23,879	109,717	80,705
<b>Total</b>	<b>\$ 31,836</b>	<b>\$ 27,378</b>	<b>\$ 122,559</b>	<b>\$ 94,208</b>
<b>Segment Profit (EBIT):</b>				
Asset Management Group	\$ 741	\$ 843	\$ 3,033	\$ 2,910
Interactive Management Group	6,187	3,738	21,958	11,287
Corporate expenses	(1,218)	(834)	(3,557)	(2,699)
Foreign exchange gain (loss)	853	90	(511)	238
Interest and other income, net	905	295	1,467	1,532
<b>Total</b>	<b>\$ 7,468</b>	<b>\$ 4,132</b>	<b>\$ 22,390</b>	<b>\$ 13,268</b>