

NIGHTINGALE REPORTS 123% REVENUE GROWTH AND ANNOUNCES 2006 FINANCIAL RESULTS



**TSX VENTURE EXCHANGE: NGH - FOR
IMMEDIATE RELEASE**

Markham, ON, July 19, 2006 - Nightingale Informatix Corporation ("Nightingale" or the "Company"), TSX-V: NGH, today announced its financial results for the fiscal year ended March 31, 2006.

HIGHLIGHTS

Financial

- Nightingale continues to deliver strong organic growth in revenue. During the fiscal year ended March 31, 2006 the Company generated revenue of \$4,213,039, a 123% increase over \$1,884,286 generated in fiscal 2005. In addition, deferred revenues increased to \$2,344,886 during 2006 compared to \$1,731,965 for 2005. The growth in revenue is attributed to increased Electronic Medical Record (EMR) license sales to several major Enterprise customers and Nightingale's growing reputation as a leading provider of EMR solutions in the marketplace.
- Cash Flow used in operations in fiscal 2006 totalled \$770,903, compared to \$1,596,608 for fiscal 2005. The most significant areas adjusting net income to cash flow from operations included an increase in accounts payable and accrued liability of \$1,147,418; an adjustment for stock based compensation of \$566,100; an increase in deferred revenue of \$612,921 and an increase in prepaid expenses of \$274,969.
- Net loss for the fiscal year ended March 31, 2006 was \$3,000,193, or 71% of revenue. This compared to a net loss of \$1,130,500, or 60% of revenue, for 2005.
- While the financial impact of Nightingale's two recent acquisitions are not fully reflected in the financial performance for the year ended March 31, 2006, it is expected that these acquisitions will have a material impact on the financial performance starting in the first quarter of fiscal 2007 (April to June 2006).

Accomplishments

- Nightingale became a reporting issuer and listed on the TSX Venture Exchange through an amalgamation with Venquest Capital Ltd. on September 1, 2005.
- Throughout the course of the year, the Company signed a number of license agreements with major healthcare organizations and government agencies positioning themselves as a market leader in Canada. The implementation and roll-out of these contracts has already started and is progressing according to plan.
- Nightingale announced two strategic acquisitions, which provided it with a strong client base in the US, increased scope of its products and services, and a base for continued growth in the US market. On March 16, 2006, the Company concluded the HealthNet acquisition, and subsequent to the year end, on April 1, 2006, the Company concluded the IHPS acquisition.

- Nightingale continued its aggressive growth in the small and medium size business in the Canadian market, expanding its presence and brand equity in an effective way.
- The Company has significantly expanded its infrastructure, including sales and marketing personnel, technology platforms and product offerings, all of which will enable Nightingale to capitalize upon the growth opportunities that will arise organically as well as from its two recent acquisitions.
- The Company strengthened its management team by attracting experienced executives from the software and healthcare industries and strengthened its market presence by investing in a high quality direct sales force in Canada and the United States.
- As a result of customer contracts and its strategic direction, Nightingale continued to invest in its flagship products giving it a clear technological advantage over the competition. The Company made substantial investments in infrastructure and data centers to insure service reliability and customer satisfaction.
- Subsequent to the year end, in April 2006, the Company concluded an interim round of \$7 million in debt financing to help pay for the acquisitions and continued growth.
- In June 2006, Nightingale concluded a private placement raising aggregate gross proceeds of \$10 million, which provided funds for working capital, the retirement of \$5 million of its outstanding debt and general corporate purposes.

"We are very pleased with our progress during the last fiscal year" said Sam Chebib, Nightingale's President & CEO, "our accomplishments during the last fiscal year, were a strong indicator of the market direction and potential growth in the healthcare information technology sector. The incentive available to physicians to adopt products such as ours continues to emerge in the various jurisdictions where we currently have a strong presence. The customer acceptance of our products has been encouraging as our new acquired companies have provided us with an exceptional client base which is creating new opportunities for us in the US market. This is providing us with an increased sense of optimism for high growth and profitability. We are planning to stay the course on the organic growth strategy and continue to look selectively at similar acquisition opportunities that have clear accretive benefits and a compelling strategic fit."

Initiatives and Outlook

- Nightingale is in the various stages of integrating the HealthNet and IHPS acquisitions, both from a technology and operational standpoint and expects that once the integration is complete, the accretive benefits from a revenue and cost perspective will be evident.
- Nightingale will continue to invest in its execution capabilities in order to be better prepared to handle the growth in the client base in the various jurisdictions.
- Nightingale will continue growing its presence in the United States and in certain regions in Canada where financial incentives are made available to its client base.
- Nightingale believes that the Healthcare IT market is undergoing a consolidation phase, especially in the United States and it will continue to look for acquisition opportunities that fit its strategic direction.
- Nightingale will continue to focus on innovation in its technology and product offerings to drive its continued success and expects to continue the investment in research and development to maintain a technological advantage.

DISCUSSION OF OVERALL PERFORMANCE, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During fiscal 2006, the Company generated revenue of \$4,213,039, a 123% increase over \$1,884,286 generated in fiscal 2005. The increase in revenue can be attributed to revenue recognized from the delivery of projects to several major Enterprise customers, increased sales and marketing efforts, and Nightingale's growing reputation as a leading provider of solutions in the marketplace.

The Company generated a gross profit of \$3,608,295, with a gross profit margin of 86%, for fiscal 2006, compared to \$1,500,247, or a gross profit margin of 80%, for fiscal 2005. Approximately half of the improvement in the gross profit margin was due to a change in accounting policy related to the expensing of commissions expense (see Changes in Accounting Policies section below) while the remainder was due to a higher proportion of revenue being generated from software versus hardware sales, and a larger proportion of revenue being generated from Enterprise customers, on which the Company pays a reduced commission rate versus revenue from SMB customers.

Expenses totalled \$6,608,488, or 157% of revenue, in fiscal 2006, and were higher as a percentage of revenue versus fiscal 2005, when they were at 140% of revenue. This was largely due to the fact that the Company continued to invest in building out its capabilities across the entire organization. Included in expenses were non-cash expenses of \$566,100 for new stock options and common shares granted to officers, employees and consultants. Without this charge, expenses totalled \$6,042,388, or 143% of revenue.

By the end of the fiscal year, Nightingale had fully built out its sales team across Canada, with a local sales presence in each of the markets in which the Company sells its solutions. In the U.S., during the fourth quarter, the Company began working with the management teams of the HealthNet and the IHPS acquisitions (closed post-fiscal year end) to develop the sales and marketing strategy for the U.S. target market.

Nightingale delivered on several major Enterprise customer requirements and during the latter half of the fiscal year, began rolling out these Enterprise customers. The Company added several resources across each of these areas as it continued to build out its capabilities to deliver.

Net loss for fiscal year 2006 was \$3,000,193, or 71% of revenue. This compared to a net loss of \$1,130,500, or 60% of revenue, for fiscal 2005.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents available to Nightingale at the end of the year was \$373,691.

Cash flow used in operations in fiscal 2006 totalled \$770,903, compared to \$1,596,608 for fiscal 2005. The most significant areas adjusting net income to cash flow from operations included an increase in accounts payable and accrued liability of \$1,147,418, an adjustment for stock based compensation of \$566,100, an increase in deferred revenue of \$612,921, and an increase in prepaid expenses of \$274,969.

During fiscal 2006, cash flow used in investing activities was \$1,223,191. In total, cash flow used in investing activities included \$239,724 attributed to the HealthNet acquisition and \$735,022 used in the purchase of property and equipment, with an increase in deferred cost of \$248,445 related to the IHPS acquisition that was subsequently concluded in April 2006.

Cash flow from financing activities in fiscal 2006 totalled \$2,178,903, with the largest components reflecting the amalgamation with Venquest of \$1,515,654, shares issued for the private placement concluded September 1, 2005 through Canaccord Capital Corporation for net proceeds of \$857,613

and the \$158,640 repayment of a line of credit used by the Company, but held and secured by a shareholder and director.

Subsequent to the fiscal year end, Nightingale concluded a private placement raising aggregate gross proceeds of \$10 million, which provided funds for working capital, general corporate purposes and the retirement of \$5 million of its outstanding debt.

About Nightingale

Nightingale Informatix Corporation is one of North America's fastest growing healthcare application service providers (ASP) for outpatient clinics. Nightingale's Internet-based Electronic Health Record (EHR), Electronic Medical Record (EMR) and practice management solutions are designed to help physicians, clinics, hospitals and other healthcare organizations more efficiently manage their operations and patient records.

Nightingale's products and services offer physicians in United States and Canada leading-edge functionality for clinical documentation, patient scheduling, resource scheduling, billing, transcription, end-to-end coding and claims processing, data management, work flow tools, laboratory interfaces, documentation management and patient portals, along with other real-time services. The company's proprietary offerings of software include myNightingale, Entity and Physician WorkStation, providing physicians with a fully integrated, simple-to-use system that automates daily tasks and creates a single, accessible source of patient data.

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Forward Looking Statement

This press release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Nightingale to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the speculative nature of the medical software industry, which is affected by numerous factors beyond Nightingale's control; the ability of Nightingale to successfully integrate its acquisitions and any liabilities arising as a result of such acquisitions; the existence of present and possible future government regulation; the significant and increasing competition that exists in the medical software industry; the early stage of Nightingale's business; and therefore it is subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability and the need to raise additional funding.

Although Nightingale has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors

that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Nightingale does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws. Further information on Nightingale Informatix Corporation is available at www.sedar.com.

The TSX Venture Exchange Inc. has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.