



NIGHTINGALE REPORTS FISCAL 2010 FIRST QUARTER RESULTS

Markham, ON, August 28, 2009 - Nightingale Informatix Corporation (“Nightingale” or the “Company”) (TSX-V: NGH), an application service provider (ASP) of electronic medical record (EMR) software and related services announces its financial results for the quarter ended June 30, 2009. All results are reported in Canadian dollars unless otherwise stated.

Q1 Fiscal 2010 Summary

- Despite a significant decline in revenues from \$4.9 million in the quarter ended June 30, 2008 to \$4.1 million in the quarter ended June 30, 2009, primarily the result of the Company’s recognition of \$1 million of software revenue related to a Canadian government agency in the same quarter last fiscal year, recurring revenue increased 8% from \$3.3 million to \$3.6 million in the quarter ended June 30, 2009.
- The Company achieved its second consecutive quarter of positive EBITDA in the quarter ended June 30, 2009. EBITDA was a positive \$0.02 million for the quarter ended June 30, 2009, compared to an EBITDA loss of \$0.2 million for the same quarter last fiscal year and compared to positive EBITDA of \$0.01 million for the previous quarter.
- Net loss was \$0.8 million, or \$(0.01) per share, compared to a loss of \$1.3 million, or \$(0.02) per share, for the same quarter last fiscal year.
- Expenses decreased \$1.1 million, or 23%, to \$3.5 million in the quarter ended June 30, 2009 from \$4.6 million in the year ago quarter and decreased \$0.5 million, or 11%, from \$4 million in the previous quarter.
- The change in the value of the US dollar is estimated to have positively impacted revenue during the fiscal quarter ended June 30, 2009 by approximately 10%, or \$0.4 million, compared to the same quarter last fiscal year.
- In July 2009, the Company amended its debt financing agreements and extended the term through July 2012.
- The Company was selected to provide its web-based OntarioMD Certified Nightingale On Demand EMR to the North Burlington Medical Centre, where the application will be used by more than 30 full and part-time physicians providing family practice, pediatrics and walk-in (urgent care) medical services with over 75,000 patients visits per year.

“We continue to focus on achieving our financial goals through continued improvement in EBITDA,” said Sam Chebib, President and CEO of Nightingale. “In the quarter ended June 30, 2009 we saw further improvement in our EBITDA and I am pleased to report that we have now achieved two consecutive quarters of break even EBITDA and we are on our way toward achieving cash breakeven.

“In the second quarter we are focused on increasing the number of healthcare practitioners on our EMR technology and with Government EMR funding announcements expected, we believe these developments will act as a catalyst for the market at large, which will help drive the EMR industry in general and drive top line growth for Nightingale.”

Q1 Fiscal 2010 Financial Review

Revenue for the quarter ended June 30, 2009 was \$4.1 million, compared to \$4.9 million for the same quarter last fiscal year. This decrease is primarily the result of a decrease in software license revenue, as the Company recognized \$1 million of software revenue related to a Canadian government agency in the same quarter last fiscal year. This decrease was partially offset by an increase in revenues from billing and financial management revenues.

Recurring revenue, consisting of support and maintenance, utilization and transaction fees, transcription and billing services was \$3.6 million for the quarter ended June 30, 2009 compared to \$3.3 million for the same quarter last fiscal year, representing an 8% increase over these respective periods. This increase in Recurring Revenue over the same quarter last fiscal year is primarily the result of increases in billing and financial management revenues and the strengthening of the US dollar relative to the Canadian dollar versus the same quarter last fiscal year. This increase was partially offset by a decrease in data management and transcription services revenue.

During the quarter ended June 30, 2009, Nightingale generated approximately 78% of its revenue in the U.S. With the increase in the value of the US dollar relative to the Canadian dollar during the consecutive quarters, the Company estimates that revenue was positively impacted by approximately 10%, or \$0.4 million, during the quarter ended June 30, 2009 compared to the same quarter last fiscal year. Nightingale generates approximately 52% of its expenses (including costs of goods sold) in the U.S., providing the Company with a natural hedge position offsetting some of the effects that the fluctuations in the foreign exchange rate have on revenues.

Gross profit was \$2.9 million, or 71% of revenue, in the quarter ended June 30, 2009 compared to a gross profit of \$3.7 million, or 74% of revenue, for the same quarter last fiscal year. The decrease is primarily the result of the decrease in high margin software revenues in the quarter ended June 30, 2009 compared to the same quarter last fiscal year.

As a result of the steps Nightingale has taken to streamline costs, total operating expenses decreased to \$3.5 million in the quarter ended June 30, 2009, from \$4.0 million in previous quarter and from \$4.6 million in the same quarter last fiscal year. Although the Company is focused on prudent expense management as it seeks to achieve consistent and sustainable profitability and positive cash flows, the Company will continue to re-deploy resources and may invest in new employees for select job functions as it expands its sales and marketing programs and delivery capabilities in support of revenue generating initiatives.

Nightingale realized a positive EBITDA of \$0.02 million in the quarter ended June 30, 2009, compared to positive EBITDA of \$0.01 million in the previous quarter and an EBITDA loss of \$0.2 million in the quarter ended June 30, 2008. The year-over-year improvement reflects a decrease in the Company's overall operating expenses.

Net loss was \$0.8 million, or \$(0.01) per share, in the quarter ended June 30, 2009, compared to a net loss of \$1.3 million, or \$(0.02) per share, in the same quarter last fiscal year. The year-over-year improvement is a result of cost reductions initiatives as well as an increase in Recurring-Revenue

Cash and cash equivalents were \$2.5 million at June 30, 2009, compared to \$3.5 million at March 31, 2009. At June 30, 2009, total common shares issued and outstanding were 70,534,543.

The financial statements and MD&A will be available at <http://www.nightingale.md> and filed on www.sedar.com on August 28, 2009. This press release should be read in conjunction with Nightingale's Consolidated Financial Statements for the quarter ended June 30, 2009 and the accompanying Management Discussion and Analysis.

Notice of Conference Call and Webcast

Nightingale will host a conference call on Friday August 28, 2009 at 8:30 a.m. Eastern Standard Time. To access the conference call by telephone, dial 416-644-3426 or 1-800-731-5319. Please connect approximately fifteen minutes prior to the beginning of the call to ensure participation.

The conference call will be archived for replay until Friday September 4, 2009. To access the archived conference call, dial 416-640-1917 or 1-877-289-8525 and enter reference 21313695#. To listen to the conference call on-demand at your convenience please send an email to info@nightingale.md and a copy of the call recording will be emailed directly to you.

Non-GAAP Financial Measures

The Company internally measures its performance and results of initiatives through a number of measures that are not recognized under Canadian generally accepted accounting principles (GAAP) and may not be comparable to similar measures used by other companies.

1. Recurring and Non-Recurring Revenue

The Company has included recurring revenue and non-recurring revenue measurements since it believes that this information is useful to investors to evaluate its performance. Investors should be cautioned, however, that recurring revenue and non-recurring revenue should not be construed as an alternative to revenue as determined in accordance with GAAP.

2. EBITDA

EBITDA is a non-GAAP measure that management believes is a useful measurement to evaluate the performance of the Company. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings as determined in accordance with GAAP. The Company's method of calculating EBITDA may differ from the methods used by other companies and, accordingly, it may not be comparable to similarly titled measures used by other companies.

EBITDA is defined as earnings before other loss (income), interest, income taxes, depreciation, amortization, and stock-based compensation. Management believes it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance, and Management uses this information internally for forecasting and budgeting purposes.

The following provides a reconciliation of EBITDA to Loss and Comprehensive Loss:

Definition	Fiscal Quarter Ended June 30, 2009	Fiscal Quarter Ended June 30, 2008
Loss and Comprehensive Loss	\$ (844)	\$ (1,259)
Adjustments for:		
Other Loss (Income)	(44)	12
Interest	316	356
Depreciation and Amortization	569	612
Stock-based Compensation	25	43
EBITDA (Loss)	\$ 22	\$ (236)

About Nightingale

Nightingale is one of the fastest growing health care service and software companies in North America with over 5.3 million patient records under management in a hosted (ASP) environment. It is recognized as an industry leader in Web-based clinician and community based electronic medical records (EMR) serving the needs of small primary care practices, multi-physician outpatient clinics, and large scale regional health organizations and networks. Coupled with integrated practice management, transcription and revenue cycle management, Nightingale's comprehensive service offering allows customers to enhance patient care, increase revenue opportunities and optimize operations. Nightingale is continuously innovating and enhancing its services to meet the needs of its growing and diverse customer base. Nightingale – Healthcare connected. www.nightingale.md

For further information, contact:

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Forward Looking Statement

This press release contains "forward-looking statements" respecting the issuance and cancellation of securities of the Company 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, access to capital and agreements with its Lenders; the existence of present and possible future government regulation; access to debt or equity financing and agreements with its Lenders; 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. All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends. Although management believes the assumptions used to make such statements are reasonable at this time, our assumptions may not be as anticipated, estimated or intended. Certain material factors or assumptions applied by management in making forward-looking statements, include without limitation, factors and assumptions regarding Nightingale's continued ability to fund its business, rates of customer defaults, relationships with, and payments to, lenders, demand for Nightingale's products, as well as Nightingale's operating cost structure.

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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited) FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2009

	3 months ended June 30, 2009	3 months ended June 30, 2008
Revenue	\$ 4,130,220	\$ 4,945,587
Cost of sales	<u>1,193,602</u>	<u>1,276,809</u>
Gross profit	<u>2,936,618</u>	<u>3,668,778</u>
Expenses		
General and administration	765,926	852,579
Sales and marketing	424,421	696,897
Research and development	732,148	1,061,720
Client services	991,094	1,293,533
Stock based compensation	25,349	43,593
Amortization	<u>568,569</u>	<u>612,302</u>
	<u>3,507,507</u>	<u>4,560,624</u>
Operating loss	<u>(570,889)</u>	<u>(891,846)</u>
Interest	316,408	356,027
Foreign currency loss (gain)	<u>(43,521)</u>	<u>11,996</u>
Loss and comprehensive loss	<u>\$ (843,776)</u>	<u>\$ (1,259,869)</u>
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)
Weighted average number of common shares	<u>69,322,220</u>	<u>67,478,540</u>

INTERIM CONSOLIDATED BALANCE SHEET (Unaudited)
AS AT JUNE 30, 2009

	As at June 30, 2009	As at March 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,477,741	\$ 3,514,056
Accounts receivable	2,344,388	2,324,377
Other receivables	15,765	21,218
Inventory	44,915	62,182
Prepaid expenses	559,524	448,275
	<u>5,442,333</u>	<u>6,370,108</u>
Long-term assets		
Deferred costs	116,760	129,104
Property and equipment	1,035,162	1,216,596
Intangible assets	5,126,547	5,497,436
Goodwill	4,692,399	4,692,399
	<u>10,970,868</u>	<u>11,535,535</u>
Total assets	<u>\$ 16,413,201</u>	<u>\$ 17,905,643</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,994,544	\$ 3,693,844
Income taxes payable	875,151	948,701
Current portion of deferred revenue	4,052,593	3,935,954
Current portion of capital lease obligations	138,831	178,655
	<u>8,061,119</u>	<u>8,757,154</u>
Long term liabilities		
Subordinated debt	4,843,569	4,938,425
Deferred revenue	1,228,860	1,296,842
Capital lease obligations	236,321	281,463
	<u>6,308,750</u>	<u>6,516,730</u>
Total liabilities	<u>14,369,869</u>	<u>15,273,884</u>
SHAREHOLDERS' EQUITY		
Capital stock	28,348,960	27,596,692
Contributed surplus	4,246,950	3,274,607
Warrants	-	1,469,262
Deficit	(30,552,578)	(29,708,802)
	<u>2,043,332</u>	<u>2,631,759</u>
Total liabilities and shareholders' equity	<u>\$ 16,413,201</u>	<u>\$ 17,905,643</u>

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2009**

	3 months ended June 30, 2009	3 months ended June 30, 2008
Cash flow from operating activities		
Loss and comprehensive loss	\$ (843,776)	\$ (1,259,869)
Adjustments for:		
Amortization	568,569	612,302
Amortization of transaction costs related to debt financing	33,525	33,525
Stock based compensation	25,349	43,592
Foreign currency loss (gain)	(116,361)	11,996
Interest accretion	101,619	127,777
	<u>(231,075)</u>	<u>(430,677)</u>
<i>Changes in non-cash working capital balances</i>		
Accounts receivable	(144,661)	355,954
Prepaid expenses	(111,249)	(65,135)
Inventory	17,267	59,981
Deferred costs	12,344	46,691
Other receivables	5,244	580,229
Accounts payable and accrued liabilities	(570,554)	(359,916)
Income taxes payable	(54,273)	-
Deferred revenue	48,657	(664,373)
Cash flows used in operating activities	<u>(1,028,300)</u>	<u>(477,246)</u>
Cash flow from investing activities		
Purchase of property and equipment	<u>(16,246)</u>	<u>(61,221)</u>
Cash flows used in investing activities	<u>(16,246)</u>	<u>(61,221)</u>
Cash flow from financing activities		
Repayment of capital lease obligations	<u>(76,388)</u>	<u>(102,632)</u>
Cash flows used in financing activities	<u>(76,388)</u>	<u>(102,632)</u>
Foreign exchange gains on cash in foreign currency	84,619	26,559
Decrease in cash during the period	(1,036,315)	(614,540)
Cash and cash equivalents, beginning of period	<u>3,514,056</u>	<u>5,033,746</u>
Cash and cash equivalents, end of period	<u>\$ 2,477,741</u>	<u>\$ 4,419,206</u>
Supplemental cash flow information:		
Interest paid	\$ 182,627	\$ 221,410
Income taxes paid	\$ 54,273	\$ -

**OVERALL PERFORMANCE, RESULTS OF OPERATIONS AND FINANCIAL CONDITION
QUARTERLY DATA**

	Fiscal Year Ended	Q2 Ended	Q3 Ended	Q4 Ended	Fiscal Year Ended	Q1 Ended	Q2 Ended	Q3 Ended	Q4 Ended	Fiscal Year Ended	Q1 Ended
In \$ 000's (Except per Share Amounts)	March 31, 2007	Sept 30, 2007	Dec 31, 2007	March 31, 2008	March 31, 2008	June 30, 2008	Sept 30, 2008	Dec 31, 2008	March 31, 2009	March 31, 2009	June 30, 2009
Recurring Revenue	\$9,828	\$3,399	\$3,229	\$3,247	\$13,088	\$3,309	\$3,431	\$4,045	\$3,746	\$14,531	\$3,564
Non-Recurring Revenue	4,186	2,358	713	931	5,788	1,637	815	511	971	3,934	566
Revenue	14,014	5,757	3,942	4,178	18,876	4,946	4,246	4,556	4,717	18,465	4,130
Gross Profit	9,589	4,318	2,660	2,979	13,706	3,669	3,164	3,272	3,305	13,410	2,937
Expenses	14,856	5,084	5,220	4,739	19,957	4,561	4,275	4,022	3,962	16,820	3,508
EBITDA Income (Loss)	(3,841)	(158)	(1,799)	(1,188)	(3,526)	(236)	(458)	(34)	9	(719)	22
Operating Loss for the Period	(5,267)	(766)	(2,561)	(1,761)	(6,250)	(892)	(1,112)	(750)	(656)	(3,410)	(571)
Loss and Comprehensive Loss	(5,713)	(1,428)	(3,324)	(6,273)	(12,811)	(1,260)	(1,492)	(876)	(1,004)	(4,632)	(844)
Loss and Comprehensive Loss per Common Share	\$(0.14)	\$(0.02)	\$(0.05)	\$(0.09)	\$(0.19)	\$(0.02)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.07)	\$(0.01)
Weighted Avg. # of Common Shares	40,120	66,914	66,914	67,460	66,228	67,479	67,479	67,667	67,845	67,845	69,322
Total Assets	\$17,531	\$38,557	\$36,257	\$23,992	\$23,992	\$21,807	\$20,308	\$20,078	\$17,906	\$17,906	\$16,413
Total Long Term Liabilities	\$2,014	\$11,831	\$12,097	\$6,948	\$ 6,948	\$6,366	\$6,251	\$6,234	\$6,517	\$6,517	\$6,309