



NIGHTINGALE REPORTS FISCAL 2010 THIRD QUARTER RESULTS

Company reports fourth consecutive quarter of positive EBITDA

Markham, ON, February 25, 2010 – 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 and nine months ended December 31, 2009. All results are reported in Canadian dollars unless otherwise stated.

Q3 and Year to Date Highlights

- The Company achieved its fourth consecutive quarter of positive EBITDA for the quarter ended December 31, 2009. This is the Company’s fifth consecutive quarter of EBITDA improvement. EBITDA was a positive \$0.6 million for the quarter ended December 31, 2009 compared to a positive \$0.2 million for the previous quarter and compared to negative EBITDA of \$0.03 million for the quarter ended December 31, 2008. EBITDA was a positive \$0.8 million for the nine months ended December 31, 2009 compared to a negative \$0.7 million for the nine months ended December 31, 2008.
- Revenues for the quarter ended December 31, 2009 were \$4.4 million compared to \$3.9 million for the previous quarter and compared to \$4.6 million for the quarter ended December 31, 2008. Revenues were \$12.4 million for the nine months ended December 31, 2009 compared to \$13.7 million for the nine months ended December 31, 2008. Recurring revenues decreased 17% in the quarterly year over year periods and decreased 5% in the nine month periods largely the result of attrition in the transcription business and the impact of the US dollar relative to the value of the Canadian dollar. Non-Recurring revenues increased 97% in the quarterly periods and decreased 27% in the nine month periods.
- Loss and comprehensive loss decreased to \$0.3 million from \$0.9 million in the quarterly periods and decreased to \$1.9 million from \$3.6 million for the nine months ended December 31, 2009.
- Expenses for the fiscal quarter ended December 31, 2009 decreased \$0.6 million, or 18%, from the quarter ended December 31, 2008 and decreased \$2.6 million, or 24%, during the nine month periods.
- In December 2009, the Company entered into an exclusive licensing and distribution agreement with a third party that will offer health related services to Canadian patients, through doctors using electronic medical records in their practices. Using Nightingale’s innovative patient-centric technology and secure web-based patient portal, physicians will be offered a patient services platform seamlessly integrated with Nightingale On Demand, the Company’s EMR.

“We are pleased to report our fourth consecutive quarter of positive EBITDA. This demonstrates our commitment to appropriately scale expenses as we strive to achieve our financial goals,” said Sam Chebib, President and CEO of Nightingale. “As we approach the end of fiscal 2010 we are focused on profitable growth.”

“We are also happy to report that our sales pipelines have increased significantly as a result of the October 2009 \$236 million EMR funding announcement by the Ontario Medical Association and we expect to see some movement through this pipeline in the coming quarters. To address the opportunity

in Ontario and more generally in North America, we have increased our spending, particularly on sales and marketing initiatives, as we continue to focus on increasing the number of practitioners on our platform.”

Q3 and Year to Date Fiscal 2010 Financial Review

For the three and nine months ended December 31, 2009, revenue was \$4.4 million and \$12.4 million, respectively. This compares to \$4.6 million and \$13.7 million for the three and nine months ended December 31, 2008, representing a 4% and 10% decrease over these respective periods. The decrease in the year over year quarterly periods was primarily related to a decrease in revenues from transcription services which was partially offset by an increase in software license revenue related to the Company's licensing of its online patient portal application. In the nine month periods, the decrease was primarily related to a decrease in software revenues as the Company recognized \$1 million of license revenue related to a Canadian government agency in the first quarter of last fiscal year.

Recurring Revenue for the three and nine months ended December 31, 2009 was \$3.3 million and \$10.2 million. This compares to \$4 million and \$10.8 million for the same periods ended December 31, 2008, representing decreases of 17% and 5%, respectively. In both cases, the decrease in Recurring Revenue was largely the result of lower data management and transcription revenues and the negative impact of foreign exchange.

Non-Recurring Revenue for the three and nine months ended December 31, 2009 was \$1 million and \$2.2 million. This compares to \$0.5 million and \$3 million for the three and nine months ended December 31, 2008, representing a 97% increase and a 27% decrease over these respective periods. The increase in Non-Recurring Revenue over the three month periods is primarily the result of the Company's licensing of its online patient portal software in December 2009 as well as an increase in revenues from custom development projects.

Over the three months ended December 31, 2009, the Company generated 65% of its revenue from the US market. With the decrease in the value of the US dollar relative to the Canadian dollar during the year over year three month periods, the Company estimates that revenue was negatively impacted by approximately 9%, or \$0.4 million. With the increase in the value of the US dollar relative to the Canadian dollar during the year to date periods, the Company estimates that revenue was positively affected by 1%, or \$0.2 million.

For the three and nine month periods ended December 31, 2009, gross profit was \$3.3 million, or 76% of revenue and \$9.1 million, or 73% revenue, compared to \$3.3 million, or 72% of revenue, and \$10.1 million, or 73% for the prior year periods. The improvement in gross profit margins during the year over year quarterly periods is primarily associated with the increase in high margin software revenue in those periods.

Expenses for the three and nine month periods ended December 31, 2009, were \$2.7 million and \$8.3 million. This compares to \$3.3 million and \$10.8 million for the three and nine month periods ended December 31, 2008, representing an 18% and 24% decrease over the respective periods. This decrease in expense was the result of the Company's strategic plan to improve profitability and the implementation of several cost reduction measures throughout fiscal year 2009. Although the Company is focused on prudent expense management as it seeks to achieve profitability, the Company may continue to make select investments, and increase its current investments, in support of revenue generating activities.

Over the three months ended December 2009, approximately 44% of the Company's expenses were incurred in the US, providing the Company with a natural hedge position that has offset some of the effects on revenue of the increase in value of the US dollar versus last fiscal year. The Company estimates that expenses were positively impacted by approximately 6% or \$0.2 million for the three month periods and negatively impacted 1%, or \$0.1 million, for the nine month periods, compared to the same periods in the previous year.

EBITDA for the three and nine month periods ended December 31, 2009, was \$0.6 million and \$0.8 million. This compares to EBITDA losses of \$0.03 million and \$0.7 million for the three and nine month periods ended December 31, 2008. The Company has been focused on achieving profitability and has implemented several cost reduction initiatives, particularly in the third quarter of last fiscal year. This improvement in EBITDA is a reflection of these initiatives as well as the timing of certain license sales as described above.

For the three and nine month periods ended December 31, 2009, loss and comprehensive loss was \$0.3 million and \$1.9 million. This compares to loss and comprehensive loss of \$0.9 million and \$3.6 million for the three and nine month periods ended December 31, 2008. The improvement in loss and comprehensive loss in the respective periods can be primarily attributed to cost reductions initiatives as well as the timing of certain license sales as described above. Going forward, the Company's financial results will continue to be impacted by changes in the rate of exchange between the US Dollar and the Canadian Dollar.

Cash and cash equivalents were \$1.9 million at December 31, 2009, compared to \$3.5 million at March 31, 2009. At December 31, 2009, total common shares issued and outstanding were 70,534,543.

The financial statements and MD&A will be available at www.nightingale.md and filed on www.sedar.com on February 26, 2010. This press release should be read in conjunction with Nightingale's Consolidated Financial Statements for the quarter and nine months ended December 31, 2009 and the accompanying Management Discussion and Analysis.

Notice of Conference Call and Webcast

Nightingale will host a conference call on Thursday, February 25, 2010 at 8:30 a.m. Eastern Standard Time. To access the conference call by telephone, dial 647-427-7450 or 1-888-231-8191. Please connect approximately fifteen minutes, and reference conference ID 57861872 prior to the beginning of the call to ensure participation.

The conference call will be archived for replay until Thursday, March 4, 2010. To access the archived conference call, dial 403-451-9481 or 1-800-642-1687 and enter reference 57861872#. 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.

The following provides a reconciliation of Recurring Revenue and Non-Recurring Revenue to Revenue:

Definition	Fiscal Quarter Ended December 31, 2009	Fiscal Quarter Ended December 31, 2008	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2008
Non-Recurring Revenue	\$ 1,010	\$ 512	\$ 2,163	\$ 2,965
Recurring Revenue	3,342	4,045	10,246	10,783
Revenue	\$ 4,352	\$ 4,557	\$ 12,409	\$ 13,748

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 December 31, 2009	Fiscal Quarter Ended December 31, 2008	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2008
Loss and Comprehensive Loss	\$ (350)	\$ (876)	\$ (1,920)	\$ (3,628)
<i>Adjustments for:</i>				
Other Loss (Income)	28	(202)	(50)	(174)
Interest	251	328	820	1,049
Depreciation and Amortization	630	690	1,751	1,935
Stock-based Compensation	34	26	195	91
EBITDA	\$ 593	\$ (34)	\$ 796	\$ (727)

About Nightingale

Nightingale is one of the fastest growing health care service and software companies in North America and 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
FOR THE THREE AND NINE MONTH PERIODS ENDED DECEMBER 31, 2009**

	3 months ended December 31, 2009	3 months ended December 31, 2008	9 months ended December 31, 2009	9 months ended December 31, 2008
Revenue	\$ 4,351,927	\$ 4,556,485	\$ 12,408,538	\$ 13,748,385
Cost of sales	<u>1,038,402</u>	<u>1,284,149</u>	<u>3,339,944</u>	<u>3,643,738</u>
Gross profit	<u>3,313,525</u>	<u>3,272,336</u>	<u>9,068,594</u>	<u>10,104,647</u>
Expenses				
General and administration	753,095	801,924	2,125,592	2,485,633
Sales and marketing	352,248	621,682	1,089,314	1,969,147
Research and development	699,226	780,782	2,126,699	2,765,729
Client services	916,169	1,102,187	2,930,479	3,612,134
Stock based compensation	33,862	25,544	195,344	90,549
Amortization	<u>629,671</u>	<u>689,845</u>	<u>1,750,958</u>	<u>1,934,718</u>
	<u>3,384,271</u>	<u>4,021,964</u>	<u>10,218,386</u>	<u>12,857,910</u>
Operating loss	<u>(70,746)</u>	<u>(749,628)</u>	<u>(1,149,792)</u>	<u>(2,753,263)</u>
Interest	250,802	328,135	820,484	1,048,521
Foreign currency loss (gain)	28,402	(201,671)	(50,054)	(174,151)
Loss and comprehensive loss	<u>\$ (349,950)</u>	<u>\$ (876,092)</u>	<u>\$ (1,920,222)</u>	<u>\$ (3,627,633)</u>
Basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>
Weighted average number of common shares	70,534,542	67,772,826	70,133,373	67,827,225

**INTERIM CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2009**

	As at December 31, 2009	As at March 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,880,454	\$ 3,514,056
Accounts receivable	2,287,961	2,324,377
Other receivables	90,893	21,218
Inventory	35,682	62,182
Prepaid expenses	351,171	448,275
	<u>4,646,161</u>	<u>6,370,108</u>
Long-term assets		
Deferred costs	90,194	129,104
Property and equipment	946,031	1,216,596
Intangible assets	4,339,186	5,497,436
Goodwill	4,692,399	4,692,399
	<u>10,067,810</u>	<u>11,535,535</u>
Total assets	<u>\$ 14,713,971</u>	<u>\$ 17,905,643</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,404,273	\$ 3,693,844
Income taxes payable	777,039	948,701
Current portion of deferred revenue	3,402,159	3,935,954
Current portion of capital lease obligations	237,440	178,655
	<u>6,820,911</u>	<u>8,757,154</u>
Long term liabilities		
Subordinated debt	4,466,829	4,938,425
Deferred revenue	1,526,001	1,296,842
Capital lease obligations	291,773	281,463
	<u>6,284,603</u>	<u>6,516,730</u>
Total liabilities	<u>13,105,514</u>	<u>15,273,884</u>
SHAREHOLDERS' EQUITY		
Capital stock	28,348,960	27,596,692
Contributed surplus	4,416,944	3,274,607
Warrants	471,577	1,469,262
Deficit	(31,629,024)	(29,708,802)
	<u>1,608,457</u>	<u>2,631,759</u>
Total liabilities and shareholders' equity	<u>\$ 14,713,971</u>	<u>\$ 17,905,643</u>

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTH PERIODS ENDED DECEMBER 31, 2009**

	3 months ended December 31, 2009	3 months ended December 31, 2008	9 months ended December 31, 2009	9 months ended December 31, 2008
Cash Flow from operating activities				
Loss and comprehensive loss	\$ (349,950)	\$ (876,092)	\$ (1,920,222)	\$ (3,627,633)
<i>Adjustments for:</i>				
Depreciation and amortization	629,671	689,931	1,750,958	1,951,351
Amortization of transaction costs related to debt financing	11,693	33,525	56,912	100,574
Foreign currency loss (gain)	21,040	(201,671)	(57,415)	(174,151)
Stock based compensation	33,862	25,544	195,344	90,549
Interest accretion	59,709	101,821	216,714	358,059
	<u>406,025</u>	<u>(226,942)</u>	<u>242,291</u>	<u>(1,301,251)</u>
<i>Changes in non-cash working capital balances</i>				
Accounts receivable	(498,756)	(554,722)	(236,017)	(100,008)
Prepaid expenses	145,984	(82,576)	97,104	(38,349)
Inventory	2,904	10,974	65,308	100,772
Deferred costs	11,467	(14,263)	-	7,431
Other receivables	(54,497)	25,414	(69,517)	595,256
Accounts payable and accrued liabilities	(312,816)	(130,505)	(1,066,766)	(904,279)
Income taxes payable	(10,995)	-	(10,995)	-
Deferred revenue	(105,005)	293,730	(304,636)	(573,105)
Cash flows used in operating activities	<u>(415,689)</u>	<u>(678,890)</u>	<u>(1,283,228)</u>	<u>(2,213,533)</u>
Cash flow from investing activities				
Purchase of property and equipment	<u>(8,254)</u>	<u>(47,042)</u>	<u>(37,307)</u>	<u>(166,742)</u>
Cash flows used in investing activities	<u>(8,254)</u>	<u>(47,042)</u>	<u>(37,307)</u>	<u>(166,742)</u>
Cash flow from financing activities				
Repayment of subordinated debt financing	-	(500,000)	-	(1,000,000)
Borrowing under line of credit	-	450,000	-	1,200,000
Repayment of capital lease obligations	<u>(63,492)</u>	<u>(84,991)</u>	<u>(199,621)</u>	<u>(261,454)</u>
Cash flows used in financing activities	<u>(63,492)</u>	<u>(134,991)</u>	<u>(199,621)</u>	<u>(61,454)</u>
Foreign exchange gains (losses) on cash held in foreign currency	10,103	352,536	(113,446)	470,835
Net decrease in cash during the period	(477,332)	(860,923)	(1,633,602)	(2,441,729)
Cash and cash equivalents, beginning of period	2,357,786	3,571,239	3,514,056	5,033,746
Cash and cash equivalents, end of period	<u>\$ 1,880,454</u>	<u>\$ 3,062,852</u>	<u>\$ 1,880,454</u>	<u>\$ 3,062,852</u>

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

In \$ 000's (Except per Share Amounts)	Fiscal Year Ended	Q4 Ended	Fiscal Year Ended	Q1 Ended	Q2 Ended	Q3 Ended	Q4 Ended	Fiscal Year Ended	Q1 Ended	Q2 Ended	Q3 Ended
	March 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	Sept 30, 2009	Dec 31, 2009
Recurring Revenue	\$ 9,828	\$ 3,247	\$ 13,088	\$ 3,309	\$ 3,431	\$ 4,045	\$ 3,746	\$ 14,531	\$ 3,564	\$ 3,341	\$ 3,342
Non-Recurring Revenue	4,186	931	5,788	1,637	815	511	971	3,934	566	585	1,010
Revenue	14,014	4,178	18,876	4,946	4,246	4,556	4,717	18,465	4,130	3,926	4,352
Gross Profit	9,589	2,979	13,706	3,669	3,164	3,272	3,305	13,410	2,937	2,818	3,314
Expenses	14,856	4,739	19,957	4,561	4,275	4,022	3,962	16,820	3,508	3,327	3,384
EBITDA Loss (non-GAAP measure)	(3,841)	(1,188)	(3,526)	(236)	(458)	(34)	9	(719)	22	181	593
Operating Loss for the Period	(5,267)	(1,761)	(6,250)	(892)	(1,112)	(750)	(656)	(3,410)	(571)	(508)	(71)
Loss and Comprehensive Loss	(5,713)	(6,273)	(12,811)	(1,260)	(1,492)	(876)	(1,004)	(4,632)	(844)	(726)	(350)
Loss and Comprehensive Loss per Common Share	\$ (0.14)	\$ (0.09)	\$ (0.19)	\$ (0.20)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.07)	\$ (0.01)	\$ (0.01)	\$ (0.00)
Weighted Avg. # of Common Shares	40,120	67,460	66,228	67,479	67,479	67,667	67,845	67,845	69,322	70,535	70,535
Total Assets	\$ 17,531	\$ 23,992	\$ 23,992	\$ 21,807	\$ 20,308	\$ 20,078	\$ 17,906	\$ 17,906	\$ 16,413	\$ 15,170	\$ 14,714
Total Long Term Liabilities	\$ 2,014	\$ 6,948	\$ 6,948	\$ 6,366	\$ 6,251	\$ 6,234	\$ 6,517	\$ 6,517	\$ 6,309	\$ 5,751	\$ 6,285