



## NIGHTINGALE REPORTS FISCAL 2009 RESULTS

*Company extends debt maturity to July 2012*

**Markham, ON, July 29, 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 with more than 5.3 million patient records under management, announces its financial results for the three and twelve month periods ended March 31, 2009. All results are reported in Canadian dollars unless otherwise stated.

### **Q4 and Fiscal 2009 Highlights**

- Recurring revenues increased \$1.4 million, or 11%, to \$14.5 million in fiscal 2009 compared to 2008 and increased \$0.5 million, or 15%, to \$3.7 million in the fourth quarter of fiscal 2009 compared to the fourth quarter of 2008.
- Non-recurring revenues decreased \$1.9 million, or 32%, to \$3.9 million in fiscal 2009 compared to 2008 and increased \$0.04 million, or 4%, to \$1 million in the fourth quarter of fiscal 2009 compared to the fourth quarter of 2008.
- EBITDA for the fiscal year 2009 was a loss of \$0.7 million compared to a loss of \$3.5 million for the fiscal year 2008. EBITDA was a positive \$0.01 million for the quarter compared to an EBITDA loss of \$1.2 million in the prior year and an EBITDA loss of \$34,000 in the previous quarter.
- The Company paid down its subordinated debt by \$1.0 million during fiscal 2009 to \$5.3 million and, subsequent to year end, extended the term of the debt to July 2012.
- Nightingale was ranked the number one fastest growing technology company in Canada on Deloitte’s 2008 Technology Fast 50 and number ten fastest growing company in North America on Deloitte’s 2008 Technology Fast 500.
- In July 2008, the Company completed the OntarioMD certification process enabling eligible primary care physicians across Ontario to receive funding when implementing Nightingale’s hosted EMR solution.
- The Company reached a significant milestone by completing Certification Commission for Healthcare Information Technology (CCHIT) certification for its Nightingale on Demand hosted EMR product in the US.

“Through our continuous focus on achieving profitability and building more cost effective operations, in fiscal 2009 we were able to significantly improve EBITDA and overall financial performance,” said Sam Chebib, President & CEO Nightingale Informatix Corporation. “While we faced challenges in fiscal 2009 as spending decisions were delayed as the market anticipated upcoming Government EMR funding announcements, we believe we are in a healthy position to take advantage of the market when the program details are finalized.”

“We enter fiscal 2010 focused on achieving our financial goals, which call for continued improvement in EBITDA and cash flow and expanding our base of recurring revenue. We intend to continue to increase the number of healthcare practitioners on our EMR technology, continue to cross-sell our products and services to our existing customers and capitalize on our patient base by launching patient-centric products. We expect to see further improvement in our financial performance in fiscal 2010 as we bring in new business from both sides of the border due to Government incentive programs for healthcare practitioners who adopt EMR.”

### **Subordinated Debt Amendment**

On July 29, 2009, the Company amended its subordinated debt financing agreements with Wellington Financial LP and Export Development Canada (the "Lenders") to extend the term to July 29, 2012 at which point the remaining principal balance of \$5,250,000 will be due. Certain terms and covenants were also amended at this time and, subject to regulatory approval, the Company agreed to issue an aggregate of 4,233,870 warrants to the Lenders, each warrant being exercisable for one common share of the Company at a strike price of \$0.31 per share and with an expiration date of July 29, 2012. In the event such regulatory approval is not received the Company is required to provide the Lenders equivalent economic consideration which puts the Lenders in substantially the same economic position that the Lender would have been in if the Lenders had been issued warrants.

### **Cancellation of Common Shares**

On June 30, 2009 an aggregate of 272,702 common shares were cancelled and returned to treasury. The shares were originally issued to the former officers of the Company and were returned to the Company for cancellation in connection with their departure from the Company. After giving effect to the cancellation of shares noted above, the Company has 72,295,218 common shares issued and outstanding.

### **Q4 and Fiscal 2009 Financial Review**

Revenue from continuing operations for fiscal 2009 was \$18.5 million. This compares to \$18.9 million for the year ended March 31, 2008, representing a 2% decrease from the prior year. This decrease was due primarily to a decrease in non-recurring revenue and revenues from transcription services over the prior fiscal year, offset partially by an increase in recurring revenue. For Q4 fiscal 2009 revenue from continuing operations was \$4.7 million, a 13% increase over revenue of \$4.2 million in Q4 2008.

Recurring revenue, consisting of support and maintenance, utilization and transaction fees, transcription, billing services and an increase in software maintenance revenues, increased \$1.4 million, or 11%, to \$14.5 million, for fiscal 2009. This compares to recurring revenue of \$13.1 million, for fiscal 2008. Recurring revenue for Q4 fiscal 2009 increased to \$3.7 million, compared to \$3.2 million, in Q4 fiscal 2008.

During 2009, Nightingale generated approximately 73% of its revenue in the US. With the increase in the value of the US dollar relative to the Canadian dollar during fiscal 2009, the Company estimates that revenue was positively impacted by approximately 6%, or \$1.1 million, during the current fiscal year compared to the previous fiscal year. In Q4 fiscal 2009, Nightingale generated approximately 70% of its revenue from the US market. With the increase in the value of the US dollar relative to the Canadian dollar, the Company estimates that revenue was positively impacted by approximately 14%, or \$0.7 million, during the current quarterly period compared to the same quarterly period last fiscal year. The Company expects to continue to be susceptible to currency exchange fluctuations.

In fiscal 2009, gross profit margin remained unchanged at 73% in comparison to fiscal 2008. Gross profit margin for Q4 fiscal 2009 was 70%, which is a slight decrease from gross profit margin of 71% in Q4 fiscal 2008.

Nightingale generated an EBITDA loss of \$0.7 million in fiscal 2009, compared to an EBITDA loss of \$3.5 million in fiscal 2008. For Q4 fiscal 2009, Nightingale generated positive EBITDA of \$9,000, compared to an EBITDA loss of \$1.2 million for the same period in fiscal 2008. The Company has been focused on achieving profitability and has implemented several cost reduction initiatives during the fiscal year in an effort to achieve this goal. This improvement in EBITDA is a reflection of these initiatives as well as an increase in recurring revenue, including the strengthening of the US dollar compared to the previous year.

Loss from continuing operations was \$4.6 million, or \$(0.07) per share, in fiscal 2009, compared to a net loss from continuing operations of \$14.3 million, or \$(0.22) per share, in fiscal 2008. The year-over-year improvement is related primarily to the cost reduction initiatives and increases in recurring revenues as previously noted.

Cash and cash equivalents decreased \$1.5 million to \$3.5 million at March 31, 2009, from \$5.0 million at March 31, 2008. The Company also repaid approximately \$1 million of its subordinated debt during fiscal 2009.

At March 31, 2009, total shares issued and outstanding were 67,666,557.

The financial statements and MD&A were made available at <http://www.nightingale.md> and filed on [www.sedar.com](http://www.sedar.com) on July 29, 2009. This press release should be read in conjunction with Nightingale's Consolidated Financial Statements for the fiscal year ended March 31, 2009 and the accompanying Management Discussion and Analysis.

#### **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.

##### **a. 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.

##### **b. 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 Net Loss calculated in accordance with GAAP:

Definition	Fiscal Quarter Ended March 31, 2009	Fiscal Quarter Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2008
Loss and Comprehensive Loss	\$ (1,004)	\$ (6,273)	\$ (4,632)	\$ (12,811)
<i>Adjustments for:</i>				
Gain on Sale of Discontinued Operations	\$ -	\$ (977)	\$ -	\$ (977)
Earnings from Discontinued Operations	-	(92)	-	(501)
Current Tax Expense (Benefit)	-	1,299	-	1,299
Future Tax Expense	-	3,300	-	3,300
Other Loss (Income)	(23)	(28)	(197)	142
Interest	370	1,008	1,418	3,297
Depreciation and Amortization	674	552	2,609	2,190
Stock-based Compensation	(8)	23	83	535
EBITDA	\$ 9	\$ (1,188)	\$ (719)	\$ (3,526)

#### **Notice of Conference Call and Webcast**

Nightingale will host a conference call on Thursday July 30, 2009 at 8:30 a.m. Eastern Standard Time. To access the conference call by telephone, dial 416-644-3427 or 1- 800-588-4490. Please connect approximately fifteen minutes prior to the beginning of the call to ensure participation. The conference call will be archived for replay until Thursday, August 6, 2009. To access the archived conference call, dial 416-640-1917 or 1-877-289-8525 and enter reference 21311355#. A live audio webcast of the call will be available at [www.newswire.ca](http://www.newswire.ca) and <http://www.nightingale.md>. Please connect to the website at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be necessary. The webcast will be archived for 365 days.

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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](http://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.**

**CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS  
FOR THE YEAR ENDED MARCH 31, 2009**

	<b>12 months ended March 31, 2009</b>	<b>12 months ended March 31, 2008</b>
<b>Revenue</b>	\$ 18,465,149	\$ 18,875,556
<b>Cost of sales</b>	<u>5,055,039</u>	<u>5,169,218</u>
<b>Gross profit</b>	<u>13,410,110</u>	<u>13,706,338</u>
<b>Expenses</b>		
General and administration	3,457,051	3,773,406
Sales and marketing	2,417,913	3,191,495
Research and development	3,630,108	4,611,547
Client services	4,623,546	5,655,493
Stock based compensation	82,981	534,992
Amortization	<u>2,608,753</u>	<u>2,189,582</u>
	<u>16,820,352</u>	<u>19,956,515</u>
<b>Operating loss</b>	<u>(3,410,242)</u>	<u>(6,250,177)</u>
Interest	1,418,057	3,296,683
Foreign currency loss (gain)	<u>(196,773)</u>	<u>143,956</u>
Loss from continuing operations before tax	(4,631,526)	(9,690,816)
Current tax expense (benefit)	-	1,298,811
Future tax expense	<u>-</u>	<u>3,299,857</u>
Loss from continuing operations	(4,631,526)	(14,289,484)
Earnings from discontinued operations	-	501,113
Gain on sale of discontinued operations	<u>-</u>	<u>976,944</u>
<b>Loss and comprehensive loss</b>	<u>\$ (4,631,526)</u>	<u>\$ (12,811,427)</u>
<b>Basic and diluted earnings (loss) per common share</b>		
Loss from continuing operations	\$ (0.07)	\$ (0.22)
Earnings from discontinued operations	-	0.01
Gain on sale of discontinued operations	-	0.01
Loss and comprehensive loss per common share	<u>\$ (0.07)</u>	<u>\$ (0.19)</u>
Weighted average number of common shares	<u>67,845,301</u>	<u>66,227,558</u>

CONSOLIDATED BALANCE SHEET  
AS AT MARCH 31, 2009

	As at March 31, 2009	As at March 31, 2008
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,514,056	\$ 5,033,746
Accounts receivable	2,324,377	3,151,582
Other receivables	21,218	1,034,721
Inventory	62,182	168,948
Prepaid expenses	448,275	649,207
	<u>6,370,108</u>	<u>10,038,204</u>
<b>Long-term assets</b>		
Deferred costs	129,104	201,940
Property and equipment	1,216,596	1,722,276
Intangible assets	5,497,436	7,336,804
Goodwill	4,692,399	4,692,399
	<u>11,535,535</u>	<u>13,953,419</u>
<b>Total assets</b>	<u>\$ 17,905,643</u>	<u>\$ 23,991,623</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,693,844	\$ 4,048,260
Income taxes payable	948,701	1,336,270
Current portion of deferred revenue	3,935,954	4,199,690
Current portion of capital lease obligations	178,655	278,658
	<u>8,757,154</u>	<u>9,862,878</u>
<b>Long term liabilities</b>		
Subordinated debt	4,938,425	5,295,648
Deferred revenue	1,296,842	1,214,110
Capital lease obligations	281,463	438,682
	<u>6,516,730</u>	<u>6,948,440</u>
<b>Total liabilities</b>	<u>15,273,884</u>	<u>16,811,318</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	27,596,692	27,521,485
Contributed surplus	3,274,607	1,459,085
Warrants	1,469,262	3,277,011
Deficit	(29,708,802)	(25,077,276)
	<u>2,631,759</u>	<u>7,180,305</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 17,905,643</u>	<u>\$ 23,991,623</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2009**

	<b>12 months ended March 31, 2009</b>	<b>12 months ended March 31, 2008</b>
<b>Cash flow from operating activities</b>		
Loss from continuing operations	\$ (4,631,526)	\$ (14,289,484)
Adjustments for:		
Depreciation and amortization	2,608,753	2,189,583
Amortization of transaction costs related to debt financing	219,099	536,398
Gain on sale of asset	-	(22,130)
Stock based compensation	82,981	534,992
Future tax expense	-	3,299,857
Unrealized foreign exchange gain (loss)	132,513	(143,956)
Interest accretion	423,678	1,138,700
	<u>(1,164,502)</u>	<u>(6,468,128)</u>
<i>Changes in non-cash working capital balances</i>		
Accounts receivable	1,154,497	500,593
Prepaid expenses	200,932	(195,044)
Inventory	106,766	(132,224)
Deferred costs	72,836	424,950
Other receivables	1,100,117	(929,806)
Accounts payable and accrued liabilities	(818,042)	(1,072,642)
Income taxes payable	(691,204)	1,298,811
Deferred revenue	(181,004)	(71,523)
Cash flows used in operating activities	<u>(219,604)</u>	<u>(6,645,013)</u>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	(204,164)	(368,671)
Sale of helper division	-	10,810,873
VantageMed acquisition	-	(13,533,087)
Cash flows provided by (used in) investing activities	<u>(204,164)</u>	<u>(3,090,885)</u>
<b>Cash flow from financing activities</b>		
Increase in capital stock	-	8,741,932
Proceeds from subordinated debt financing	-	11,089,812
Repayment of subordinated debt financing	(1,000,000)	(6,000,000)
Repayment of capital lease obligations	(343,138)	(297,961)
Increase (decrease) in borrowing under line of credit	-	(1,541,733)
Cash flows provided by (used in) financing activities	<u>(1,343,138)</u>	<u>11,992,050</u>
Foreign exchange gains (losses) on cash in foreign currency	247,216	(227,769)
Increase (decrease) in cash from continuing operations	(1,519,690)	2,028,383
Increase in cash from discontinued operations	-	1,257,703
Increase in cash during the period	-	3,286,086
Cash and cash equivalents, beginning of period	<u>5,033,746</u>	<u>1,747,660</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>\$ 3,514,056</u></u>	<u><u>\$ 5,033,746</u></u>
Non-cash investing and financing activities:		
Acquisition of property and equipment under capital lease	\$ 59,542	\$ 520,128
Supplemental cash flow information:		
Interest paid	\$ 953,731	\$ 1,734,905
Income taxes paid	\$ 564,467	

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

In \$ 000's (Except per Share Amounts)	Fiscal Year Ended	Q1 Ended	Q2 Ended	Q3 Ended	Q4 Ended	Fiscal Year Ended	Q1 Ended	Q2 Ended	Q3 Ended	Q4 Ended	Fiscal Year Ended
	March 31, 2007	June 30, 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
<b>Recurring Revenue</b>	\$9,828	\$3,213	\$3,399	\$3,229	\$3,247	\$13,088	\$3,309	\$3,431	\$4,045	\$3,746	\$14,531
<b>Non-Recurring Revenue</b>	4,186	1,785	2,358	713	931	5,788	1,637	815	511	971	3,934
<b>Revenue</b>	14,014	4,998	5,757	3,942	4,178	18,876	4,946	4,246	4,556	4,717	18,465
<b>Gross Profit</b>	9,589	3,750	4,318	2,660	2,979	13,706	3,669	3,164	3,272	3,305	13,410
<b>Expenses</b>	14,856	4,913	5,084	5,220	4,739	19,957	4,561	4,275	4,022	3,962	16,820
<b>EBITDA Loss (non-GAAP measure)</b>	(3,841)	(381)	(158)	(1,799)	(1,188)	(3,526)	(236)	(458)	(34)	9	(719)
<b>Operating Loss for the Period</b>	(5,267)	(1,163)	(766)	(2,561)	(1,761)	(6,250)	(892)	(1,112)	(750)	(656)	(3,410)
<b>Loss from Continuing Operations</b>	(5,713)	(1,915)	(1,602)	(3,430)	(7,342)	(14,289)	(1,260)	(1,492)	(876)	(1,004)	(4,632)
<b>Loss from Continuing Operations per Common Share</b>	\$(0.14)	\$(0.03)	\$(0.02)	\$(0.05)	\$(0.11)	\$(0.22)	\$(0.02)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.07)
<b>Loss and Comprehensive Loss</b>	(5,713)	(1,787)	(1,428)	(3,324)	(6,273)	(12,811)	(1,260)	(1,492)	(876)	(1,004)	(4,632)
<b>Loss and Comprehensive Loss per Common Share</b>	\$(0.14)	\$(0.03)	\$(0.02)	\$(0.05)	\$(0.09)	\$(0.19)	\$(0.20)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.07)
<b>Weighted Avg. # of Common Shares</b>	40,120	63,345	66,914	66,914	67,460	66,228	67,479	67,479	67,667	67,845	67,845
<b>Total Assets</b>	\$17,531	\$39,536	\$38,557	\$36,257	\$23,992	\$23,992	\$21,807	\$20,308	\$20,078	\$17,906	\$17,906
<b>Total Long Term Liabilities</b>	\$2,014	\$11,398	\$11,831	\$12,097	\$6,948	\$ 6,948	\$6,366	\$6,251	\$6,234	\$6,517	\$6,517