



NIGHTINGALE REPORTS FISCAL 2009 FIRST QUARTER RESULTS

Markham, ON, August 29, 2008 - 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-month period ended June 30, 2008. All results are reported in Canadian dollars unless otherwise stated.

Q1 Fiscal 2009 Summary

- Revenue was \$4.9 million, compared to revenue from continuing operations of \$5.0 million in Q1 fiscal 2008. Excluding the negative impact of foreign exchange fluctuations year-over-year, revenue for Q1 fiscal 2009 would have been \$5.2 million.
- Recurring revenue¹ was \$3.3 million, compared to recurring revenue of \$3.2 million in Q1 fiscal 2008.
- EBITDA² was \$(0.2) million, compared to EBITDA of \$(0.4) million in Q1 fiscal 2008.
- Net loss was \$1.3 million, or \$(0.02) per share, compared to a loss from continuing operations of \$1.9 million, or \$(0.03) per share, in Q1 fiscal 2008.
- 13,000 North American healthcare practitioners using Nightingale technology solutions and services.
- 5.3 million patient records under management on Company’s ASP EMR.
- Subsequent to quarter end, completed the OntarioMD certification process, enabling eligible primary care physicians across Ontario to receive funding when implementing Nightingale’s hosted EMR solution. Nightingale is one of three funding approved ASP EMR providers in Ontario.

“We continue to focus on building more cost-efficient operations that can support strong growth and achieve positive cash flow,” said Sam Chebib, President and CEO of Nightingale. “In Q1, we demonstrated good progress. We grew our revenue compared to the previous quarter and reduced our expenses on a year-over-year and sequential-quarter basis. We realized one-time expenses related to our OntarioMD certification, which offset some of our expense-management initiatives. However, with the certification process now complete, we expect to generate additional cost-savings in the coming quarters.”

Mr. Chebib continued: “The adoption of healthcare IT is gaining momentum across North America. To propel growth, our strategy is three-fold: increase the number of healthcare practitioners on our technology platform, cross-sell our products and services to our existing customers and launch patient-centric offerings. We believe our sizable customer footprint, broad suite of products and services and key contract wins, such as OntarioMD, enable us to capitalize on this expanding market opportunity and grow our top line. We believe that this, combined with our efforts to further reduce expenses, positions us for improved overall financial performance going forward.”

Q1 Fiscal 2009 Financial Review

As a result of Nightingale's sale of Therapist Helper in Q4 fiscal 2008, all financial results for Q1 fiscal 2008 are reported on a continuing operations basis.

Revenue for Q1 fiscal 2009 was \$4.9 million, compared to revenue from continuing operations of \$5.0 million for Q1 fiscal 2008. The slight year-over-year decrease is a result of lower one-time hardware sales, declines in professional service, data management and transcription revenues and the negative impact of the fluctuation in foreign exchange, which were all partially offset by stronger license sales and an increase in software support and maintenance revenue.

Recurring revenue, consisting of support and maintenance, utilization and transaction fees, transcription and billing services was \$3.3 million, or 67% of total revenue, for Q1 fiscal 2009, fairly consistent with recurring revenue of \$3.2 million, or 64% of total revenue, in Q1 fiscal 2008. In Q1 fiscal 2009, Nightingale realized a year-over-year decrease in transcription revenue, which was offset by an increase in support and maintenance revenue.

During Q1 fiscal 2009, Nightingale generated approximately 63% of its revenue in the U.S. As such, the Company estimates that revenue was negatively affected by U.S. currency fluctuations relative to the Canadian dollar by a difference of approximately 5%, or \$0.3 million. Nightingale generates approximately 50% of its expenses (including costs of goods sold) in the U.S., providing the Company with a natural hedge position. The Company expects to continue to be susceptible to currency exchange fluctuations.

Gross profit was \$3.7 million, or 74% of revenue, in Q1 fiscal 2009, compared to a gross profit of \$3.8 million, or 75% of revenue, in Q1 fiscal 2008. The slight year-over-year decline primarily reflects a decrease in non-recurring revenue, which, in its entirety, carries a higher margin than non-recurring revenue.

As a result of the steps Nightingale has taken to streamline costs, total operating expenses decreased to \$4.6 million in Q1 fiscal 2009, from \$4.7 million in Q4 fiscal 2008 and \$4.9 million in Q1 fiscal 2008. Going forward, the Company will remain focused on maintaining tight cost controls while also investing in the growth areas of the business.

Nightingale realized an EBITDA loss of \$0.2 million in Q1 fiscal 2009, compared to an EBITDA loss of \$0.4 million in Q1 fiscal 2008. The year-over-year improvement reflects a decrease in the Company's overall operating expenses.

Net loss was \$1.3 million, or \$(0.02) per share, in Q1 fiscal 2009, compared to a net loss from continuing operations of \$1.9 million, or \$(0.03) per share, in Q1 fiscal 2008. The year-over-year improvement is a result of the success of Nightingale's cost-reduction initiatives and an approximate 50% decrease in interest expense as a result of the Company's repayment of approximately \$6.0 million of its subordinated debt in Q4 fiscal 2008.

Cash and cash equivalents were \$4.4 million at June 30, 2008, compared to \$5.0 million at March 31, 2008. At June 30, 2008, total common shares issued and outstanding were 67,478,540.

The financial statements and MD&A will be available at <http://www.nightingale.md> and filed on www.sedar.com on August 29, 2008. This press release should be read in conjunction with Nightingale's Consolidated Financial Statements for the quarter ended June 30, 2008 and the accompanying Management Discussion and Analysis.

Notice of Conference Call and Webcast

Nightingale will host a conference call on Friday August 29, 2008 at 8:30 a.m. Eastern Standard Time. To access the conference call by telephone, dial 416-644-3421 or 1-800-732-6179. 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 5, 2008. To access the archived conference call, dial 416-640-1917 or 1- 877-289-8525 and enter reference 21280807#. A live audio webcast of the call will be available at 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.

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:

In \$000's	Fiscal Quarter Ended June 30, 2008	Fiscal Quarter Ended June 30, 2007
Definition		
Loss and Comprehensive Loss	\$ (1,260)	\$ (1,787)
<i>Adjustments for:</i>		
Earnings from discontinued operations	-	(127)
Other Loss	12	54
Interest	356	697
Depreciation and Amortization	612	569
Stock-based Compensation	44	213
EBITDA (Loss)	\$ (236)	\$ (381)

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:

Michael Ford CFO Nightingale Informatix Corporation Tel: 905-307-7870 mford@nightingale.md	Dave Mason Investor Relations The Equicom Group Tel: 416-815-0700 x237 Email: dmason@equicomgroup.com
--	--

Forward Looking Statement

This press release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and 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 Company's ability to succeed in the US market, a new market for the Company; the existence of present and possible future government regulation; Nightingale's ability to successfully integrate its acquisitions and any liabilities arising as a result of such acquisitions; the significant and increasing competition that exists in the medical software industry; and the early stage of Nightingale's business. The Company is subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability and the ability to access debt or equity financing, as necessary. 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. 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, including their knowledge of the current sales trends, spending on healthcare and general economic conditions affecting Nightingale and the Canadian and US economies. Although Nightingale believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents 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. Certain material factors or assumptions are applied by the Company in making forward-looking statements, including without limitation, factors and assumptions regarding, acceptance of its products in the marketplace, as well as its operating cost structure and current and future trends in healthcare

spending. 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 has not reviewed and does not accept responsibility for the adequacy or accuracy of this release

INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2008

	3 Months Ended June 30, 2008	3 Months Ended June 30, 2007
Revenue	\$ 4,945,587	\$ 4,998,367
Cost of sales		
Software and services	1,158,203	1,143,363
Sales commissions	<u>118,606</u>	<u>104,871</u>
	<u>1,276,809</u>	<u>1,248,234</u>
Gross profit	<u>\$ 3,668,778</u>	<u>3,750,133</u>
Expenses		
General and administration	852,579	722,955
Sales and marketing	696,897	836,465
Research and development	1,061,720	1,154,829
Client services	1,293,533	1,417,108
Stock based compensation	43,593	212,829
Depreciation and amortization	<u>612,302</u>	<u>569,045</u>
	<u>\$ 4,560,624</u>	<u>\$ 4,913,231</u>
Operating loss	<u>\$ (891,846)</u>	<u>\$ (1,163,098)</u>
Interest	356,027	697,948
Foreign currency loss (gain)	<u>11,996</u>	<u>53,679</u>
Loss from continuing operations	(1,259,869)	(1,914,725)
Earnings from discontinued operations	<u>-</u>	<u>127,473</u>
Loss and comprehensive loss	<u>\$ (1,259,869)</u>	<u>\$ (1,787,252)</u>
Basic and diluted (loss per common share)		
Loss from continuing operations	(0.02)	(0.03)
Earnings from discontinued operations – basic and diluted	<u>-</u>	<u>-</u>
Loss and comprehensive loss per common share	<u>(0.02)</u>	<u>(0.03)</u>
Weighted average number of common shares – basic and diluted	<u>67,478,540</u>	<u>63,345,256</u>

**INTERIM CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2008**

	As at June 30, 2008	As at March 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,419,206	\$ 5,033,746
Accounts receivable	2,766,347	3,151,582
Other receivables	442,553	1,034,721
Inventory	108,967	168,948
Prepaid expenses	714,342	649,207
	<u>8,451,415</u>	<u>10,038,204</u>
Long-term assets		
Deferred costs	155,249	201,940
Property and equipment	1,608,227	1,722,276
Intangible assets	6,899,888	7,336,804
Goodwill	4,692,399	4,692,399
	<u>13,355,763</u>	<u>13,953,419</u>
Total assets	<u><u>\$ 21,807,178</u></u>	<u><u>\$ 23,991,623</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	3,721,205	4,048,260
Income taxes payable	1,324,180	1,336,270
Current portion of subordinated debt	750,000	-
Current portion of deferred revenue	3,460,793	4,199,690
Current portion of capital lease obligations	243,082	278,658
	<u>9,499,260</u>	<u>9,862,878</u>
Long term liabilities		
Subordinated debt	4,706,950	5,295,648
Deferred revenue	1,288,635	1,214,110
Capital lease obligations	370,805	438,682
	<u>6,366,390</u>	<u>6,948,440</u>
Total liabilities	<u>15,865,650</u>	<u>16,811,318</u>
SHAREHOLDERS' EQUITY		
Capital stock,	27,521,485	27,521,485
Contributed surplus	1,480,177	1,459,085
Warrants	3,277,011	3,277,011
Deficit	(26,337,145)	(25,077,276)
	<u>5,941,528</u>	<u>7,180,305</u>
Total liabilities and shareholders' equity	<u><u>\$ 21,807,178</u></u>	<u><u>\$ 23,991,623</u></u>

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2008**

	3 Months Ended June 30, 2008	3 Months Ended June 30, 2007
Cash flow from operating activities		
Loss from continuing operations	(1,259,869)	\$ (1,914,725)
<i>Adjustments for:</i>		
Depreciation and amortization	612,302	569,045
Amortization of transaction costs related to debt financing	33,525	134,100
Stock based compensation	43,593	212,829
Unrealized foreign exchange loss	14,593	49,134
Interest accretion	127,777	196,857
	<u>(428,079)</u>	<u>(752,760)</u>
<i>Changes in non-cash working capital balances</i>		
Accounts receivable	356,091	593,898
Prepaid expenses	(65,135)	(39,772)
Inventory	59,981	(55,135)
Deferred costs	46,691	400,810
Other receivables	580,229	38,786
Accounts payable and accrued liabilities	(336,092)	(1,040,614)
Deferred compensation payable	-	(100,824)
Deferred revenue	(664,373)	(190,035)
Cash flows used in operating activities	<u>(450,687)</u>	<u>(1,145,646)</u>
Cash flow from investing activities		
Purchase of property and equipment	(61,221)	(148,096)
VantageMed acquisition	-	(13,533,087)
Cash flows used in investing activities	<u>(61,221)</u>	<u>(13,681,183)</u>
Cash flow from financing activities		
Increase in capital stock	-	8,741,932
Proceeds from subordinated debt financing	-	11,089,812
Repayment of capital lease obligations	(102,632)	(77,553)
Borrowing under line of credit	-	(1,541,733)
Cash flows provided by financing activities	<u>(102,632)</u>	<u>18,212,458</u>
Foreign exchange gains(losses) on cash held in foreign currency	(2,598)	(4,545)
Net increase in cash from continuing operations	(611,942)	3,390,174
Net increase in cash from discontinued operations	-	410,610
Net increase in cash during the period	<u>(614,540)</u>	<u>3,796,239</u>
Cash and cash equivalents, beginning of period	<u>5,033,746</u>	<u>1,747,660</u>
Cash and cash equivalents, end of period	\$ 4,419,206	\$ 5,543,899
Supplemental cash flow information:		
Interest paid	\$ 254,935	\$ 542,123
Income taxes paid	\$ -	\$ -