



2003 Annual Report



**INFORMATIX LABORATORIES
CORPORATION**

**774 East 3300 South
Suite 200
Salt Lake City Utah 84106**

2003 FY ANNUAL REPORT

OVERVIEW

Informatix Laboratories Corporation (ILC) closed 2003 as another good year of continued staff and business development. The staff has continued the A/R projects within the Native American Nations (NAN), and they have improved in their competencies in the development, installation, and maintenance of our software packages. Four projects, begun in 2003, are projected to earn substantial increases in profits during FY2004.

ORGANIZATIONAL

Senior management has remained the same with Floyd Turner as Chairman of the Board, and Gordon Moreshead as President and Chief Technical Officer. Tom Keene has joined ILC part time as Chief Financial Officer (CFO), and he is providing the needed service of clarifying our financial standing. His findings will be summarized in this report. In addition, he has been able to offer projections of revenue, and its impact on the bottom line. This is the first time ILC has been able to achieve this goal for some of our projects. In 2003 ILC hired additional staff to implement the projects described throughout this report. As indicated by the address on the cover, ILC has moved into a larger office space in order to accommodate ILC's increased staff.

PROGRAMMATIC

A. Previous Projects

The A/R Services team has continued providing software support to the Native American Nations (NAN) with primary focus on the A/R products. This included implementation of our A/R II package at three NAN sites in 2003.

The Interface Services team continues to provide support for Fortune 500 companies that are connecting their various ancillary devices to the Veterans Administration VistA Systems.

B. New Programs

ILC has used this past year to position itself for growth in terms of four major

Technical Services provides hardware (e.g., computers, printers, networking components), software, installation and complete service and support for a broad range of business clients in the Utah, Wyoming and Idaho area. They also provide the hardware, installation and support that is needed by our IHS/ RPMS clients in the implementation of the PCC+ software package. Established in October, this project generated \$17,700 in revenue during 2003. Computer hardware, which was previously included in A/R Services, added \$37,645 to bring the total Technical Services revenue to \$55,372 for 2003.

OPERATIONS PERSONNEL CHANGES

John Oljar, senior software developer and former employee with ILC, has re-joined our staff to work on the PAMS project. In addition, Art Lee was hired to work with John. Scott Eastman is developing the Technical Services division in conjunction with Kevin Cole. Connell MacKenzie was hired to work with Gordon on the Medsphere Project. Three billing specialists have been retained for the Cass Lake Project, two full time and one half time.

ALLIANCES

ILC has continued to maintain the alliances that we previously formed, particularly with Medsphere. In addition to Medsphere, the ODVA project's prime contractor is Hewlett Packard. We are working on alliances with other companies interested in either VistA or RPMS applications.

FINANCIALS

Our report of the financial data has changed in format reflecting current revenue sources. In addition, we have included a Balance Sheet in the 2003 report.

Revenues have increased to \$1.077 million from last year's total of \$.98 million or a 1% increase in revenues (see Table 1). The net loss was (\$79,753). This loss can be explained, primarily, by one time accounting adjustments and by start up costs of the PAMS Project and the Cass Lake Project. Operating expenses have remained essentially flat from 2002 to 2003. CFO Tom Keene has prepared an addendum to the Financial Statements to explain the accounting adjustments. The Balance Sheet is presented in Table 2 and the CFO notes are presented in Table 3.

OUTLOOK FOR 2004

The following section contains forward looking statements that may not occur due to unforeseen events. The statements should not be relied on in making investment decisions.

We are very optimistic as we enter 2004 for a very successful year with increased revenues and a modest profit. The new contracts acquired in 2003 and the establishment of our new Technical Services group result in revenue projections that show a marked increase over 2003. ILC will continue to tightly control operating and administrative costs to achieve targeted profit objectives. 2004 revenue for the PAMS project is projected to be \$500,000 and the Cass Lake contract is projected to add \$250,000. The Medsphere contract is projected to provide \$80,000 of revenue for 2004. The Interface Services team is on track to achieve revenues of \$350,000. AR Services and Technical Services are harder to predict but we are optimistic that they will both contribute significantly to revenue in 2004.

	2003
Ordinary Income/Expense	
Income	
A/R Services	\$ 504,517
Interface Services	364,380
Medsphere	4,000
Billing Services	10,000
Product Development Services	85,596
Contract Analysis Services	35,653
Reimbursements	17,747
ILC Technical Services	55,372
Total Income	1,077,265
Cost of Goods Sold	
Labor Costs	557,728
Other Direct Costs	133,383
Total COGS	691,111
Gross Profit	386,154
Expense	
Sales & Marketing	261
General & Administrative	462,782
Bad Debt Expense	11,103
Other Expense	10
Total Expense	474,156

Table 2
Informatix Laboratories Corporation
Balance Sheet
December 31, 2003

	Dec 31, 03
ASSETS	
Current Assets	
Cash & Equivalents	
Cash Accounts	\$ 54,650
Investment Accounts	2,276
Total Cash & Equivalents	56,926
Accounts Receivable	
Accounts Receivable	321,433
Allowance for Doubtful Accounts	(6,790)
Total Accounts Receivable	314,643
Other Current Assets	
Inventories	51,239
Other Current Liabilities	2,595
Total Other Current Assets	53,834
Total Current Assets	425,403
Fixed Assets	
Fixed Assets	
Equipment	62,087
Furniture	8,294
Leasehold Improvements	2,079
Subtotal Fixed Assets	72,460
Accumulated Depreciation	(40,393)
Total Fixed Assets	32,067
Other Assets	
Rent Deposit	3,196
R&D Expense Capitalization	
R&D Expense Capitalization	503,306
Amortization R&D Costs	(143,925)
Total R&D Expense Capitalization	359,381
Total Other Assets	362,577
TOTAL ASSETS	\$ 820,047

Dec 31, 03

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable

\$ 71,531

Total Accounts Payable

71,531

Other Current Liabilities

Key Bank Line of Credit

40,000

Key Bank Note

15,939

Key Bank Equipment Lease

24,858

PNC Line of Credit.

25,000

Sales Tax Payable

4,063

Accrued Wages

44,796

