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CARECENTRIC INC  
Form DEFA14A  
March 12, 2003

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant  [X]  
Filed by a Party other than the Registrant

Check the appropriate box:

- [ ] Preliminary Proxy Statement
- [ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [ ] Definitive Proxy Statement
- [ ] Definitive Additional Materials
- [X] Soliciting Material Pursuant to Rule 14a-12

CARECENTRIC, INC.

-----  
(Name of Registrant as Specified In Its Charter)  
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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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[ ] Fee paid previously with preliminary materials.

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[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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INVESTOR NOTICE

If CareCentric proceeds with a proposed merger described previously, then it will file with the SEC a proxy statement and other relevant documents concerning the merger. Investors of CareCentric are urged to read the proxy statement when and if filed and any other relevant documents filed with the SEC because they will contain important information. You will be able to obtain the documents free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, you may obtain documents filed with the SEC by CareCentric free of charge by requesting them in writing from Ana McGary at CareCentric, Inc., 2625 Cumberland Parkway, Suite 310, Atlanta, GA 30339 or by telephone at (678) 264-4400.

CareCentric, its directors and executive officers and certain of their employees and the investor group described previously may be deemed to be participants in the solicitation of proxies from the stockholders of CareCentric in connection with the merger, if consummated. These participants may have interests in the merger, if consummated, including interests resulting from holding options or shares of CareCentric common stock. Information about the interests of directors and executive officers of CareCentric, the investor group, and their ownership of securities of CareCentric will be set forth in the proxy statement, when and if filed.

Investors should read the proxy statement carefully when and if it becomes available before making any voting or investment decisions.

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: John R. Festa  
President and CEO  
(678) 264-4400

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### CARECENTRIC REPORTS 2002 FINANCIAL RESULTS

ATLANTA, GA (March 12, 2003) - CareCentric, Inc. (OTC Bulletin Board: CURA), a leading provider of management information systems to the home health care community, reports today its Annual Report of Financial Results for the year ended December 31, 2002. CareCentric reported a 7.7% increase in revenues to \$22.0 million for 2002 against revenues of \$20.4 million in 2001. The Net Cash Used in Operating Activities for 2002 was \$0.8 million and in 2001 was \$3.9 million. Results from Continuing Operations for 2002 was a profit of \$0.3 million compared to a loss of \$9.8 million in 2001, after adding back an \$11.8 million impairment charge recorded in 2001.

"This year's results clearly illustrate the Company's progress and operating focus during the last year," stated John R. Festa, President and CEO of CareCentric. "Our 2002 reported results of operations report a material improvement from losses in both 2000 and 2001 to a net profit in 2002 while posting an increase of 7.7% in sales for 2002 over 2001. In 2002, we met all required regulatory updates for our products, introduced new products for the point of care market and solidified our research and development plans for the future. In 2003 we will continue to further advance our improved financial performance while adding renewed emphasis on our customer service and development of our next generation of products."

Mr. Festa added, "It is our intent to continue to aggressively reinvest the Company's cash flow into product enhancements including electronic billing modules, point-of-care based products and the development of new generation product platforms. We believe CareCentric is in a unique position to understand our customers' needs in both the home health agency and medical equipment sectors."

"The Board of Directors is very pleased with the improved financial performance of the Company in 2002 and remains committed to supporting the Company in its strategic investment in its customers, products, and technological evolution." stated John E. Reed, Chairman of the Board.

CareCentric provides information technology systems and services to over 1,500 customers. CareCentric provides freestanding, hospital-based and multi-office home health care providers (including skilled nursing, private duty, home medical equipment and supplies, IV pharmacy and hospice) complete information solutions that enable these home care operations to generate and utilize comprehensive and integrated financial, operational and clinical information. With offices nationwide, CareCentric is headquartered in Atlanta, Georgia.

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Note regarding Private Securities Litigation Reform Act: Statements made in this press release which are not historical facts, including projections, statements of plans, objectives, expectations, or future economic performance, are forward looking statements that involve risks and uncertainties and are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. CareCentric's future financial performance could differ significantly from that set forth herein, and from the expectations of management. Important factors that could cause CareCentric's financial performance to differ materially from past results and from those expressed in any forward looking statements include, without limitation, the inability to obtain additional capital resources, variability in quarterly operating results, customer concentration, product performance and acceptance, long sales cycles, long and varying delivery cycles, CareCentric's dependence on business partners, emerging technological standards, risks associated with acquisitions and the risk factors detailed in

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CareCentric's Registration Statement on Form S-4 (File No. 333-96529) and from time to time in CareCentric's periodic reports filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

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CARECENTRIC, INC.  
CONSOLIDATED BALANCE SHEETS  
AUDITED  
DOLLARS IN THOUSANDS

	DECEMBER 31,	
	2002	2001
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 826	\$
Accounts receivable, net of allowance for doubtful accounts of \$1,307,000 and \$1,042,000 respectively	4,632	
Prepaid expenses and other current assets	696	
Notes receivable	215	
Total current assets	6,369	
Purchased software, furniture and equipment, net	1,036	
Intangible assets, net	4,308	
Other assets	194	
Total assets	\$ 11,907	\$
<b>LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)</b>		
Current liabilities:		
Line of credit	\$ 4,525	\$
Accounts payable	1,584	
Accrued compensation expense	556	
Accrued liabilities	6,113	
Customer deposits	1,495	
Unearned revenues	4,223	
Total current liabilities	18,496	
Accrued liabilities, less current portion	150	
Notes payable long-term	8,520	
Commitments and contingencies		
Shareholders' equity (Deficit):		
Preferred Stock ; 10,000,000 shares authorized all Series B,C,D,E \$.001 par value; Series C Preferred, cancelled in 2002	6	
Common stock, \$.001 par value; 20,000,000 shares authorized; 4,371,350 shares issued and outstanding at December 31, 2002 and December 31, 2001	4	

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Unearned compensation	(134)	
Additional paid-in capital	20,430	
Stock warrants	1	
Accumulated deficit	(36,565)	
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Total shareholders' equity (Deficit)	(15,259)	
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Total liabilities and shareholders' equity (Deficit)	\$ 11,907	\$
	=====	=====

CARECENTRIC, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
AUDITED  
DOLLARS IN THOUSANDS

	YEARS ENDED DECEMBER 31,	
	2002	2001
	-----	-----
Net revenues	\$ 22,015	\$ 20,446
Costs and expenses:		
Cost of revenues	6,408	8,217
Selling, general and administrative	9,770	10,715
Research and development	3,431	6,158
Amortization and depreciation	1,696	3,865
Write down of intangibles	-	11,799
Restructuring charge	-	675
	-----	-----
Total costs and expenses	21,305	41,429
	-----	-----
Income (loss) from operations	710	(20,983)
Other income (expense):		
Other income (expense)	250	-
Interest expense	(712)	(592)
Interest and other income	45	37
	-----	-----
Income (loss) before taxes	\$ 293	\$ (21,538)
Income tax benefit (expense)	-	(15)
	-----	-----
Income (loss) from continuing operations	293	\$ (21,553)
Discontinued operations		
Loss on disposal of discontinued operations	-	(2,632)
Income (loss) from operations of discontinued segment before taxes	-	(483)

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Applicable tax expense	-	-
Net income (loss) from discontinued operations	-	(3,115)
Net income (loss)	\$ 293	\$ (24,668)
Cumulative preferred dividends	(467)	(722)
Net income (loss) available to common shareholders	\$ (174)	\$ (25,390)
Net income (loss) per share - basic and diluted available to common shareholders	\$ (0.04)	\$ (5.94)
Weighted average common shares - basic and diluted	4,371	4,272

CARECENTRIC, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOW  
AUDITED  
DOLLARS IN THOUSANDS

	YEARS ENDED DECEMBER 31,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (174)	\$ (25,390)
ADJUSTMENTS TO RECONCILE NET (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Provision for doubtful accounts	351	500
Amortization and depreciation	1,696	4,252
Stock based Compensation charged to earnings	76	-
Loss on discontinued operations	-	2,632
Write down of intangibles	-	11,799
CHANGES IN ASSETS AND LIABILITIES, NET OF ACQUISITIONS:		
Accounts receivable	(797)	2,101
Prepaid expenses and other current assets	(88)	90
Other assets	137	138
Accounts payable	(600)	1,447
Accrued compensation	(37)	(23)
Accrued liabilities	(1,026)	(26)
Customer deposits	(626)	(376)
Unearned revenues	242	(1,020)
Net cash used in operating activities	(846)	(3,876)

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CASH FLOWS FROM INVESTING ACTIVITIES:

Assets and liabilities disposed of	-	(16)
Purchase of software, furniture and equipment	(70)	(327)
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Net cash used in investing activities	(70)	(343)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Payment on notes payable	-	-
Proceeds from notes payable	3,176	-
Increase (decrease) in line of credit	(1,047)	4,058
Payment on capital lease obligation	(36)	-
Proceeds from Consulting note receivable	298	-
Cancellation of Series C Preferred stock	(850)	-
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Net cash provided by financing	1,541	4,058
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Net change in cash and cash equivalents	625	(161)
Cash and cash equivalents, beginning of period	201	362
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Cash and cash equivalents, end of period	\$ 826	\$ 201
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