

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PCAS PATIENT CARE AUTOMATION SERVICES INC.
AND 2163279 ONTARIO INC. (the "Applicants")**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**MOTION RECORD
(returnable May 7, 2012)**

Date: May 7, 2012

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INDEX

**ONTARIO
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R.S.C. 1985, c. C-36, AS AMENDED**

TABLE OF CONTENTS

	TAB NO.
Notice of Motion	1
Draft Order	2
Affidavit of Loreto Grimaldi sworn May 7, 2012	3
Exhibit "A" – Updated Cash Flow Projections	A
Exhibit "B" – DIP Lender Letter	B

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PCAS PATIENT CARE AUTOMATION SERVICES INC.
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**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**NOTICE OF MOTION
(returnable May 7, 2012)**

PCAS Patient Care Automation Services Inc. ("PCAS") and 2163279 Ontario Inc., doing business as Touchpoint ("Touchpoint" and, together with PCAS, the "Applicants") will make a motion to the Honourable Mr. Justice Brown on May 7, 2012 at 5:45 p.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

1. **THE MOTION IS FOR** an Order, among other things:

- (a) abridging the time for service and filing of this notice of motion and the motion record and dispensing with further service thereof;
- (b) approving the Fourth Report of PricewaterhouseCoopers Inc. ("PwC"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "Monitor") dated May 7, 2012 (the "Fourth Report") and approving the actions of the Monitor described therein;

- (c) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Morawetz granted on March 23, 2012 in these proceedings (the “**Initial Order**”)) to May 28, 2012;
- (d) increasing the amount the Applicants are currently authorized to borrow under a credit facility (the “**DIP Facility**”) from 2320714 Ontario Inc. (the “**DIP Lender**”) from \$4,525,000 to \$6,000,000;
- (e) enhancing the Monitor’s power to include the power to market the business, assets, property and undertaking of the Applicants (the “**Property**”), and approving the Monitor’s retention of its affiliate, PricewaterhouseCoopers Corporate Finance (“**PWCF**”), as its marketing agent;
- (f) approving a Second Amended and Restated DIP Loan Agreement (the “**Second Amended and Restated DIP Loan Agreement**”); and
- (g) such further and other relief as counsel may advise and this Honourable Court may permit.

2. **THE GROUNDS FOR THE MOTION ARE:**

- (a) on March 23, 2012, the Applicants made an application under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) seeking court protection from their creditors, which was granted pursuant to the Initial Order;
- (b) pursuant to paragraph 3 of the Order of the Honourable Justice Brown made May 3, 2012 (the “**May 3 Order**”), the Stay Period was extended to May 8, 2012;
- (c) the Applicants require an extension of the Stay Period to May 28, 2012 in order to permit them to continue to take appropriate steps to maximize value for all of their creditors, including, without limitation, conducting a sale process (the “**Sale Process**”);

- (d) the thirteen-week cash flow projection, produced in conjunction with the Monitor and attached as Exhibit "A" to the Affidavit of Loreto Grimaldi, sworn May 7, 2012, projects that the Applicants presently have sufficient funding to continue operating (including payment of all accrued wages) until May 28, 2012 and (subject to Court approval) to conduct the Sale Process during that period;
- (e) based on the information available, creditors of the Applicants will not be materially prejudiced by an extension of the Stay Period until May 28, 2012;
- (f) the Applicants have acted, and continue to act, in good faith and with due diligence, and circumstances exist that make granting an extension of the Stay Period appropriate;
- (g) pursuant to paragraph 31 of the Initial Order, as amended by the May 3 Order, the Applicants were authorized and empowered to obtain and borrow under the DIP Facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility did not exceed the principal amount of \$4,525,000 unless permitted by further Order of this Court;
- (h) the limit on the Applicants' authorized borrowing reflects the level of funding the DIP Lender had available to lend under the DIP Facility as at May 3, 2012;
- (i) the Cash Flows and the Amended and Restated DIP Loan Agreement, as defined in, and as approved by, the Order of the Honourable Justice Brown made April 16, 2012, both contemplate a DIP Facility as high as \$10,000,000, should the DIP Lender raise sufficient amounts to fund such facility;
- (j) the DIP Lender has advised that, since the date of the May 3 Order, it has received commitments and/or funding sufficient to increase the DIP Facility by an additional \$825,000;

- (k) the DIP Lender has also requested that the authorized borrowing under the DIP Facility be increased by an additional \$600,000 to accommodate DIP Lender fees and expenses payable in accordance with the terms of the DIP Facility;
- (l) the Applicants are therefore seeking to have their authorized borrowing under the DIP Facility increased to \$6,000,000 in the aggregate;
- (m) the Applicants will not be able to continue their operations or conduct the Sale Process without an increase in the amount of the DIP Facility to \$6,000,000;
- (n) increasing the amount of the DIP Facility to \$6,000,000 is favourable to the Applicants having regard to the circumstances and the increase in the amount of the DIP Facility is necessary and reasonable in the circumstances to ensure that the Applicants have a prudent and responsible level of liquidity so that they can meet post-filing obligations as they become due for the period of the initial stay and beyond;
- (o) enhancing the Monitor's power to market the Property, and approving the retention of PWCF as agent, will allow the preliminary marketing to commence pending approval of the Sale Process on subsequent return to Court;
- (p) the Monitor has filed with the Court its Fourth Report outlining, among others things: (i) the actions of the Monitor since the date of the Third Report dated May 3, 2012; and (ii) the Applicants' financial situation;
- (q) the Monitor supports the relief being sought by the Applicants;
- (r) neither the Applicants nor the Monitor are aware of any objections to the proposed relief sought herein;
- (s) the other grounds set out in the Fourth Report;
- (t) sections 11, 11.02 and 11.2 of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

- (u) rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (v) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Affidavit of Loreto Grimaldi sworn May 7, 2012;
- (b) the Fourth Report; and
- (c) such further and other material as counsel may submit and this Honourable Court may permit.

Date: May 7, 2012

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Lawyers for the Applicants

TO: ATTACHED SERVICE LIST

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PCAS PATIENT CARE AUTOMATION SERVICES INC. AND 2163279 ONTARIO INC.
(the "Applicants")**

Court File No. CV-12-9656-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**NOTICE OF MOTION
(returnable May 7, 2012)**

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	MONDAY, THE 7 th DAY
)	
JUSTICE BROWN)	OF MAY, 2012

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PCAS PATIENT CARE AUTOMATION SERVICES INC.
AND 2163279 ONTARIO INC. (the "Applicants")**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

ORDER

THIS MOTION, made by PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., doing business as Touchpoint (collectively, the "**Applicants**"), for an order, *inter alia*: (a) approving the Fourth Report of PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated May 7, 2012, filed (the "**Fourth Report**"), and approving the actions of the Monitor described therein; (b) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Morawetz granted on March 23, 2012 in these proceedings (the "**Initial Order**")) to May 28, 2012; (c) increasing the amount the Applicants are currently authorized to borrow under the credit facility (the "**DIP Facility**") from 2320714 Ontario Inc. (the "**DIP Lender**") from \$4,525,000 to \$6,000,000; (d) increasing the Monitor's powers to market the Applicants' business; and (e) approving a Second Amended and Restated DIP Loan Agreement (the "**Second Amended and Restated DIP Loan Agreement**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Loreto Grimaldi, sworn May 7, 2012 (the "**May 7 Affidavit**") and the exhibits thereto, filed, and the Fourth Report, filed, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the DIP Lender, counsel for Castcan Investments Inc., counsel for Royal Bank of Canada _____ and no one appearing for any other person on the service list, although duly served as appears from the affidavit of Susy Moniz sworn May 7, 2012, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Fourth Report be and is hereby approved and the actions of the Monitor described therein be and are hereby approved.

3. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 13 of the Initial Order, be and is hereby extended to and including May 28, 2012.

4. **THIS COURT ORDERS** that paragraph 31 of the Initial Order be and is hereby amended to provide as follows:

31. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from 2320714 Ontario Inc. (the "DIP Lender") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed the principal amount of \$6,000,000 unless permitted by further Order of this Court.

5. **THIS COURT ORDERS** that the Monitor's powers pursuant to paragraph 23 of the Initial Order are hereby expanded to include the power to market any or all of the Property (as defined in the Initial Order), including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Monitor in its discretion may deem appropriate.

6. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed, pursuant to its powers under paragraph 23(i) of the Initial Order, to retain PricewaterhouseCoopers Corporate Finance as its agent to market the Property, on terms to be approved by further Order of this Court.

7. **THIS COURT ORDERS** that the credit facility described in paragraph 31 of the Initial Order shall be on the terms and subject to the conditions set forth in the form of Second Amended and Restated DIP Loan Agreement appended as Exhibit "B" to the Affidavit of Loreto Grimaldi sworn May 3, 2012 (the "**May 3 Affidavit**"), filed.

8. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver the Second Amended and Restated DIP Loan Agreement in substantially the form appended to the May 3 Affidavit, and such other credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Second Amended and Restated DIP Loan Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Second Amended and Restated Loan Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

9. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may bring a motion to this Court to vary or amend this Order (provided that the beneficiary of any Charge shall be entitled to rely on the Charges up to and including the day on which such Charge or the priority granted to such Charge may be varied or amended), which motion must be returnable by no later than May 14, 2012 or such later date as the parties affected may agree, on not less than three (3) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
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Court File No. CV-12-9656-00CL

ONTARIO
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Proceedings commenced at Toronto

ORDER

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Lawyers for the Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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**AFFIDAVIT OF LORETO GRIMALDI
(sworn May 7, 2012)**

**I, LORETO GRIMALDI, of the City of Vaughan, in the Province of Ontario, MAKE
OATH AND SAY AS FOLLOWS:**

1. I am the Chief Legal Officer, General Counsel and Secretary of PCAS Patient Care Automation Services Inc. ("PCAS"). I am also the Secretary of 2163279 Ontario Inc., doing business as Touchpoint ("Touchpoint"), a company 49% owned by PCAS. As such, I have personal knowledge of the matters to which I hereinafter depose in this Affidavit. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

2. This Affidavit is sworn in support of a motion (the "**Motion**") by PCAS and Touchpoint (collectively, the "**Applicants**") for an order, among other things:

- (a) approving the Fourth Report (the "**Fourth Report**") of PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") and approving the actions of the Monitor described therein;

- (b) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Morawetz granted on March 23, 2012 in these proceedings (the “**Initial Order**”)) to May 28, 2012;
- (c) increasing the amount the Applicants are currently authorized to borrow under a credit facility (the “**DIP Facility**”) from 2320714 Ontario Inc. (the “**DIP Lender**”) from \$4,525,000 to \$6,000,000; and
- (d) enhancing the Monitor’s power to include the power to market the business, assets, property and undertaking of the Applicants (the “**Property**”).

BACKGROUND

3. On March 23, 2012, the Applicants made an application under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) seeking court protection from their creditors, which was granted pursuant to the Initial Order.

4. Pursuant to the Initial Order, PricewaterhouseCoopers Inc. was appointed as CCAA Monitor (the “**Monitor**”).

THE STAY PERIOD

5. Pursuant to paragraph 3 of the Order of the Honourable Justice Brown made May 3, 2012 (the “**May 3 Order**”), the Stay Period was extended to May 8, 2012;

6. An extension of the Stay Period until May 28, 2012 is necessary in order to provide stability to the Applicants’ business while the Applicants, with the assistance of the Monitor and PWCF, and subject to future approval of the Court, conduct the abbreviated sale process describe in paragraph 18 below (the “**Sale Process**”).

7. The Applicants’ thirteen-week cash flow projections produced in conjunction with the Monitor (The “**Cash Flows**”) project that the Applicants have sufficient funding to continue operating (including payment of all accrued wages) until May 28, 2012, and to conduct the Sale Process during that period. In order to achieve this, PCAS is laying-off ninety-eight employees,

reducing their payroll to forty-two. A copy the Cash Flows is attached as **Exhibit "A"** to this Affidavit.

8. The Monitor has indicated that it supports an extension of the Stay Period until May 28, 2012. I do not believe that any creditor of the Applicants will suffer any material prejudice if the Stay Period is extended until May 28, 2012.

9. Since the issuance of the Initial Order, the Applicants have acted, and continue to act, in good faith and with due diligence.

THE DIP FACILITY AND FINANCIAL SITUATION OF THE APPLICANTS

10. Pursuant to paragraph 31 of the Initial Order, as amended by the May 3 Order, the Applicants were authorized and empowered to obtain and borrow under the DIP Facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility did not exceed the principal amount of \$4,525,000 unless permitted by further Order of this Court.

11. Pursuant to paragraph 5 of the Order of the Honourable Justice Brown made April 16, 2012, the DIP Facility is to be on the terms and subject to the conditions set forth in the Amended and Restated DIP Loan Agreement between the Applicants and the DIP Lender (the "**DIP Loan Agreement**"). The Cash Flows and the Amended and Restated DIP Loan Agreement both contemplate a DIP Facility as high as \$10,000,000, should the DIP Lender raise sufficient amounts to fund such facility.

12. In my affidavit sworn May 3, 2012, I described how the DIP Lender had advised that it had a firm, but conditional commitment from a strategic financier for an additional \$3,000,000 in funding for the DIP Facility and that the most significant hurdle among the conditions to this new financing was that the DIP Lender had to have an additional \$1,000,000 available to commit to the DIP Facility. As at May 3, 2012, the Applicants were hopeful that the additional \$1,000,000 commitment to the DIP Lender could be obtained from one or more of a number of other parties who had made less firm commitments ranging from \$500,000 to \$4,950,000, and that that could be done prior to May 8. The \$4,000,000 raised under this scenario would have

been used to fund a sale and investor solicitation process that would have taken place over the next six weeks.

13. On the morning of Friday May 4, 2012, PCAS and the DIP Lender appeared to be reaching a compromise with the strategic financier to allow the \$3,000,000 to be advanced in increments as the additional \$1,000,000 was raised. That afternoon, however, the strategic financier withdrew its offer completely, apparently after receiving a telephone call from a potential bidder for the business of the applicants.

14. The DIP Lender has advised that, since the date of the May 3 Order, it has received commitments and/or funding sufficient to increase the DIP Facility by \$825,000. The DIP Lender and its counsel have also incurred fees and expenses, payable by PCAS under the terms of the DIP Facility. In order to account for DIP Lender fees and expenses both to-date and expected, the DIP Lender has requested that the authorized borrowing under the DIP Facility be increased by an additional \$650,000. The Applicants are therefore seeking to have their authorized borrowing under the DIP Facility increased to \$6,000,000 in the aggregate.

15. I believe that the Applicants will not be able to conduct the Sale Process without an increase in the amount of the DIP Facility to \$6,000,000.

16. I believe that increasing the amount of the DIP Facility to \$6,000,000 is favourable to the Applicants having regard to the circumstances and the increase in the amount of the DIP Facility is necessary and reasonable in the circumstances to ensure that the Applicants have a prudent and responsible level of liquidity so that they can meet post-filing obligations as they become due for the current Stay Period and beyond.

SALE PROCESS

17. The Applicants, the Monitor and the DIP Lender all agree that a sale process should be initiated as soon as possible with what limited funding is available under the DIP Facility. Given the Applicants' very limited liquidity, a sale is the best, and likely the only, means to preserve the Applicants' business as a going concern. Preservation of the business would mean, among other things, the preservation (and even revival) of hundreds of valuable technology jobs.

18. The Sale Process contemplated by the Applicants would, because of the limited funding available under the DIP Facility, have to be run over a period not longer than three weeks. It is intended that the Monitor would run the process using its affiliate, PricewaterhouseCoopers Corporate Finance ("PWCF"), as its agent, and would recommend a resulting transaction to the Applicants. The Applicants believe the three-week Sale Process will achieve the same degree of market exposure for the Property as would a longer process because there has already been very extensive marketing through: (a) two private placements that were conducted (unsuccessfully) both domestically and internationally at the beginning of this year by three investment banks; (b) the DIP Lender's broad efforts to market the opportunity to invest in the DIP Facility, both as an opportunity for return on investments as well as a strategic step to an eventual bid for the Property; (c) the access that nineteen separate organizations have had to the Applicants' confidential data room since the commencement of these CCAA proceedings; and (d) preliminary discussions the Applicants and/or the Monitor have already had with potential bidders.

19. The Applicants intend to return to Court shortly to seek approval of the Sale Process, and, in the meantime, the Monitor and PWCF will commence the formal marketing process under the enhanced powers presently being sought.

20. The Applicants have struggled, ultimately unsuccessfully, to raise sufficient DIP financing to fund a more fulsome sale and investor solicitation process (a "SISP"), as was originally intended. The Applicants have received a letter from the DIP Lender stating, among other things, that the DIP Lender does not believe it can raise the funding that would be required to run the originally intended SISP (the "DIP Lender Letter"). A copy of the DIP Lender Letter is attached as **Exhibit "B"** to this Affidavit.

21. The Applicants are not aware of any creditor that objects, or would have grounds to object, to a sale of the business as a going concern in the present circumstances. A sale by the Applicants will preserve more value than a sale by a receiver or a liquidation in bankruptcy.

22. PWCF is a respected investment banker with a good knowledge of the Applicants obtained through its work with the Monitor since the inception of these CCAA proceedings. The Applicants believe that this knowledge and PWCF's ability to work closely with the Monitor

make PWCF the candidate most able to institute and run the Sale Process in the very short timeframe required.

23. PWCF previously supplied a quote for running a SISP, which quote was significantly lower than the quotes obtained from several other investment banks for running the same process. PWCF's fee structure for the Sale Process, as set out in its engagement letter, is in proportion to the Sale Process as its prior quote was to the intended SISP. The Applicants are, therefore, confident that PWCF's fee structure is reasonable and consistent with market practice.

24. The Monitor has advised that it approves of the Sale Process and of the retention of PWCF to conduct the Sale Process.

25. This Affidavit is sworn in support of the relief requested by the Applicants and for no other or improper purpose.

SWORN BEFORE ME at the City of
Vaughan, in the Province of Ontario,
this 7th day of May, 2012.

Jenna Galetti
A commissioner of oaths, etc.

Loreto Grimaldi
LORETO GRIMALDI

TAB "A"

Attached is Exhibit "A" Referred to in the
AFFIDAVIT OF LORETO GRIMALDI
Sworn before me this 7th day of May, 2012

Jenna Galati

Commissioner for taking Affidavits, etc

Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29	Week 30	Week 31	Week 32	Week 33	Week 34	Week 35	Week 36	Week 37	Week 38	Week 39	Week 40	Week 41	Week 42	Week 43	Week 44	Week 45	Week 46	Week 47	Week 48	Week 49	Week 50	Week 51	Week 52	Week 53	Week 54	Week 55	Week 56	Week 57	Week 58	Week 59	Week 60	Week 61	Week 62	Week 63	Week 64	Week 65	Week 66	Week 67	Week 68	Week 69	Week 70	Week 71	Week 72	Week 73	Week 74	Week 75	Week 76	Week 77	Week 78	Week 79	Week 80	Week 81	Week 82	Week 83	Week 84	Week 85	Week 86	Week 87	Week 88	Week 89	Week 90	Week 91	Week 92	Week 93	Week 94	Week 95	Week 96	Week 97	Week 98	Week 99	Week 100	Week 101	Week 102	Week 103	Week 104	Week 105	Week 106	Week 107	Week 108	Week 109	Week 110	Week 111	Week 112	Week 113	Week 114	Week 115	Week 116	Week 117	Week 118	Week 119	Week 120	Week 121	Week 122	Week 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1110	Week 1111	Week 1112	Week 1113	Week 1114	Week 1115	Week 1116	Week 1117	Week 1118	Week 1119	Week 1120	Week 1121	Week 1122	Week 1123	Week 1124	Week 1125	Week 1126	Week 1127	Week 1128	Week 1129	Week 1130	Week 1131	Week 1132	Week 1133	Week 1134	Week 1135	Week 1136	Week 1137	Week 1138	Week 1139	Week 1140	Week 1141	Week 1142	Week 1143	Week 1144	Week 1145	Week 1146	Week 1147	Week 1148	Week 1149	Week 1150	Week 1151	Week 1152	Week 1153	Week 1154	Week 1155	Week 1156	Week 1157	Week 1158	Week 1159	Week 1160	Week 1161	Week 1162	Week 1163	Week 1164	Week 1165	Week 1166	Week 1167	Week 1168	Week 1169	Week 1170	Week 1171	Week 1172	Week 1173	Week 1174	Week 1175	Week 1176	Week 1177	Week 1178	Week 1179	Week 1180	Week 1181	Week 1182	Week 1183	Week 1184	Week 1185	Week 1186	Week 1187	Week 1188	Week 1189	Week 1190	Week 1191	Week 1192	Week 1193	Week 1194	Week 1195	Week 1196	Week 1197	Week 1198	Week 1199	Week 1200	Week 1201	Week 1202	Week 1203	Week 1204	Week 1205	Week 1206	Week 1207	Week 1208	Week 1209	Week 1210	Week 1211	Week 1212	Week 1213	Week 1214	Week 1215	Week 1216	Week 1217	Week 1218	Week 1219	Week 1220	Week 1221	Week 1222	Week 1223	Week 1224	Week 1225	Week 122
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TAB "B"

Attached is Exhibit "B" Referred to in the
AFFIDAVIT OF LORETO GRIMALDI
Sworn before me this 7th day of May, 2012

Jenna Galati

Commissioner for taking Affidavits, etc

2320714 ONTARIO INC.
Suite 5850, 100 King Street West
Toronto, Ontario

May 7, 2012

PCAS Patient Care Automation Services Inc.
2 - 2880 Brighton Road
Oakville, Ontario
L6H 5S3

Attention: Kym Anthony, Chairman

Dear Kym:

I am writing this letter in my capacity as the President of 2320714 Ontario Inc. (the "DIP Lender"). The purpose of this letter to provide the Court with an understanding of the activities that have been undertaken by the DIP Lender in support of the restructuring efforts of PCAS Patient Care Automation Services Inc. ("PCAS") and 2163279 Ontario Inc. ("Touchpoint").

The DIP Lender was formed as vehicle through which those persons ("DIP Financiers") who were interested in doing so could participate in the provision of the debtor-in-possession loan facility (the "DIP Loan Facility") for the duration of the CCAA proceedings. DIP Financiers have made loans to the DIP Lender in order to provide it with the funding required to make advances to PCAS under the DIP Loan Facility. The advances made to PCAS under the DIP Loan Facility are secured by the Charge granted by the Court. In turn, the DIP Lender has issued notes to the DIP Financiers and granted security to each DIP Financier in the form of a general security agreement granting a security interest in all of the undertaking, property and assets of the DIP Lender. The security interests granted to the DIP Financiers are to rank on a pari passu basis pursuant to the terms of a Pari Passu Agreement that each DIP Financier has agreed to sign.

My principal occupation is running a Family Office for private clients and their families. Prior to becoming involved as the President of the DIP Lender, my involvement with PCAS was as a shareholder of PCAS. Many of my clients were also shareholders of PCAS. I agreed to become the President of the DIP Lender at your request as both you and I believed that it was important that the DIP Lender be managed by a person who was not an officer or director of PCAS. While I am currently the sole shareholder of the DIP Lender, holding the only issued and outstanding common share, I am holding that share in trust for the DIP Financiers. As President of the DIP Lender, I felt that it was also important that the DIP Lender obtain independent counsel to guide me through the CCAA proceedings. I have therefore retained Doug Grundy of Grundy, Cass & Campbell Professional Corporation as corporate counsel to the DIP Lender and Bob Thornton of Thornton Grout Finnigan LLP as insolvency and litigation counsel to the DIP Lender.

I also agreed to take on the role of President of the DIP Lender because I believed that through a restructuring process funded by the DIP Lender significant value could be realized by the shareholders of

PCAS through a refinancing or sale of the business. Initially, I felt that if the DIP Lender could provide the funding necessary for a period of 13 or more weeks, parties would come forward with financing or a transaction that would realize that value for shareholders. While, as discussed below, it has proven to be more challenging than we initially hoped to raise the necessary funds to finance a restructuring process, I continue to believe that the assets securing the DIP Loan Facility should have a sufficiently high value to provide value to the existing PCAS shareholders and other stakeholders after paying out the DIP Loan Facility. The purpose of the DIP Lender has never been to acquire the PCAS business for the sole benefit of the DIP Financiers.

Since the commencement of the CCAA proceedings, PCAS and the DIP Lender have sought to raise the funds necessary to fund a restructuring process. As the Court is aware, initially, it was believed that the DIP Loan Facility should be \$10 million in order to fund a 13-week restructuring process. Members of the PCAS board, senior officers of PCAS and I, and our counsel, have approached over 30 financial and strategic investors trying to encourage them to participate in the DIP Loan Facility. As the Court is aware, numerous communications have also been sent by PCAS to its shareholders encouraging them to participate in the DIP Loan Facility. While we felt that the initial terms of the DIP Loan Facility were sufficient to attract the necessary funds required by the DIP Lender to fully fund the DIP Loan Facility, it soon became apparent from discussions with shareholders and other potential investors that the terms were not adequate to attract the participation required. Accordingly, the DIP Lender negotiated with PCAS enhancements to the terms of the DIP Loan Facility which were subsequently approved by the Court. Even still, as the Court is aware, the DIP Lender has not yet been able to fund the DIP Loan Facility to the extent originally envisaged. This has hampered the ability of PCAS to commit to a full sale process, although throughout this process both PCAS and the DIP Lender have approached and had discussions with several parties who have been interested in the PCAS business.

As the President of the DIP Lender, I have been actively involved daily in discussions with potential DIP Financiers and potential bidders/investors in PCAS. This unforeseen level of activity has exerted a toll upon me and adversely affected the time that I would normally would have had available for my full time occupation. In acting as the President of the DIP Lender, I have not received a salary and have not received a commission for any of the funds raised from DIP Financiers. However, I have provided extensive consulting services in my professional capacity to the DIP Lender. I have invoiced the DIP Lender for those services at rate discounted from my usual hourly rate and have contributed those fees to the DIP Loan Facility. The DIP Lender's counsel, Grundy, Cass & Campbell and Thornton Grout Finnigan, have made the same arrangement with the DIP Lender and have contributed their fees to the DIP Loan Facility. The result of these arrangements is that the cash burn of PCAS has been reduced by not having to fund these fees, resulting in a cash saving to date of approximately \$400,000. The DIP Charge should be increased accordingly to cover these advances.

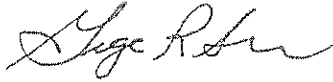
Throughout the CCAA proceedings, the DIP Lender has been working closely with the PCAS board. The DIP Lender continues to seek a restructuring transaction that will bring value to the creditors and shareholders of PCAS. I continue to believe that a sale process will provide value to the creditors and shareholders of PCAS. While it would appear that PCAS and the DIP Lender will be unable to raise sufficient funds to fund the type of sale/restructuring process that was initially envisaged, I believe that there are enough parties interested in the PCAS business and technology who have conducted due diligence investigations over the past several weeks to justify a short sales process. The DIP Lender has obtained all the funding from the DIP Financiers on the basis that such a process would be undertaken and I believe that it is important that this promise be fulfilled.

However, the funds available through additional DIP Loans are limited. While this is not what was originally contemplated, it will be necessary for PCAS to find a way to live within the available funding and to cooperate with the Monitor and the DIP Lender to run a truncated process to achieve the best result available in the circumstances. Details of exactly how much is available and what that means for the continued operations of PCAS and the manner of process to be run are being developed as I write this letter, all for presentation to, and hopefully approval of, the Court this afternoon.

We look forward to working closely with you through this process, to your continued future cooperation in that process and to achieving as much success as can be achieved in these difficult circumstances.

Yours truly,

2320714 ONTARIO INC.

A handwritten signature in cursive script, appearing to read "George Swan".

By:

George Swan, President

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PCAS PATIENT CARE AUTOMATION SERVICES INC. AND 2163279 ONTARIO INC.
(the "Applicants")

Court File No. CV-12-9656-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced at Toronto

AFFIDAVIT OF LORETO GRIMALDI
(sworn May 7, 2012)

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MOTION RECORD
(returnable May 7, 2012)

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