



Court No.32-1633406
Estate No.32-1633406

IN THE MATTER OF THE BANKRUPTCY OF
PharmaTrust Corp.
of the City of Oakville, in the Province of Ontario

**TRUSTEE'S REPORT TO THE FIRST MEETING OF CREDITORS
ON PRELIMINARY ADMINISTRATION**

I BACKGROUND

PharmaTrust Corp. ("**PharmaTrust**" or the "**Company**") was a privately held corporation incorporated under the Business Corporations Act (Ontario) and operated a technology company, which designed and manufactured pharmacy MedCentres.

PharmaTrust was 100% owned by PCAS Patient Care Automation Services Inc. ("**PCAS**"). In addition to PharmaTrust, PCAS is the parent company of the following Canadian entities: (i) 2163279 Ontario Inc. (doing business as "**Touchpoint**"); and (ii) PharmaTrust MedServices Inc. ("**MedServices**"). Touchpoint is 49% owned by PCAS. MedServices is 100% owned by PCAS. Touchpoint and MedServices are collectively referred to as the ("**Related Entities**").

PCAS was a healthcare technology company that developed and commercialized a unique, automated pharmacy. The Company's principal technology and product was the PharmaTrust MedCentre ("**MedCentre**"), a pharmacist-controlled, customer-interactive, prescription dispensing system akin to a "pharmacy in a box" or prescription-dispensing ATM that capitalizes on current healthcare and pharmacy industry trends. PCAS's second technology focus was on the development of the PharmaTrust MedHome device, a personal in-home device that dispenses unit doses to patients at pre-set times and provided patient monitoring and reminders to ensure patient health and safety.

Touchpoint operated a retail pharmacy business in Ontario using MedCentres. Ontario regulations enabling remote dispensing were ratified on March 18, 2011 and the first MedCentres received approval from the Ontario College of Pharmacists on August 31, 2011. Since that time, Touchpoint deployed 18 MedCentres in hospitals, medical centres and first nation communities in Ontario.



PharmaTrust had no employees and all operations of PharmaTrust Corp were conducted from PCAS's head office located at leased premises at 2-2880 Brighton Road, Oakville, Ontario. PharmaTrust's business was completely reliant upon PCAS. PCAS is the only creditor of PharmaTrust.

PCAS raised over \$60 million of start-up capital from more than 550 non-employee shareholders. Since 2012, PCAS made significant efforts to raise additional funds, with offerings of common shares and convertible debentures and engaged investment banks to assist in these efforts. However, these offerings were not successful and put the company in a position that absence additional significant funding, it did not have the liquidity to continue as a going concern.

On March 23, 2012, PCAS and Touchpoint (collectively the "**Companies**"), took steps to restructure the business and applied for and were granted protection from their creditors pursuant to the *Companies Creditors Arrangement Act* ("**CCAA Proceedings**"), and PricewaterhouseCoopers Inc. ("**PwC**") was appointed as monitor (the "**Monitor**") pursuant to an order of the Court dated March 23, 2012.

During the CCAA Proceedings, the assets and business of the Companies were sold. Pursuant to an order of the Court dated June 6, 2012, the CCAA Proceedings were terminated effective as of June 8, 2012 and PwC was discharged as Monitor of PCAS and Touchpoint. Copies of the reports of the Monitor, orders granted by the Court and other materials relating to the CCAA Proceedings can be obtained from the Monitor's website at www.pwc.com/car-pcas.

On June 7, 2012, PharmaTrust, PCAS, Touchpoint and MedServices each filed an assignment in bankruptcy for the general benefit of its creditors, pursuant to the provisions of the BIA and PwC was named as trustee in bankruptcy of PharmaTrust and each of the other entities (the "**Trustee**"), subject to affirmation by the creditors or substitution of another trustee by the creditors.

On June 13, 2012, notice of the first meeting of creditors, a list of creditors, a proof of claim form and a proxy were sent to all known creditors of the Company and on June 15, 2012, notice of the bankruptcy and the first meeting of creditors was published in the Globe and Mail (National Edition).

The activities of the Trustee since its appointment have primarily consisted of statutory work in accordance with the provisions of the BIA.



II CAUSES OF BANKRUPTCY AND FINANCIAL POSITION

During 2011 and 2012, PCAS sustained significant losses, exhausted its liquidity and had an inability to raise additional equity capital, which was the primary source of capital for PCAS and its related entities. This resulted in the Companies commencing the CCAA Proceedings on March 23, 2012. Following the sale of PCAS's business and assets during the CCAA Proceedings (the "**Transaction**"), PCAS filed an assignment into bankruptcy. As PharmaTrust was completely reliant upon PCAS, PharmaTrust could no longer continue its operations, resulting in PharmaTrust's bankruptcy.

III FINANCIAL POSITION/ASSETS

As detailed in the Statement of Affairs, PharmaTrust has no assets. PharmaTrust was completely reliant upon PCAS for its business operations.

IV SECURED CREDITORS

PharmaTrust's Statement of Affairs indicates that there were no known secured creditors as at the date of bankruptcy.

V SECURITY FOR UNPAID WAGES – S.81.3 CLAIMS

Pursuant to the Companies' payroll records, all employees were employees of PCAS. As a result, PharmaTrust had no employees.

VI PREFERRED CREDITORS

PharmaTrust's Statement of Affairs indicates that there were no known preferred creditors as at the date of bankruptcy.

VII UNSECURED CREDITORS

PharmaTrust's Statement of Affairs indicates that PCAS is the only creditor of PharmaTrust, who was owed approximately \$99,000 as at the date of bankruptcy.



VIII PROVABLE CLAIMS

As at the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

	Number	(\$)	Proxy in favour of the Trustee
Unsecured	1	98,819	1
TOTAL	1	98,819	1

IX PREFERENCE PAYMENTS AND TRANSFERS AT UNDER VALUE

The Trustee has not performed a review of PharmaTrust's books and records with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with the Inspectors to be appointed at the first meeting of creditors.

X TRUSTEE'S FEES

As part of the Transaction, \$100,000 was provided for the Trustee's fees and disbursements in PharmaTrust, PCAS and the Related Entities. The Trustee's fees and disbursements are subject to the provisions of the BIA and taxation by the Court.



Further information relating to the bankruptcy proceeding may be obtained from the Trustee's website at www.pwc.com/car-pcas.

Dated at Toronto, Ontario, this 25th day of June, 2012.

PRICEWATERHOUSECOOPERS INC.,
in its capacity as Trustee of the estate of
PharmaTrust Corp.
and not in its personal capacity

A handwritten signature in black ink, appearing to read 'T. Weaver', written over a horizontal line.

Tracey Weaver
Vice-President