Court File No. CV-12-9656-00CL
Estate No. 32-1633386

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,*
R.S.C. 1985, c-B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

MOTION RECORD OF DashRx, INC,
(Motion returnable November 13, 2012)

October 26, 2012

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Lawyers for moving party, DashRx, Inc.

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AND TO:	**PRICEWATERHOUSECOOPERS INC.** PwC Tower 18 York Street, Suite 2600 Toronto, ON M5J 0B2 *Trustee in Bankruptcy*	**Attention: Paul van Eyk** Tel: 416-687-8101 Fax: 416-814-3210 Email: paul.vaneyk@ca.pwc.com
AND TO:	**OSLER HOSKIN HARCOURT LLP** 1 First Canadian Place 100 King Street West, Suite 6100 Toronto, ON M5X 1B8 *Lawyers for Trustee in Bankruptcy*	**Attention: Marc Wasserman** Tel: 416-862-4908 Fax: 416-862-6666 Email: MWasserman@osler.com
AND TO:	**MINDEN GROSS LLP** 145 King Street West, Suite 2200 Toronto, ON M5H 4G2 *Lawyers for Royal Bank of Canada*	**Attention: Kenneth Kallish** Tel: 416-369-4124 Fax: 416-864-9923 Email: kkallish@mindengross.com
AND TO:	**GRUNDY, CASS & CAMPBELL PROFESSIONAL CORPORATION** Toronto-Dominion Centre 100 Wellington Street West, Suite 3150 Toronto, ON M5K 1A1 *Lawyers for 2320714 Ontario Inc.*	**Attention: Douglas Grundy** Tel: 416-849-8003 Fax: 416-849-8004 Email: dgrundy@grundycass.com
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AND TO:	**MINDEN GROSS LLP** 145 King Street West, Suite 2200 Toronto, ON M5H 4G2 *Lawyers for 2725312 Ontario Inc.*	**Attention: Timothy Dunn** Tel: 416-369-4335 Fax: 416-864-9223 Email: tdunn@mindengross.com
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AND TO:	**BAKER & McKENZIE LLP** Brookfield Place 181 Bay Street, Suite 2100 Toronto, ON M5J 2T3 *Lawyers for Walgreen Co.*	**Attention: Chris Besant** Tel: 416-863-1221 Fax: 416-863-6275 Email: Chris.Besant@BakerMcKenzie.com
AND TO:	**MILLER THOMSON LLP** Scotia Plaza 40 King Street West, Suite 5800 Toronto, ON M5H 3S1 *Lawyers for Lanworks Inc.*	**Attention: Arthi Sambasivan** Tel: 416-595-8636 Fax: 416-595-8695 Email: asambasivan@millerthomson.com
AND TO:	**GOODMANS LLP** Bay Adelaide Centre 333 bay Street, Suite 3400 Toronto, ON M5H 2S7 *Lawyers for CastCan Investments Inc.*	**Attention: Derek Bulas** Tel: 416 597-5914 Fax: 416 979-1234 Email: dbulas@goodmans.ca
AND TO:	**KOHL & FRISCH LIMITED** 7622 Keele Street Concord, ON L4K 2R5	**Attention: Shaun McDonnell** Tel: 905 660-7622 ext. 599 Email: smcdonnell@kohlandfrisch.com
AND TO:	**MINISTRY OF THE ATTORNEY GENERAL (ONTARIO)** McMurtry-Scott Building 720 Bay Street, 11th Floor Toronto, ON M7A 2S9	

AND TO: **MINISTRY OF HEALTH AND LONG TERM CARE**
M-1B114, 900 Bay Street
Toronto, Ontario M7A 2S9

AND TO: **SCIENTIFIC RESEARCH & EXPERIMENTAL DEVELOPMENT**
1 Front Steet West, Suite 100
Toronto, ON M5J 2X6

AND TO: **2440 WINSTON PART DRIVE LIMITED PARTNERSHIP**
Sunstone Industrial Advisors Inc.
1250 King Street West, Suite 2420
Toronto, ON M5H 1J9

AND TO: **DEPARTMENT OF JUSTICE**
The Exchange Tower
130 King Street West, Suite 3400
Toronto, ON M5X 1K6

Attention: Diane Winters
Tel: 416 973-3172
Fax: 416 973-0810
Email: diane.winters@justice.gc.ca

AND TO: **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE**
P.O. Box 620
33 King Street West, 6th Floor
Oshawa, ON L1H 8E9

Attention: Kevin J. O'Hara
Email: Kevin.ohara@ontario.ca

AND TO: **SERVICE CANADA**
Canada Enquiry Centre
Ottawa ON K1A 0J9

AND TO: **AFFECTED EMPLOYEES AS LISTED IN THE CONFIDENTIAL EXHIBIT**

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Court File No. CV-12-9656-00CL
Estate No. 32-1633386

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c-B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

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transfer to ADP

L. Exhibit L: Schedule of S. 81 Employees

3. Draft Order

TAB

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Estate No. 32-1633386
Court File No.: CV-12-9656-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,*
R.S.C. 1985, c-B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

NOTICE OF MOTION
(Returnable: November 13, 2012)

DashRx, Inc. (**"DashRx"**) will make a motion to a judge presiding over the Commercial List on Tuesday, November 13, 2012 at 10:00 am or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto, Ontario.

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

1. **THE MOTION IS FOR** an Order:

   (a) if necessary, abridging time for service and filing of this notice of motion and the motion record and dispensing with further service thereof;

   (b) declaring that a mistaken payment (the "**Mistaken Payment**") by DashRx in the amount of $115,144.08, distributed through the payroll administrator ("**ADP**") of the Companies (defined below) to certain former employees of the Companies on account of pre-CCAA filing vacation pay has satisfied the claims of the affected former employees to such pre-CCAA filing vacation pay, pursuant to section 81.3 of the *Bankruptcy and Insolvency* Act, R.S.C. 1985, c. B-3 (the "**BIA**");

(c) authorizing and directing the Trustee in Bankruptcy of the Companies (defined below) to return to DashRx an amount equal to $115,144.08 in respect of the Mistaken Payment from funds held by the Trustee, which funds were provided for the sole purpose and use of satisfying the obligations for pre-CCAA filing vacation pay to former employees of the Companies that have been inadvertently satisfied by the Mistaken Payment; and/or

(d) in the alternative, and if necessary, rectifying, varying or amending the Approval and Vesting Order and/or the Ancillary Order of Justice Brown dated June 6, 2012, to authorize and direct the Trustee to return to DashRx an amount equal to $115,144.08 in respect of the Mistaken Payment from funds held by the Trustee, which funds were provided for the sole purpose and use of satisfying the obligations for pre-CCAA filing vacation pay to former employees of the Companies that have been inadvertently satisfied by the Mistaken Payment;

(e) in the alternative, and if necessary, assigning the claims and preferential rights of the former employees pursuant to the BIA to DashRx in the amounts and to the extent they have been satisfied by the Mistaken Payment;

(f) relieving the Trustee of any and all liability for returning to DashRx an amount equal to $115,144.08 in respect of the Mistaken Payment including, without limitation, any liability, under section 81.3(5) of the BIA in respect of any payment made by the Trustee pursuant to an order of this Honourable Court;

(g) approving the Second Report of the Trustee and the actions of the Trustee described therein; and

(h) 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, PCAS Patient Care Automation Services Inc. ("**PCAS**") and 2163279 Ontario Inc. doing business as Touchpoint ("**Touchpoint**" and, together

with PCAS, the "**Companies**") sought court protection from their creditors under the *Companies' Creditors Arrangements Act* (the "**CCAA**"), which was granted pursuant to the initial order of the Honourable Mr. Justice Morawetz issued on March 23, 2012 (the "**Initial Order**");

(b) On June 6, 2012, this Court granted a vesting order (the "**Approval and Vesting Order**") approving an asset purchase agreement (the "**Purchase Agreement**") between the Companies and DashRx as purchaser of the assets of the Companies;

(c) Section 2.3 of the Purchase Agreement earmarked a sum equal to the lesser of $235,315 and such amount as was actually owing by the Companies at the time of closing to be used only to pay employee related statutory priority claims;

(d) Pursuant to section 7.1(3) of the Purchase Agreement, the Companies (and not the Purchaser) were made responsible "for all wages, notice of termination, severance pay and other obligations including entitlement to benefit coverage, stock options, incentive compensation, vacation pay, and all overtime pay to all employees of the Companies who were not offered or did not accept employment with DashRx at the time of closing .....;

(e) On June 6, 2012, the Honourable Mr. Justice Brown granted an Ancillary Order (the "**Ancillary Order**") which, among other things, approved a scheme of distribution of the proceeds of the transaction and authorized and directed the Trustee to distribute the funds earmarked by Section 2.3;

(f) On June 8, 2012, the Monitor's Certificate required pursuant to section 3 of the Sale Approval and Vesting Order was filed in the court, thereby completing the transaction contemplated in the Purchase Agreement;

(g) The Companies subsequently made assignments into bankruptcy and the Monitor was appointed Trustee in Bankruptcy of the Companies;

(h) On June 7, 2012, $120,000 was transferred from PCAS to ADP on account of post-CCAA vacation pay for terminated employees;

(i) As requested by the Monitor/Trustee, after all required post-closing payments, including the $119,266.94 on account of post-CCAA vacation pay for terminated employees were made from the PCAS account, there remained approximately $117,645.87 in the account upon the bankruptcy filing specifically earmarked in accordance with Section 2.3 of the Purchase Agreement to satisfy pre-filing vacation pay owed to terminated employees pursuant to claims under section 81 of the BIA (the "**Employee S. 81 Claims**"). The aggregate of the $119,266.94 and the $117,645.87 totaled $236,912.81 and was sufficient to satisfy the statutory priority amounts;

(j) Subsequently, and based on further information provided by employees, the above-noted vacation pay figures were re-calculated, resulting in the pre-CCAA filing vacation pay being approximately $115,144.08 and the post-CCAA filing vacation pay being an estimated $111,457.14, for a total obligation of $226,601.22;

(k) On June 13, 2012, the Purchaser transferred a total of $161,000 to ADP to satisfy current payroll for the employees of the Companies for the week ending June 8th;

(l) In actuality, the amount due for this current payroll was $54,206.28 inclusive of benefits payments and ADP's fees. However, due to an inadvertent miscommunication as to the total amount and as to the components of the total amount required to be transferred to ADP at that time by DashRx, the amount transferred to ADP included both:

(i) current salary for active employees; and

(ii) pre-CCAA filing vacation pay for terminated employees who were not offered or did not accept employment with DashRx.

(m) This resulted in the satisfaction of the claims of such terminated employees on account of pre-CCAA filing vacation pay in the amount of $115,144.08, leaving a roughly equivalent amount in the hands of the Trustee (as previously defined, the "**Mistaken Payment**");

(n) Since $117,645.87 is being held by the Trustee to satisfy the Employee S.81 Claims and $115,144.08 has been paid to the terminated employees through the Mistaken Payment by DashRx, the net effect of the above is that DashRx has satisfied its obligations pursuant to 2.3(1)(a) of the Purchase Agreement and the Trustee's obligation to pay the Employee S. 81 Claims, but the Trustee is holding funds in the amount of the Mistaken Payment;

(o) In simple terms, DashRx has paid twice for the same obligation;

(p) Pursuant to the Purchase Agreement, the Approval and Vesting Order, and the Ancillary Order, the Trustee is restricted to use funds it holds on account of the Mistaken Payment solely for the purpose of the contemplated distribution to terminated employees on account of the statutory priority claims owing by the Companies on closing to the capped amount;

(q) That purpose has been fulfilled by the Mistaken Payment and therefore the funds held by the Trustee should be returned to DashRx;

(r) If the requested relief is not granted, DashRx will have been deprived of the amount of the Mistaken Payment with no juristic reason;

(s) Equity and common sense therefore dictate that an amount equal to the Mistaken Payment be returned to DashRx from the funds being held by the Trustee;

(t) In the alternative, having caused payment to be made to the affected employees on account of their statutory priority claims, DashRx is entitled to an assignment of the claims and preferential rights of these employees in the amounts and to the extent they have been satisfied by the Mistaken Payment;

(u) The Trustee in Bankruptcy does not oppose the relief sought;

MISCELLANEOUS

(v) *Rules* 1.04, 1.05 and 59.06 of the *Rules of Civil Procedure*, R.S.O. 1990, c. C. 43;

(w) Sections 96, 97, 98 and 100 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43;

(x) Such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this motion:

1. The Notice of Motion herein;
2. The Affidavit of Kevin Farrell sworn October 24, 2012 and the exhibits annexed thereto;
3. The Trustee's Second Report, to be filed; and
4. Such further and other documentation as counsel may advise and this Honourable Court may permit.

Date: October 26, 2012

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Lawyers for DashRx, Inc.

TO: SEE ATTACHED SERVICE LIST

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c-B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

Estate No. 32-1633386
Court File No.: CV-12-9656-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

NOTICE OF MOTION

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Lawyers for DashRx, Inc.

TAB
2

TAB

3

Estate No. 32-1633386

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,*
R.S.C. 1985, c-B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

AFFIDAVIT OF KEVIN FARRELL

Sworn October 24, 2012

I, Kevin Farrell, of the City of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Vice President of Finance and Corporate Controller, of DashRx, Inc. ("**DashRx**"), purchaser of the assets of PCAS Patient Care Automation Services Inc. ("**PCAS**") and 2163279 Ontario Inc. doing business as Touchpoint ("**Touchpoint**" and, together with PCAS, the "**Companies**"). 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 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 DashRx for an order, among other things:

(a) if necessary, abridging time for service and filing of this notice of motion and the motion record and dispensing with further service thereof;

(b) declaring that a mistaken payment (the "**Mistaken Payment**") by DashRx in the amount of $115,144.08, distributed through the payroll administrator of the Companies ("**ADP**") to certain former employees of the Companies on account of pre-CCAA filing vacation pay has satisfied the claims of the affected former employees to such pre-CCAA filing vacation pay pursuant to section 81.3 of the *Bankruptcy and Insolvency* Act, R.S.C. 1985, c. B-3 (the "**BIA**") in the amounts and to the extent identified in **Exhibit "L"** (defined below), which has been redacted to remove employee names and personal details;

(c) authorizing and directing the Trustee in Bankruptcy of PCAS and Touchpoint (defined below) to return to DashRx an amount equal to $115,144.08 in respect of the Mistaken Payment from funds held by the Trustee, which funds were provided for the sole purpose and use of satisfying the obligations for pre-CCAA filing vacation pay to former employees of PCAS and Touchpoint that have been inadvertently satisfied by the Mistaken Payment; and/or

(d) in the alternative, and if necessary, rectifying, varying or amending the Approval and Vesting Order and/or the Ancillary Order of Justice Brown dated June 6, 2012, to authorize and direct the Trustee in Bankruptcy of PCAS and Touchpoint to return to DashRx an amount equal to $115,144.08 in respect of the Mistaken Payment from funds held by the Trustee, which funds were provided for the sole purpose and use of satisfying the obligations for pre-CCAA filing vacation pay to former employees of PCAS and Touchpoint that have been inadvertently satisfied by the Mistaken Payment;

(e) in the alternative, and if necessary, assigning the claims and preferential rights of the former employees pursuant to the BIA to DashRx in the amounts and to the extent they have been satisfied by the Mistaken Payment in the amount of $115,144.08;

(f) relieving the Trustee of any and all liability for reimbursing DashRx in the amount of the Mistaken Payment including, without limitation, any liability,

under section 81.3(5) of the BIA in respect of any payment made by the Trustee pursuant to an order of this Honourable Court; and

(g) such further and other relief as counsel may advise and this Honourable Court may permit.

BACKGROUND

3. The Companies are healthcare technology companies that were developing an automated pharmacy dispensing platform.

4. On March 23, 2012, the Companies made an application under the *Companies' Creditors Arrangements Act* (the "**CCAA**") seeking court protection from their creditors, which was granted pursuant to the initial order of the Honourable Mr. Justice Morawetz issued on March 23, 2012 (the "**Initial Order**"). A copy of the Initial Order is attached as **Exhibit "A"** to this affidavit.

5. Pursuant to the Initial Order, PricewaterhouseCoopers Inc. was appointed as CCAA monitor (the "**Monitor**").

6. On May 14, 2012, pursuant to the order of the Honourable Mr. Justice Brown, a sale and investor solicitation process (the "**SISP**") for the sale of the assets of the Companies was approved. A copy of the SISP order to which the SISP is appended is attached as **Exhibit "B"** to this affidavit.

7. The Companies, with the assistance of the Monitor and PricewaterhouseCoopers Corporate Finance Inc., implemented the SISP and selected the bid from DashRx to be the "Successful Bid" (as such term is defined in the SISP).

8. As discussed at paragraphs 60 to 66 of the Monitor's Sixth Report, attached as **Exhibit "C"** to this affidavit, the Companies suffered an acute liquidity crisis in late May. The Monitor was advised that the DIP Lender (and unsuccessful stalking horse bidder) was not prepared to continue to fund the operations of the Companies. In order to allow the negotiations to proceed, Court approval to be sought, and the transaction to close, DashRx agreed to fund the cash operating requirements of the Companies until June 6th, 2012 to a USD $250,000 cap. These

funds were unsecured and were not set off against the purchase price paid by DashRx for the assets of the Companies.

9. The Companies and DashRx subsequently negotiated and executed an asset purchase agreement dated June 1, 2012 (the "**Purchase Agreement**) with the assistance of the Monitor. The Purchase Agreement was the result of lengthy, robust and complex negotiations. A copy of the Purchase Agreement is attached as **Exhibit "D"** to this affidavit.

THE PURCHASE AGREEMENT

10. The Purchase Agreement provided for a Purchase Price that consisted of a combination of cash, secured notes and unsecured notes to be paid to the Companies' creditors, including its unsecured creditors, but did not provide for any recovery for the Companies' shareholders.

11. Section 2.8 of the Purchase Agreement makes it clear that, except for liabilities expressly assumed by DashRx as purchaser, no other liabilities of the Companies were assumed by DashRx. Section 2.8 provides as follows:

> Except for the Assumed Liability and any liability or obligation of the Vendor required to be performed on or after the Closing Date under any Contract that forms part of the Purchased Assets, the Purchaser will not assume or have any responsibility for any obligation or liability of the Vendor to any Person or of any nature whatsoever, whether known or unknown, fixed, contingent or otherwise, including any debts, obligations, sureties, positive or negative covenants or other liabilities directly or indirectly arising out of or resulting from the conduct or operation of the Business or the Vendor's ownership of or interest in the Purchased Assets.

12. Furthermore, section 7.1(3) of the Purchase Agreement makes it clear that the Companies were made responsible for all wages, termination, severance, and other obligations in respect of employees who were not offered or did not accept employment with DashRx at the time of closing as contemplated in section 7.1 of the Purchase Agreement. Section 7.1 of the Purchase Agreement provides as follows:

> (1) Following the execution and delivery of this Agreement by the Parties, the Purchaser may provide the Vendor with a list of twenty (20) Employees to whom it may offer employment (the "**Prospective Employees**") and shall make such offers of employment, effective as of the Closing Time, to the Prospective Employees on terms and conditions which are substantially similar in the

aggregate to the current terms provided (with the exception that a written employment agreement shall be entered into between the Purchaser and each Prospective Employee which shall define the termination entitlement owed to such Prospective Employee upon his or her acceptance of the offer of employment by the Purchaser). For greater certainty, the Purchaser shall not be obligated to offer employment to any Employee. The Purchaser will provide notice to the Vendor on the Closing Date of the names of those Prospective Employees who accept employment with the Purchaser (such Employees who commence employment with the Purchaser are collectively referred to herein as the "**Transferred Employees**"). For greater certainty, pursuant to Section 4.1(7), it is a condition of the Purchaser that at least fifty percent (50%) of the Prospective Employees must accept the Purchaser's good faith offer of employment unless such condition is otherwise waived by the Purchaser pursuant to Section 4.2(2).

(2) The Purchaser shall be liable for the payment of all legal obligations relating to the employment on and after the Closing Time of all Transferred Employees (other than accrued vacation and overtime pay accruing up to and including the Closing Date). All items in respect of the Transferred Employees including premiums for employment insurance, employer health tax, worker's compensation, benefit plans, Canada Pension Plan, accrued wages, salaries, commissions, vacation pay, incentive compensation, expenses and other employee benefits which are payable to, receivable by or accrued in favour of the Transferred Employees up to the Closing Time even if not then due, shall be the responsibility of the Vendor. It is understood that the Purchaser shall have no obligation or liability to any Employee (including the Transferred Employees) or to any Governmental Entity for any premiums for employment insurance, employer health tax, worker's compensation, benefit plans, Canada Pension Plan, accrued wages, accrued vacation pay, accrued overtime pay, salaries, commissions, incentive compensation, expenses, sick leave benefits and other employee benefits or Taxes which are payable to, received by or accrued in favour of any Employee on or prior to the Closing Time even if not then due.

(3) The Vendor shall be responsible for all wages, notice of termination, severance pay and other obligations including entitlement to benefit coverage, stock options, incentive compensation, vacation pay and overtime pay to all Employees who are not Transferred Employees.

(4) The Approval and Vesting Order shall include a clause declaring the Employees that are not Transferred Employees terminated and deemed not to be successor employees of the Purchaser.

13. Section 2.3 (1) (a) of the Purchase Agreement in relevant part specifically earmarked a cash sum equal to the lesser of $235,315 and such amount as was actually owed by the Companies at the time of closing to be used to pay certain statutory priority claims, including

wage and related obligations, to employees who were not to be hired by DashRx. Section 2.3 (1) (a) provides as follows:

> The purchase price (the "Purchase Price") for all the Purchased Assets shall comprise the following:
>
> (1) a cash payment by the Purchaser to the Vendor in the amount of up to Four Million One Hundred Ninety-Six Thousand Three Hundred Fifteen Dollars $(4,196,315.00) (such amount plus the Deposit and all interest earned thereon being the aggregate sum of):
>
> (a) the lesser of the Two Hundred Thirty-Five Thousand, Three Hundred and Fifteen Dollars ($235,315.00) and such amounts as are actually owing by the Vendor at the Closing Time in respect of and to be used to pay statutory priority claims.

COURT APPROVAL OF THE PURCHASE AGREEMENT AND SCHEME OF DISTRIBUTIONS

14. On June 6, 2012, the Purchase Agreement was approved pursuant to the order of the Honourable Mr. Justice Brown (the "**Approval and Vesting Order**"). A copy of the Approval and Vesting Order is attached as **Exhibit "E"** to this affidavit.

15. At paragraph 19 of His Honour's Reasons for Decision, His Honour found, among other things, that the cash portion of the purchase price is designated in part for: "distribution in payment of all statutory priority claims, comprised of approximately $235,000 is accrued and unpaid vacation pay (...)" A copy of His Honour's Reasons for Decision are attached hereto as **Exhibit "F"**.

16. Paragraph 6 of the Approval and Vesting Order contains a clause that reads in pertinent part that "...notwithstanding....any assignment in bankruptcy made in respect of the Applicants.....the APA, the transaction and distributions provided for in the APA and/or in this Order...shall be binding on any Trustee in Bankruptcy that may be appointed in respect of any of the Applicants...".

17. I am advised by counsel that this clause is consistent with that contained in the model form of Approval and Vesting Order approved by the User's Committee of the Commercial List,

and that this language is typically granted when the court approves an asset sale transaction of this type.

18. On June 6, 2012, Justice Brown also granted an ancillary order (the "**Ancillary Order**") which, among other things, approved the scheme of distribution of the sale proceeds of the transaction, and in relevant part authorized and directed the Companies to make a distribution of "$235,315 in connection with employee wage claims, in accordance with Section 36(7) of the *Companies' Creditors Agreement Act* to those employees who are or have been terminated by the Applicants and continue to have any outstanding employee wage claims." A copy of the Ancillary Order is attached hereto as **Exhibit "G".**

19. Forthwith after the granting of the Approval and Vesting Order, the Companies and DashRx took steps to implement the transaction contemplated in the Purchase Agreement, and on June 8, 2012, the Monitor's Certificate required pursuant to section 3 of the Approval and Vesting Order was filed with the Court, thereby confirming the completion of the transaction contemplated in the Purchase Agreement, including payment of the Purchase Price. A copy of the Monitor's Certificate is attached hereto as **Exhibit "H"**.

20. As set out in paragraphs 85 – 87(d) the Monitor's Seventh Report, attached hereto as **Exhibit "I"**, the Companies intended to (and subsequently did make) assignments into bankruptcy shortly after the closing of the transaction. Part of the Purchase Price was earmarked to fund the administrative costs of the bankruptcies to a cap of $100,000. Absent this funding, there would be no mechanism to allow unsecured creditors to receive the consideration provided to them in the Purchase Agreement. The Monitor was appointed Trustee in Bankruptcy of the Companies (the "**Trustee in Bankruptcy**").

21. The Trustee in Bankruptcy made its Report to the First Meeting of Creditors on June 25, 2012. In that Report, the Trustee advises that:

> The only cash available to the Trustee from the APA was (1) cash held in its bank account of approximately $117,600, being the estimated liability owed to PCAS's former employees pursuant to Section 81 of the BIA for outstanding wages and vacation pay (the "**Employee S. 81 Claims**"), and (ii) funds of $100,000 held as a reserve to fund the costs of the bankruptcy proceeding of PCAS and the deleted entities.

A copy of the Report is attached hereto as **Exhibit "J"**.

MISTAKEN PAYMENT HAS BEEN MADE FOR THE STATUTORY PRIORITIES

22. Once the Purchase Price was paid, it was distributed so as to effect the transactions and distributions contemplated by the Purchase Agreement and approved by the Approval and Vesting Order and the Ancillary Order. In particular, funds totaling $579,012.81 were deposited into the PCAS account.

23. As set out in paragraph 54 of the Monitor's Seventh Report, the only statutory priority claims owing by the Companies on closing were in respect of pre-CCAA filing and post-CCAA filing accrued and unpaid vacation pay for employees who either had been or were to be terminated prior to Closing.

24. As can be seen from the below chart, as at that date, these amounts were approximately $1600 higher than originally calculated. It was agreed that DashRx would fund this additional difference to the amount set aside for this liability in the Purchase Price through the use available funds left from the $250,000 provided to satisfy the Companies' operating cash needs to Closing discussed above in paragraph 8.

Estimated Priority Claim as at:

Priority	**>6 months 0%**	**6 Months pre-filing Capped at $2k**	**Post-CCAA Vacation Accrual**	**Total**
Actual	-	117,645.87	119,266.94	236,912.81
Estimated	-	116,823.52	118,491.07	235,314.59
Variance	-	822.35	775.87	1,598.22

25. On June 7, 2012, the Monitor provided a revised post-closing payment structure for the Companies as follows:

PCAS Post-Closing Payment Structure **June 7, 2012**			**CAD$**
Cash deposited in PCAS account by Aird & Berlis			
Bennett Jones			176,353.41
PwC (to be certified before deposit)			401,061.59
Funds required from DashRX $250,000			1,597.81
Total Cash Funded			**579,012.81**
PCAS Payments	**From**	**To**	
Post-CCAA Vacation Pay	PCAS	ADP	119,266.94
KERP	PCAS	ADP[1]	242,100.00
Trustee's Fees	PCAS	PwC	100,000.00
Total PCAS payments pre bankruptcy			**461,366.94**
Remaining cash in PCAS account upon bankruptcy			
Pre-filing Vacation Pay			117,645.87
Total cash in account upon bankruptcy filing			**117,645.87**

26. On June 7, 2012, consistent with the revised post-closing payment structure set out above, $120,000 was transferred from PCAS to ADP on account of post-CCAA vacation pay for terminated employees.

27. As requested by the Monitor/Trustee, after all required post-closing payments, including the above $119,266.94 on account of post-CCAA vacation pay for terminated employees were made from the PCAS account, there remained approximately $117,645.87 in the account upon the bankruptcy filing specifically earmarked to satisfy pre-filing vacation pay owed to terminated employees pursuant to the Employee S. 81 Claims. The aggregate of the $119,266.94 and the $117,645.87 totaled $236,912.81 and was sufficient to satisfy the statutory priority amounts.

28. Subsequently, and based on further information provided by employees, the above-noted vacation pay figures were re-calculated, resulting in the pre-CCAA filing vacation pay being an estimated $115,144.08 and the post-CCAA filing vacation pay being an estimated $111,457.14, for a total obligation of $226,601.22.

[1]Note that the KERP amounts were paid directly to the affected employees by cheque and the relevant taxes and deductions were paid to ADP.

29. On May 31, 2012, the person responsible for administering the payroll for the Companies was advised that she was to be terminated prior to the expected June 7th Closing. She effectively stopped working as of that date and I was compelled by necessity to take over her role in administering payroll through ADP, the Companies' payroll administrator. In addition, I had numerous other time sensitive responsibilities, including finalizing the various and complicated payments and related detailed manual calculations that were required to be made in association with the transactions contemplated by the Purchase Agreement. It should be noted that I did not receive a copy of the Purchase Agreement and related materials until mid July 2012.

30. On June 13, 2012, the Purchaser transferred a total of $161,000 to ADP to satisfy current payroll for the week ending June 8th. A copy of the statement from HSBC Bank Canada showing a transfer of $161,000 to ADP along with a copy of the wire transfer instruction form is attached hereto as **Exhibit "K".**

31. In actuality, the amount due for this payroll was in the amount of $54,206.28 inclusive of benefits payments and ADP's fees. However, due to an inadvertent miscommunication as to the total amount and as to the components of the total amount required to be transferred to ADP at that time by DashRx, the amount transferred to ADP included both: (i) current salary for active employees; and (ii) pre-filing vacation pay for terminated employees who were not offered or did not accept employment with DashRx. This was an inadvertent mistaken payment that resulted in the satisfaction of the claims of such terminated employees on account of pre-CCAA filing vacation pay in the amount of $115,144.08, leaving a roughly equivalent amount in the hands of the Trustee (as previously defined, the "Mistaken Payment").

32. A schedule of the amount of the Mistaken Payment, including the specific amounts paid to each employee on account of the Employee S. 81 Claims is attached hereto in redacted form as **Exhibit "L"**. This schedule has been reconciled with the Trustee's records, and I am advised that it corresponds with those records. The names and personal details of the individual employees have been redacted in the public record out of privacy concerns.

33. It is anticipated that the Trustee will file a report on this motion as well.

34. Since $117,645.87 is being held by the Trustee to satisfy the Employee S.81 Claims and the amount actually owing to the terminated employees in respect of the Employee S. 81 Claims has been paid to them through the Mistaken Payment by DashRx, the net effect of the above is that DashRx has satisfied its obligations pursuant to 2.3 1(a) of the Purchase Agreement and the Trustee's obligation to pay the Employee S. 81 Claims, but the Trustee is holding funds in the amount of the Mistaken Payment. Those funds were provided to the Trustee for the explicit and sole purpose of satisfying the Employee S. 81 Claims. The funds were not provided gratuitously or for the general benefit of the estate of the Companies. In simple terms, DashRx has paid twice for the same obligation.

35. In my view, common sense and fairness dictate that the Trustee should be authorized and directed to transfer funds it holds equal to the amount of the Mistaken Payment back to DashRx. DashRx has fulfilled the explicit terms and intent of the Purchase Agreement and it is unrealistic, uneconomical and unwieldy to expect that DashRx, the Trustee or ADP will be able to obtain the return of the monies advanced through ADP to the terminated employees. Moreover, even if such a result were possible, it would result in increased costs to the estate.

36. Moreover, it should be remembered that DashRx has already paid the full amount of the cash Purchase Price. Pursuant to the Purchase Agreement, the Approval and Vesting Order, and the Ancillary Order, the Trustee is restricted to use funds it holds in the amount of the Mistaken Payment solely for the purpose of the contemplated distribution to terminated employees on account of the statutory priority claims owing by the Companies on closing to the capped amount. That purpose has been fulfilled by the Mistaken Payment and therefore the funds held by the Trustee should be returned to DashRx. Otherwise, having paid the full amount of the cash Purchase Price, DashRx will be effectively required to pay a higher Purchase Price than required in the Purchase Agreement for no additional consideration, and for no just cause.

37. I am advised by counsel that the Trustee does not oppose the relief sought, provided it receives appropriate direction from the Court.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, This 24th day of October, 2012.

A commissioner, etc.
in and for the Province of Ontario

Kevin Farrell

THIS IS EXHIBIT "A" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012

A Commissioner for taking affidavits, etc.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 23RD DAY
	)	
JUSTICE MORAWETZ	)	OF MARCH, 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

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Donald Waugh, sworn March 22, 2012 and the Exhibits thereto (the "**Waugh Affidavit**"), on reading the pre-filing report of PricewaterhouseCoopers Inc. ("**PwCI**"), in its capacity as intended Monitor in these proceedings, dated March 21, 2012, and on hearing the submissions of counsel for the Applicants, counsel for PwCI, counsel for Castcan Investments Inc. ("**Castcan**"), Counsel for Forstar Group and no one else appearing on this Application, and on reading the consent of PwCI to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**") between, *inter alia*, the Applicants and one or more of their secured and/or unsecured creditors as they deem appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that each of the Applicants shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, each of the Applicants shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. Each of the Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that each of the Applicants, either on its own behalf or on behalf of another Applicant, shall be entitled but not required to pay the following expenses or honour the following obligations whether incurred prior to or after the date of this Order:

(a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges;

(c) with the prior consent of the Monitor, any or all outstanding and future amounts owing to or in respect of individuals working as independent contractors in connection with the Business if, in the opinion of the Applicants, the individual is critical to the Business and ongoing operations of the Applicants; and

(d) with the prior consent of the Monitor, outstanding amounts owing for goods and services actually supplied to the Applicants (or, where acceptable to the supplier, return of supplied goods in lieu of such payments), or amounts necessary to obtain the release of goods contracted for prior to the date of this Order, by suppliers, if, in the opinion of the Applicants, such payments are necessary in order to ensure an uninterrupted supply of goods and services to the Applicants which are material to the continued operation of the Business.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, each of the Applicants shall be entitled but not required to pay all reasonable expenses incurred by it in carrying on the Business in the ordinary course on and after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods actually delivered or services actually supplied to the Applicants on or after the date of this Order.

7. **THIS COURT ORDERS** that each of the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by such Applicant in connection with the sale of goods and services by such Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by such Applicant.

8. **THIS COURT ORDERS** that until such time as a real property lease is disclaimed, terminate or repudiated in accordance with paragraph 10(c) of this Order (a "**Notice of Repudiation**"), each Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between such Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date except in respect of scheduled payments of principal, interest, refunds and costs to be remitted to Castcan under the Castcan Factoring Agreement or to Royal Bank of Canada under the RBC Credit Agreement (as such terms are defined in the Waugh Affidavit); (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of

its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Loan Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of non-profitable, redundant or non-material assets and operations not exceeding $150,000 in any one transaction or $500,000 in the aggregate;

(b) terminate the employment of such of its employees or temporarily or indefinitely lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the such Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;

(c) in accordance with paragraphs 11 and 12, vacate, abandon or quit any leased premises and/or disclaim, cancel, terminate or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days notice in writing to the relevant landlord on such terms as may be agreed upon between such Applicant and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;

(d) disclaim, terminate or repudiate, with the prior consent of the Monitor or further Order of the Court, such of its arrangements, agreements or contracts of any nature whatsoever, with whomsoever, whether oral or written, as such Applicant may deem appropriate, in accordance with Section 32 of the CCAA and on such terms as may be agreed upon between such Applicant and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and

(e) pursue all avenues of refinancing and offers for material parts of its Business or the Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale (except as permitted by subparagraph 10(a) above),

all of the foregoing to permit such Applicant to proceed with an orderly restructuring or winding down of the Business (the "**Restructuring**").

11. **THIS COURT ORDERS** that each of the Applicants shall provide each of the relevant landlords and the Monitor with notice of such Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes such Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the leased premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and such Applicant, or by further Order of this Court upon application by such Applicant on at least two (2) days notice to such landlord and any such secured creditors. If such Applicant disclaims, repudiates or terminates the lease governing such leased premises in accordance with paragraph 10(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in paragraph 10(c) of this Order), and the disclaimer, repudiation or termination of the lease shall be without prejudice to such Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a Notice of Repudiation is delivered by an Applicant, then (a) during the notice period prior to the effective time of the disclaimer, repudiation or termination, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving such Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, repudiation or termination, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against such Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify such Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third

party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including April 21, 2012, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the affected Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the affected Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or re-perfect an existing security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sub-lease, licence or permit in favour of or held by either of the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with either of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, leasing or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider, the affected Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such

obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that each of the Applicants shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $1,500,000, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 40 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) each of the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is denied or insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that PwCI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicants, to the extent required by the Applicant, in their dissemination, to the DIP Lender (as defined in paragraph 31 below) and its counsel on a periodic basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the DIP Lender;

(e) advise the Applicants in their development of the Plan and any amendments to the Plan;

(f) assist the Applicants with the Restructuring;

(g) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and

performance of its obligations under this Order, including being at liberty to retain and utilize the services of entities related to PwCI as may be necessary to perform the Monitor's duties hereunder;

(j) consider, and prepare a report and assessment of the Plan;

(k) assist the Applicants with their continuing restructuring activities and in the conduct of any sale process or processes to sell the Property and Business or any part thereof;

(l) advise and assist the Applicants in their negotiation with suppliers, customers and other stakeholders; and

(m) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of

any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements incurred both before and after the making of this Order, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in the amounts of $75,000, $50,000 and $75,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

29. **THIS COURT ORDERS** that, if requested by the DIP Lender, any interested party or this Court, the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings and as security for any liability of the Monitor or costs incurred by the Monitor to defend any claims arising as a result of its appointment or the fulfillment of its duties in carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

DIP FINANCING

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 $2,800,000 unless permitted by further Order of this Court.

32. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the loan agreement between the Applicants and the DIP Lender dated as of March 22, 2012 (the "**Loan Agreement**"), filed.

33. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver the Pari Passu Priorities Agreement (as defined in the Waugh 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 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 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.

34. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 38 and 40 hereof.

35. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Loan Agreement, the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven (7) days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Loan Agreement, the Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Loan Agreement, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

36. the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

37. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the

"**BIA**"), with respect to any advances made under the Loan Agreement or the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as between them, shall be as follows:

First – Administration Charge (to the maximum amount of $500,000);

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amount of $1,500,000).

39. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

40. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and:

(a) the Directors' Charge and the DIP Lender's Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person with the exception of valid, enforceable and perfected Encumbrances existing as at the filing date; and

(b) the Administration Charge shall rank in priority to all other Encumbrances in favour of any Person.

41. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges.

42. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the Loan Agreement, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Loan Agreement or the Definitive Documents shall create or be deemed to constitute a breach by either of the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Loan Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order, the Loan Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable, reviewable, void or voidable transactions under any applicable law.

43. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

44. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

45. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

46. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at www.pwc.com/car-pcas .

GENERAL

47. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

48. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

49. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

50. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

51. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) 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.

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:
MAR 23 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.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicants

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.

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

March 23, 2012

S. Babe
I Aversa] for Applicat.
J. MacDonald for PwC Proposal Trustee.
D. Bales for Cortscan Inc.
J. Campbell for Foster Groups
G. Shum.

CCAA protection granted
Order signed in form presented,
Order provides for DIP, Administration
+ D+O charges.
Brief reasons will follow.

12092047 1

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

APPLICATION RECORD

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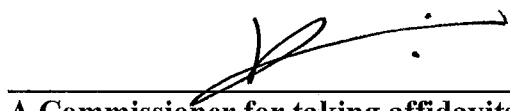
Lawyers for the Applicants

THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	MONDAY, THE 14th 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 Fifth Report of PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated May 11, 2012, filed (the "**Fifth Report**"), and approving the actions of the Monitor described therein; (b) 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 $5,350,000 to $6,000,000; and (c) approving a sale and investor solicitation process (the "**SISP**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Loreto Grimaldi, sworn May 11, 2012 (the "**May 11 Affidavit**"), filed, and the exhibits thereto and the Fifth Report, 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 Eunice Baltkois sworn May 11, 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 Fifth Report be and is hereby approved and the actions of the Monitor described therein be and are hereby approved.

3. **THIS COURT ORDERS** that paragraph 31 of the Initial Order of the Honourable Mr. Justice Morawetz granted on March 23, 2012 in these proceedings (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.

4. **THIS COURT ORDERS THIS COURT ORDERS** that SISP as described in the May 11 Affidavit and the Fifth Report, and as attached as **Schedule "A"** hereto is hereby approved.

5. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to take such steps as they consider necessary or desirable to carry out the SISP and any step taken by the Applicants in connection with the SISP prior to the date hereof is hereby approved and ratified.

6. **THIS COURT ORDERS** that the Monitor, to the extent it assists with the SISP, shall have no personal or corporate liability in connection with the SISP, including, without limitation:

(a) by advertising the SISP, including, without limitation, the opportunity to acquire all or a portion of the assets, property and undertakings of the Applicants (the "**Property**") or invest by way of equity or debt in the businesses of the Applicants (the "**Business**");

(b) by exposing the Property to any and all parties, including, but not limited to, those parties who have made their interests known to the Monitor;

(c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Applicants or the Property;

(d) through the disclosure of any and all information regarding the Applicants or the Property arising from, incidental to or in connection with the SISP;

(e) pursuant to any and all offers received by the Applicants in accordance with the SISP; and

(f) pursuant to any agreements entered into by any of the Applicants in respect of the sale of any of the Property or the investment in or financing of the Business.

7. **THIS COURT ORDERS** that, in connection with the SISP and pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Applicants shall disclose personal information of identifiable individuals to prospective investors, financiers, purchasers or bidders and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more investment, finance or sale transactions (each, a "**Transaction**"). Each prospective investor, financier, purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicants; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants or the Monitor, or ensure that all other personal information is destroyed.

8. **THIS COURT ORDERS** that Paragraph 5 of the Order of the Honourable Mr. Justice Brown made on May 7, 2012 in these proceedings (the "**May 7 Order**") be and is hereby amended to provide as follows:

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 assist the ~~Applicants~~ in a sale and investor solicitation process.

~~9. THIS COURT ORDERS that Paragraph 6 of the May 7 Order be and is hereby deleted in its entirety.~~

~~10.~~ **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 18, 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.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAY 14 2012

SCHEDULE "A"

PCAS Sales and Investor Search Process ("SISP") Summary

Defined Terms

1. All capitalized terms used but not otherwise defined herein have the meaning given to them in the Order granted by the Ontario Superior Court of Justice (the "**Court**") on March 23, 2012 (the "**Initial Order**") in respect of the Applicants proceedings commenced under the *Companies' Creditors Arrangement Act* (the "**CCAA**").

SISP Procedures

2. The SISP Procedures set forth herein describe, among other things, the Applicants' Property available for sale and the opportunity for an investment in the Applicants' business, the manner in which the prospective bidder may gain access to or continue to have access to due diligence materials, the manner in which bidders and bids become Qualified Bidders (as defined below) and Qualified Bids (as defined below), respectively, the receipt and negotiations of bids received, the ultimate selection of a Successful Bidder (as defined below) and the Court's approval thereof.

3. The Applicants, with the assistance of the Monitor (the "**SISP Team**"), will compile a listing of prospective purchasers and investors. The SISP Team will make best efforts to contact all parties identified in the list as well as any additional parties that the SISP Team believes could be a potential strategic or financial purchaser or investor.

4. The Applicants, with the assistance and support of the Monitor (who will also monitor the process), will conduct a sale and investor solicitation process whereby prospective purchasers and investors will have the opportunity to submit a bid for the Applicants' Property or make an investment in the Applicants.

5. As soon as possible, the SISP Team will distribute to prospective purchasers and investors a solicitation letter summarizing the acquisition and/or investment opportunity (the "**Teaser**"). The Teaser will include a form of confidentiality agreement ("**CA**") that

prospective purchasers and investors will be required to sign in order to gain access to confidential information and to perform due diligence. Those parties who have already executed a confidentiality agreement with the Applicants (also a "**CA**" for the purposes hereof) may not be required to execute a new confidentiality agreement.

6. In order for a prospective bidder to sign a CA and participate in the SISP, the Applicants and the Monitor must receive the following from such prospective bidder:

   (a) information sufficient, in the Applicant's discretion and in consultation with the Monitor, to identify the prospective bidder and to prove that the prospective bidder has the financial ability to become a Qualified Bidder;

   (b) representations and warranties that the prospective bidder is not acting as a broker, agent or other representative of any other person in connection with the transaction, and is considering the transaction only for its own account unless the Applicant, in consultation with the Monitor, expressly waives this requirement in writing.

7. The Applicants will update the existing confidential business plan (the "**Business Plan**") to be made available to prospective purchasers and investors that execute a CA. The Business Plan will provide an overview of the Applicants' business, assets and prospects.

8. Prospective purchasers and investors that have executed a CA will be provided with an opportunity to review financial and other information in the Applicants' online data room and will also be provided with an opportunity to meet with senior management and members of the board of directors of the Applicants and such other parties as the Applicants may arrange.

9. The sale of the Applicants' Property or the investment in the Applicants will be made on an "as is, where is" basis without surviving representations or warranties of any kind, nature, or description by the Monitor or the Applicants, except to the extent set forth in the definitive sale or investment agreement with a Successful Bidder.

Stalking Horse Bid

10. The Applicants have agreed with the DIP Lender that the DIP Lender shall submit a stalking horse bid for the purchase of substantially all of the property, assets and undertaking of the Applicants on an "as is, where is" basis (the "**Stalking Horse Bid**"). The Stalking Horse Bid will allow the DIP Lender to credit bid its debt in exchange for the purchase of the Applicants' Property. The Stalking Horse Bid will provide for a purchase price equal to the amount of outstanding secured liabilities owing by the Applicants to the DIP Lender (being the principal amount of the DIP Loan advances and all interest and all reasonable fees and expenses to the closing) plus the assumption of all senior secured indebtedness of the Applicants (the "**Secured Indebtedness**"), estimated to be approximately CDN$**[7.9]** million. The purchase price contained in the Stalking Horse Bid will be satisfied by the release of the liabilities owed to the DIP Lender by the Applicants plus the value of the assumed senior secured indebtedness. The Stalking Horse Bid shall not be permitted to be in an amount in excess of the Secured Indebtedness.

Bidding Procedures

11. The bidding procedures are as follows (the "**Bidding Procedures**"):

    (a) all bids for purchase and/or investment must be submitted in writing to the Monitor and received no later than noon (Toronto time) on May 24, 2012 (the "**Bid Deadline**");

    (b) each potential bidder must submit, before the Bid Deadline, a bid including the identification of the bidder, evidence of corporate authority and proof of its financial ability to perform to the satisfaction of the Applicants and the Monitor;

    (c) a bid should, among other things, be in the form of a binding offer capable of acceptance, irrevocable until one day after closing of the Successful Bid (as defined below), and must contemplate a purchase price (in the case of a sale bid), or an amount available for stakeholders (in the case of an investment bid) of

greater than the Secured Indebtedness (being the estimated purchase price of the Stalking Horse Bid including fees and all senior secured indebtedness of the Applicants and excluding the amount of any other assumed liabilities) in cash or other consideration acceptable to the DIP Lender and be accompanied by a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust (the "**Deposit**"), in an amount equal to the greater of 10% of the purchase price or investment contemplated therein or CDN$790,000 (each bid submitted in accordance with these bidding procedures a "**Qualified Bid**" and each such bidder a "**Qualified Bidder**").

(d) if no Qualified Bids are received, the Stalking Horse Bid shall be deemed to be a Qualified Bid and the Successful Bid and the Applicants and the DIP Lender shall proceed to consummate the transaction contemplated thereby, subject to finalization of documentation and the Court's approval thereof.

Qualified Bids

12. A bid will be considered a Qualified Bid only if (i) it is submitted by a Qualified Bidder on or before the Bid Deadline or it is the Stalking Horse Bid, and (ii) the bid (for the avoidance of doubt, including a Stalking Horse Bid) complies with, among other things, the following requirements:

(a) it includes a letter stating that the bidder's offer is irrevocable until the business day after the closing of the Successful Bid;

(b) it includes (if not the Stalking Horse Bid) written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Applicants, in consultation with the Monitor, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;

(c) in respect of a purchase of the Applicants' Property, it includes a reasonably detailed listing and description of the property to be included in the sale and in the case of an investment in the Applicants' business, it includes a reasonably detailed listing and description of any of the Applicants' Property to be divested or disclaimed prior to closing;

(d) it includes details of the proposed number of employees of the Applicants who will become employees of the bidder (in the case of a purchase of the Applicants' Property) or shall remain as employees of the Applicants (in the case of an investment in the Applicants' business) and, in each case, provisions setting out the terms and conditions of employment for continuing employees;

(e) it includes details of any liabilities to be assumed by the Qualified Bidder;

(f) it is not conditional upon, among other things:

(i) the outcome of unperformed due diligence by the Qualified Bidder; or

(ii) obtaining financing;

(g) it fully discloses the identity of each person or entity that will be sponsoring or participating in the bid, and the complete terms of such participation;

(h) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(i) it identifies with particularity the contracts and leases the bidder wishes to assume and reject, contains full details of the bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;

(j) it provides a timeline to closing with critical milestones;

(k) it contains other information reasonably requested by the Applicants, in consultation with the Monitor;

(l) in the case of a purchase of the Applicants' Property, it includes the following: an acknowledgement and representation that the bidder: (a) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (b) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and

(m) in the case of an investment in the Applicants' business, it includes an acknowledgement and representation that the bidder: (a) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid; and (b) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the investment agreement.

13. The Applicants, with the consent of the Monitor, may waive compliance with any one or more of the requirements specified herein (except the requirement contained herein with respect to the purchase price, in the case of a purchase of the Applicants' Property, or an amount available for stakeholders, in the case of an investment in the Applicants' business, being in an amount greater than the Secured Indebtedness) and deem such non-compliant bids to be Qualified Bids.

14. A Qualified Bid may, in lieu of providing for the repayment of the amount owing to the DIP Lender in cash, provide the DIP Lender with the option (which the DIP Lender would then be entitled to flow through to the persons who have lent money to the DIP Lender in order to participate in the provision of the DIP Loan to the Applicants) to

accept equity in the bidder or other consideration acceptable to the DIP Lender in full or partial satisfaction of the amount owing to the DIP Lender.

Post-Bidding Procedures

15. If one or more Qualified Bids other than the Stalking Horse Bid are received in accordance with the Bidding Procedures, the Applicants, in consultation with the Monitor, may choose to:

    (a) accept one Qualified Bid (the "**Successful Bid**" and the Qualified Bidder making the Successful Bid being the "**Successful Bidder**") and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the selected bidder; or

    (b) continue negotiations with a selected number of Qualified Bidders (collectively, "**Selected Bidders**") with a view to finalizing an agreement with one of the Selected Bidders.

16. The Applicants shall be under no obligation to accept the highest or best offer and the selection of the Selected Bids and the Successful Bid shall be entirely in the discretion of the Applicants, after consultation with the Monitor.

Other Terms

17. All Deposits will be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved by the Court will be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder will be returned to such bidders within 5 Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within 5 Business Days of the date upon which the SISP is terminated in accordance with these procedures.

18. If a Successful Bidder breaches its obligations under the terms of the SISP, its Deposit shall be forfeited as liquidated damages and not as a penalty.

19. The Applicants will apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid.

20. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Applicants. The Approval Motion may be adjourned or rescheduled by the Applicants or the Monitor without further notice by an announcement of the adjourned date at the Approval Motion.

21. All Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid by the Court.

22. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

23. There will be no amendments to this SISP without the consent of the Applicants and the Monitor or, in the absence of such consent, the approval of the Court.

24. This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants and any bidder, other than as specifically set forth in a definitive agreement that any such bidder may enter into with the Applicants. At any time during the SISP, the Monitor may, upon reasonable prior notice to the Applicants and the DIP Lender, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

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

ORDER

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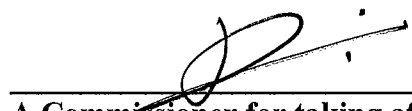
THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

PCAS PATIENT CARE AUTOMATION SERVICES INC. AND 2163279 ONTARIO INC.

SIXTH REPORT OF THE MONITOR

May 28, 2012

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

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.

APPLICANTS

SIXTH REPORT OF PRICEWATERHOUSECOOPERS INC.

In its capacity as Monitor of the Applicants

May 28, 2012

pwc

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APPENDICIES

pwc

I. INTRODUCTION

1. On March 23, 2012 (the "**Filing Date**"), PCAS Patient Care Automation Services Inc. ("**PCAS**") and 2163279 Ontario Inc. ("**Touchpoint**") (collectively, the "**Company**" or the "**Applicants**") made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") and an initial order (the "**Initial Order**") was granted by the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granting, *inter alia*, a stay of proceedings against the Applicants to April 21, 2012 (the "**Stay Period**") and appointing PricewaterhouseCoopers Inc. ("**PwC**") as the monitor (the "**Monitor**"). The proceedings commenced by the Company under the CCAA are referred to herein as the "**CCAA Proceedings**".

2. PwC was previously retained by the Company to act as financial advisor to assist management and the Company's board of directors (the "**Board**") to review strategic alternatives available to the Company for the resolution of its liquidity concerns.

3. On April 16, 2012, this Court granted an Order (the "**April 16 Order**") which provided, *inter alia*, for approval of the Amended and Restated DIP Agreement, an increase in the limit of the DIP Facility from $2,800,000 to $3,800,000 and approval of the KERP and KERP Charge (all as defined therein).

4. On April 20, 2012, this Court granted an Order (the "**April 20 Order**") which provided, *inter alia*, for an increase in the DIP Facility from $3,800,000 to $4,370,000 and an extension of the stay of proceedings to May 4, 2012.

5. On May 3, 2012, this Court granted an Order (the "**May 3 Order**") which provided, *inter alia*, for an increase in the DIP Facility from $4,370,000 to $4,525,000 and an extension of the stay of proceedings to May 8, 2012.

6. On May 7, 2012, this Court granted an Order (the "**May 7 Order**") which provided, *inter alia*, for approval of the Second Amended and Restated DIP Loan Agreement, an increase in the DIP Facility from $4,525,000 to $5,350,000 and an extension of the stay of proceedings to May 28, 2012 (the "**Stay Period**").

7. On May 14, 2012, this Court granted an Order (the "**May 14 Order**") which provided, *inter alia*, for an increase in the DIP Facility from $5,350,000 to $6,000,000 and the approval of a SISP as set out in the Fifth Report.

II. PURPOSE OF REPORT

8. In conjunction with the Company's application for relief under the CCAA, on March 23, 2012, PwC in its capacity as proposed Monitor filed the Proposed Monitor's Report with this Court. Subsequently, on April 15, 2012, the Monitor filed the First Report with this Court. On April 19, 2012, the Monitor filed the Second Report with this Court. On May 3, 2012, the Monitor filed the Third Report with this Court. On May 7, 2012, the Monitor filed the Fourth Report with this Court. On May 11, 2012, the Monitor filed the Fifth Report, attached hereto as **Appendix "A"**.

9. The purpose of this report (the "**Sixth Report**") is to:

   a) Provide this Court with a summary of the following:

      (i) The Monitor's activities since the date of the Fifth Report;
      (ii) An update on the status of the SISP; and
      (iii) The Company's request for an extension of the stay of proceedings to June 6, 2012 to provide adequate time to close the transaction with the Successful Bidder subject to further Order of this Court;

   b) Recommend that this Court issue an order:

      (i) Approving the activities of the Monitor as set out in this Sixth Report; and
      (ii) Extending the Stay Period to June 6, 2012.

III. QUALIFICATIONS

10. In preparing this Sixth Report, the Monitor has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management and legal counsel to the Company. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance with respect to the information contained in this Sixth Report. Future-oriented financial information relied upon in this Sixth Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance with respect to the accuracy or completeness of any financial information contained herein. The Monitor reserves the right to refine or amend its comments and findings as further information is obtained or brought to its attention subsequent to the date of this Sixth Report.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Initial Order, the Proposed Monitor's Report, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report or the Affidavit of Kym Anthony dated May 27, 2012 (the "**May 27 Affidavit**").

IV. ACTIVITIES

Monitor's activities since May 11, 2012

12. Since May 11, 2012, the Monitor has been working to assist the Company in implementing the SISP including, among other things:

    a) participating in numerous calls and meetings with the Company, the Board, the DIP Lender, interested parties and Potential Purchasers (as defined below) as discussed further below;

    b) assisting the Company in preparing documentation for its dataroom in support of the SISP;

    c) attending the Company's Oakville offices on a daily basis to assist with the SISP and monitor the Company's receipts and disbursements;

    d) discussions and correspondence with Osler, counsel to the Monitor, on various matters;

    e) discussions and correspondence with the Company and its counsel and the DIP Lender and its counsel on various matters, including in regards to the Company's implementation of the SISP;

    f) discussions with various interested parties, including current shareholders and former senior executives and Board members, who were seeking to obtain information and provide their views in respect of the SISP and the CCAA Proceedings;

    g) discussions with the Potential Customer, WalGreen Co. ("**WalGreens**") on various matters, including the SISP, as further discussed below; and

    h) discussions with various stakeholders on the status of the CCAA Proceedings.

Company's activities since May 11, 2012

13. Since the date of the Fifth Report, the Company has been working to implement the SISP as further described below.

14. In addition to implementing the SISP, the Monitor has been advised by the Company that in order to preserve and protect its proprietary technology, the Company has been working to recover its MedCentres wherever located and to return them to the Company's headquarters in Oakville Ontario. As of the date of this Sixth Report, all but three of the outstanding MedCentres have been returned to the Company's Oakville offices. One of the remaining MedCentres is at the Company's offices in Illinois. The second remaining MedCentre is in transit. The third remaining MedCentre is in the possession of WalGreens and is not in the process of being recovered as of the date of this Sixth Report.

15. As certain MedCentres contain drugs and narcotics which are owned by the respective hospitals where the MedCentres are located, the Company is returning the drugs contained in these MedCentres to their respective owners. For drugs which are owned by PCAS, the Company is working to return these to their respective suppliers. As the suppliers have credited their accounts for the value of the drugs returned, all outstanding credit has been offset and the suppliers are now providing cash in exchange for the returned drugs.

16. As part of its efforts to raise DIP Financing, the Company offered to pay to certain consultants, including members of the Board, a commission of 5% of the incremental amount of DIP funding raised by such consultants. The most recent $500,000 of DIP Financing was raised by a member of the Board, Mr. Donald Waugh. Accordingly, the Board approved the payment to Mr. Waugh of a commission in the amount of $25,000 on the funds he raised. The DIP Lender consented to the payment and the Company is forecast to pay this commission on May 30, 2012. The Monitor was advised by the Company that there was no formal document in place addressing the payment of commission to consultants for raising DIP financing.

V. STATUS OF THE SISP

Overview of SISP Activities prior to the Bid Deadline

17. In the May 14 Order, the Court approved the SISP that was developed by the Company and the DIP Lender with the assistance of the Monitor. The SISP sets out the manner in which prospective bidders (the "**Potential Purchasers**") were to be provided with an opportunity to make a Qualified Bid to purchase the Company's Property or make an investment in the Company's business. The SISP is described in the Fifth Report and a copy of the SISP Summary is attached hereto as **Appendix "B"**. Defined terms used in this section and not otherwise defined have the meaning ascribed to them in the SISP.

18. As previously described to the Court during the hearing on May 14, 2012 in these CCAA Proceedings, the Company, with the support of the DIP Lender, thought it was appropriate for the Company to implement and have the primary role in the SISP rather than the Monitor or PWCCF. Given the Company's, and in particular, the Board's, previous efforts at seeking investment or acquisition proposals for the Company, the Company and the DIP Lender proposed that the continuity and familiarity that the Company and the Board would provide with respect to the SISP would be more beneficial for the Company's stakeholders than a SISP implemented by a third party. Accordingly, at the Monitor's request, the Company sought to terminate the Monitor's powers that were granted to it in the May 7 Order regarding a sale process involving the Company. However, the Court, as noted in its reasons for decision dated May 14, 2012, did not terminate those powers but noted that it accepted the Monitor's reasons for its decision not to exercise the authority given to it in connection with the sale process in the May 7 Order based on the Company and the DIP Lender's desire to implement the SISP.

19. The Company implemented the SISP in accordance with the May 14 Order and the SISP Summary with the assistance of the Monitor. Certain members of the Board had the primary role in the discussions with Potential Purchasers. The Monitor was actively involved with the Company and the members of the Board during all stages of the SISP, as further described below.

20. The Monitor attended at PCAS head office in Oakville beginning on May 9, 2012 to prepare for and assist in the implementation of the SISP and was present at the Company's office to attend meetings, conference calls and assist the Company with implementing the SISP.

21. In order to ensure a fair and transparent process and to address issues in a timely and consistent manner, the Monitor and its counsel participated in update calls at 8:00 am every weekday morning from May 10, 2012 until May 23, 2012 with the certain members of the Board, the DIP Lender and its counsel and the Company's counsel. In addition, the Monitor participated in numerous ad hoc calls and meetings to discuss the progress of the SISP and any issues raised by Potential Purchasers or other interested stakeholders.

22. In advance of May 14, 2012, the Company, with the assistance of the Monitor, reviewed the contents of the Company's electronic dataroom and updated the materials posted in the dataroom, including materials related to the financial, operational, human resources, legal, customer and supplier information of the Company to assist Potential Purchasers in analyzing the Company to determine if they would submit an offer to purchase or invest in the Company that was capable of being a Qualified Bid. The dataroom also contained the SISP Summary,

which stipulated the requirements for Qualified Bids. The updated dataroom was available to Potential Purchasers on May 16, 2012.

23. Additional documents were added to the dataroom as they became available throughout the SISP. Certain documents prepared by third party independent consultants deemed by the Company to be technically sensitive were not included in the dataroom but were made available to Potential Purchasers under the supervision of the Company and the Monitor at the Company's premises.

24. Two Potential Purchasers requested meetings with the third party independent technology consultants. The Company, in consultation with the Monitor, facilitated meetings between these Potential Purchasers and the third party independent technology consultants. The Monitor was in attendance at such meetings.

25. All the Potential Purchasers who executed an NDA were informed that they could access the dataroom upon request to the Company and notice to the Monitor. Each Potential Purchaser who requested access to the dataroom was provided with such access. All Potential Purchasers who executed the NDA but did not request access to the dataroom received either a telephone call or email correspondence from the Monitor informing such Potential Purchasers that they could access the dataroom.

26. As described in further detail in the Fifth Report, prior to the commencement of the CCAA Proceedings, the Company had engaged reputable investment bankers to assist the Company in raising additional financing. These investment bankers actively contacted potential investors from December 2011 to March 2012. Following the commencement of the CCAA Proceedings, the Company continued to seek potential investors and contacted various parties in this regard.

27. On May 8, 2012, the Monitor met with senior management and the Board and requested a list of all Potential Purchasers contacted as part of the Company's previous investment and financing efforts discussed above. The Company presented the Monitor with a list of 86 Potential Purchasers that the Company had identified as part of its previous refinancing efforts during the December 2011 private placement process, as well as a list of subsequent Potential Purchasers contacted by the Company as part of its parallel informal sales and investment process. These solicitation processes are described in further detail in the Fifth Report.

28. On May 9, 2012, the Monitor prepared a supplemental list of Potential Purchasers, comprising 39 potential strategic buyers and 50 potential financial buyers, for an additional

89 Potential Purchasers for the Company. The supplemental list of potential strategic buyers included a range of Potential Purchasers from around the world and across a number of logical industry sub-sectors, including:

a) Pharmaceutical distribution companies;

b) Retail pharmacies, including grocery chains and superstores with pharmacy offerings;

c) General healthcare companies, including those with operations in elder care, hospital management and pharmaceutical production; and

d) Automated sales services companies, including ATM and vending machine manufacturers.

29. The Company's list and the Monitor's list were consolidated into a total of 175 Potential Purchasers. This list was presented to and approved by the Board and management team on May 10, 2012.

30. In order for the SISP to proceed in a fair and efficient manner, it was determined that the Monitor should contact 119 of the Potential Purchasers from the consolidated buyer list, and the Company would contact the remaining 56 Potential Purchasers. All individuals responsible for contacting Potential Purchasers were directed by the Company, in consultation with the Monitor, to provide only those documents prepared specifically for the SISP. This direction was intended to promote a fair and transparent process by ensuring that each Potential Purchaser contacted as part of the SISP approved by this Court received consistent information.

31. As described in the Fifth Report, the Monitor assisted the Company with preparation of the Teaser Letter which was sent to Potential Purchasers commencing May 11, 2012. A copy of the Teaser Letter was appended to the Fifth Report as Appendix C.

32. On May 11, 2012, the Monitor sent an email communication to all members of PwC's global corporate finance practice. The email communication included the Teaser Letter and an outline of the SISP and requested that interested recipients contact the Monitor with the names and contact details of any additional Potential Purchasers. The email correspondence was sent to approximately 1,200 PwC employees globally and resulted in 3 additional Potential Purchasers.

33. The sale process was publically advertized continuously on the Monitor's website and through an advertisement that ran in the Globe and Mail on May 18, 2012. These efforts resulted in 6 additional Potential Purchasers.

34. The Company prepared a Confidential Information Memorandum ("**CIM**") with the assistance of the Monitor, which provided detailed information on the Company, its operations and financial results. The CIM placed particular focus on the revised business plan, which was largely based on a third party independent assessment of the technology. The CIM was completed on May 16, 2012 and was posted in the dataroom. Electronic notification was sent to all dataroom participants updating them that the CIM was available. Throughout the SISP, the CIM was sent electronically to all parties that signed NDAs and did not request access to the dataroom.

35. By May 23, 2012, the Company and the Monitor made contact with 164 of the 184 Potential Purchasers that were identified. These 164 Potential Purchasers contacted were comprised of 75 strategic purchasers and 89 financial purchasers. The Monitor contacted each Prospective Purchaser at least two times during the SISP by either telephone or email unless the Prospective Purchaser declined the opportunity on a previous contact. The Monitor and the Company were unable to make contact with the additional 20 Potential Purchasers within the timeframe that was available during the SISP.

36. Of the 164 Potential Purchasers that were contacted, the Monitor distributed 121 Teaser Letters and NDAs to 42 strategic purchasers and 79 financial purchasers. Of the Potential Purchasers that received the NDAs, 18 executed the NDA and were provided with the opportunity to access management and the dataroom. The Monitor sent the CIM to all Potential Purchasers who executed an NDA and did not access to the data room.

37. A total of 7 Potential Purchasers attended the Company's office for site tours and management meetings that were led by the Company and attended by the Monitor. Of these 7 Potential Purchasers, 6 of them were either in continuous discussions or had been in previous discussions with the Company as a result of the Company's ongoing efforts to find an investor or acquirer. The Company remained the primary contact for these Potential Purchasers throughout the SISP with discussions and correspondence with such Potential Purchasers coordinated by certain members of the Board. The relationship with the 7th Prospective Purchaser was managed by the Monitor.

38. All Potential Purchasers who requested a site tour and meeting with management were accommodated and the Monitor was present at such meetings. On May 22 and 23, 2012, the Monitor and the Company contacted all Potential Purchasers that had attended site visits other than those that had declined to submit a bid upon review of the CIM and dataroom. The Monitor reminded each of the remaining Potential Purchasers of the Bid Deadline of May

24, 2012 and enquired if they had any requests for additional information or questions pertaining to the Company or the SISP.

39. During the SISP, the Company, in consultation with the Monitor, withdrew access to the dataroom from 18 parties who were initially granted access that, in the Company's view, either no longer met the requirements contained in the SISP, including those in paragraph 6 thereof, or were not active in pursuing an investment or acquisition. The reasons for the Company's decision to withdraw access to the dataroom from these 18 parties were as follows: 5 parties were not active in the dataroom for a minimum of 6 weeks; 1 party advised that it was not interested in becoming a Qualified Bidder; 2 parties were independent advisors that advised the Company that they were not acting for any Potential Purchaser; 8 parties were individuals who did not have the financial ability to become Qualified Bidders; and 2 parties were former employees who also did not have the financial ability to become Qualified Bidders.

Overview of the involvement of WalGreens in the SISP

40. On May 15, 2012, the Company and the Monitor had a discussion with WalGreens regarding whether WalGreens would be willing to meet with Potential Purchasers during the SISP. WalGreens advised that it would be willing to discuss the SISP with Potential Purchasers after the Company, in consultation with the Monitor, had determined that such Potential Purchasers were willing and able to become Qualified Bidders.

41. Certain Potential Purchasers advised the Company and the Monitor that they were interested in partnering with WalGreens. The Company and the Monitor informed these Potential Purchasers that if a partnership with WalGreens materialized, they were required to disclose the fact that they were submitting a bid in partnership with WalGreens in advance of doing so. The Monitor understands that 1 Potential Purchaser, in addition to the Successful Bidder, had discussions with WalGreens regarding a potential partnership in making a bid. This Potential Purchaser ultimately withdrew from the SISP.

42. On May 23, 2012, a Potential Purchaser advised the Monitor that it would be submitting a bid in partnership with WalGreens and that the deposit would be funded in part by the Potential Purchaser and in part by WalGreens.

Overview of Developments since the Bid Deadline

43. The Company and the Monitor received a number of bids for the Company in connection with the SISP. The detail of the number of bids received and the details of such bids will be described in a subsequent report (and a confidential appendix attached thereto) in connection

with a motion by the Company to seek approval of the Successful Bid, as further discussed below.

44. Following receipt of the bids, certain members of the Board, the Company's counsel, the DIP Lender and the Monitor and their respective counsel met at 2:00 pm on May 24, 2012 at the Monitor's office to review the bids received under the SISP. Upon initial review of the bids received, the Company and the DIP Lender required additional time to review the offers and requested the meeting be adjourned until Friday May 25, 2012 at 2:00 pm.

45. During the course of the week ending May 25, 2012 and after the Bid Deadline, the Company and the DIP Lender, in consultation with the Monitor, communicated with the parties who made offers under the SISP to clarify and/or seek enhancements to their bids in accordance with the terms of the SISP. On the evening of May 27, 2012, the Company, with the support of the Monitor and with the consent of the DIP Lender, selected the Successful Bid and communicated its selection to the Successful Bidder.

46. The Successful Bidder is DashRx LLC, which is a Delaware company that counsel to the Successful Bidder advises has been and will be capitalized by pooled investment vehicles (i.e. investment funds) that are managed by an investment manager with approximately $500 million in assets under management (the "**Investment Manager**"). Furthermore, counsel to the Successful Bidder has advised that WalGreens, or an affiliate, will be participating in the Successful Bid as a substantial investor in the Successful Bidder. The Monitor has been advised that WalGreens is a leading national pharmacy chain operator in the United States.

47. The Monitor has requested that it be permitted to disclose the identity of the Investment Manager. The Investment Manager has expressed a strong preference that its identity not be disclosed at any time. On May 27, 2012, the Monitor requested independent evidence of the financial wherewithal of the investment funds managed by the Investment Manager. The Company has advised the Monitor that it is satisfied that the investment funds managed by the Investment Manager have sufficient capital to execute on this transaction and to fund the ongoing operations of the Company's business until closing and thereafter. As of the date of this Sixth Report, the Monitor has received certain financial information regarding the Investment Manager. Given the Memorial Day holiday in the United States, at this time the Monitor has been unable to independently verify such information. The Monitor has no reason to believe that the investment funds do not have sufficient capital and the Monitor notes that WalGreens participation provides another source of additional financial support to the Successful Bidder.

48. The Monitor plans to provide a detailed summary of the Successful Bid and the other bids received in connection with the SISP when the Company seeks approval of the Successful Bid. It is intended that certain of this information will be contained in a confidential appendix for which a sealing order will be sought. The Monitor understands that it is the Company's intention to seek approval of the Successful Bid and a vesting order with respect to the Successful Bid on a motion before the Court on or about June 4, 2012 and serve materials in respect of such motion in the next 24 to 48 hours.

Monitor's Observations and Comments on the SISP

49. As described in the Fifth Report, the timeline for the SISP was very short. Certain interested parties with previously signed NDAs received a head start on their due diligence of the Company. The Monitor recognizes that these parties have had a longer time period to conduct due diligence, understand the Company's property and business and may have had an opportunity to meet with management and WalGreens and to review the information contained the Company's dataroom.

50. As reported in the Fifth Report, notwithstanding the potential advantage that these parties may have with respect to the opportunity to participate in the SISP, given the Company's current dire liquidity situation, there did not appear to be another option for the Company to realize value for the benefit of its stakeholders and seek a going concern solution for the business absent the expedited SISP.

51. While the time-frame of the SISP was condensed, the Company and the Monitor still contacted 147 Potential Purchasers and had distributed 114 Teaser Letters and NDAs within 3 business days of receiving the May 14 Order. In total, the Company and the Monitor made contact with 164 Potential Purchasers. The Monitor and the Company were in communication with numerous Potential Purchasers during the SISP and responded to all enquiries from Potential Purchasers. While Potential Purchasers presented a range of commentary on their reasons for declining to submit a bid, the most common reason was that PCAS was still viewed as a development stage company that would require significant additional capital before commercialization of its product could be achieved.

52. Some Perspective Purchasers indicated that the SISP timeline was too short to perform adequate diligence in light of the significant capital investment still required to commercialize the MedCentres. However, as previously described in the Fifth Report and as noted above, an expedited SISP was likely the only viable process to maximize value of the Company for the benefit of its stakeholders given the Company's liquidity situation.

53. Prior to the commencement of the SISP, it was agreed that the Company would include a representative of the Monitor on all discussions with any Potential Purchaser and be copied on communications with any Potential Purchaser.

54. As previously discussed, certain members of the Board had the primary responsibility for implementing the SISP on behalf of the Company with assistance from the Monitor. These members of the Board advised the Monitor that the Monitor was copied on all communications with any Potential Purchaser, involved in the vast majority of discussions with any Potential Purchaser and received a report of any discussions that such members of the Board had with any Potential Purchaser that did not include the Monitor.

55. The Monitor believes, based on the multiple conversations it was included in between the Company and/or members of the Board and Potential Purchasers, the multiple communications it was copied on between the Company and/or members of the Board and Potential Purchasers and the reports it received from members of the Board regarding discussions with Potential Purchasers that did not include the Monitor (including on the daily 8:00 am update calls), that the Company, and in particular the members of the Board that had the primary role in implementing the SISP, implemented a fair, transparent and efficient SISP in the circumstances in accordance with the Orders of this Court dealing with the SISP and the Court's reasons for decision dated May 14, 2012.

VI. CASH FLOW VARIANCE ANALYSIS

56. A summary of the Applicants' cumulative cash flow from March 23 to May 25, 2012 as well as a comparison of actual versus forecast cash flow for the period May 7 to May 25, 2012 (the "**Comparative Period**") as compared against the cash flow forecast filed as part of the application for the May 7 Order (the "**May 7 Forecast**"), is shown below:

PCAS
Cash flow variance analysis
CAD$ (000's)

	For the period May 7 to 25, 2012		Variance Favourable / (Unfavourable)		Cumulative Actual from March 23 to May 25, 2012
	Forecast	Actual	($)	(%)	
RECEIPTS					
New AR Collections	15	2	(13)	(87%)	63
SRED Recovery	-	-	-	0%	-
HST Recovery	493	176	(318)	(64%)	659
Other Receipts	-	7	7	100%	50
TOTAL RECEIPTS	508	185	(323)	(64%)	771
DISBURSEMENTS					
Employee and contractor costs	633	628	5	1%	3,678
Operating costs	59	17	43	72%	76
Lease costs	26	-	26	100%	215
SG&A	171	97	74	43%	316
DIP Interest	-	-	-	0%	-
Principal payment	484	48	436	90%	344
Professional Fees	380	319	61	16%	942
HST Payments	64	51	13	20%	175
TOTAL DISBURSEMENTS	1,817	1,159	657	36%	5,746
NET CASH FLOW	(1,308)	(974)	334	26%	(4,975)
BEGINNING CASH	329	329	(0)	(0%)	155
DIP Draw / (Repayment)	1,175	1,185	10	1%	5,360
CLOSING CASH BALANCE	196	539	344	176%	539
Accrued Payroll		(95)			(95)
Net Cash Balance		445			445

57. The May 7 Forecast includes actual results to May 4, 2012, accordingly the comparison against forecast addresses the period from May 7 to May 25, 2012. During the Comparative Period, the Company experienced a net cash outflow of $974,000 resulting in a net favourable variance from forecast of $334,000. This variance is comprised of an unfavourable difference in receipts of $323,000 offset by a favourable variance in disbursements of $657,000. A further analysis of the variances from forecast is attached hereto as **Appendix "C".**

58. The majority of variance results from the deferral of all but critical payments during the period. In addition to these cost deferrals, the primary variances from forecast include:

    a) A forecast recovery of the 2011 Touchpoint HST return of $441,000, which was anticipated to be received on the week of May 11, 2012 and which was forecast to be paid to Castcan subject to the enforceability of its security, has not yet been received. This has resulted in offsetting $441,000 variances in both receipts and disbursements.

pwc

Offsetting the unfavourable variance in receipts was an HST recovery for the month of March which was $90,000 favourable to forecast.

b) The remaining variances are primarily favourable variances comprised of permanent differences arising from the Company's efforts to minimize its cash requirements during the SISP in addition to favourable timing differences on certain lease and utility payments which are anticipated to reverse at the end of May.

CURRENT ACCRUED COSTS

59. The Company's employees are paid on a weekly basis, one week in arrears. The payroll forecast to be funded on May 28, 2012 will bring employees current to May 25, 2012. The Monitor and the Company are closely monitoring the accrued payroll in comparison to the available cash on hand to ensure that sufficient funds exist to pay for compensation earned to date.

VII. REVISED FORECAST

60. The Company has prepared a revised cash flow forecast for the period from May 28 to June 15, 2012 (the "**May 28 Forecast**"). A schedule detailing the May 28 Forecast by week is attached as **Appendix "D"**.

61. The May 28 Forecast is based on the assumption that, during the completion of the SISP and the closing of a transaction with the Successful Bidder, if approved by the Court, the Company will be operating on a minimal cost structure with reduced regular operating costs in order to preserve cash.

62. The May 28 Forecast indicates that the current committed DIP funds to date of $5,360,000 will provide sufficient liquidity to last the Company to May 30, 2012. As noted in paragraph 31 of the Fifth Report, the Company only had approximately 4 days between the Bid Deadline and the exhaustion of available liquidity under the DIP Facility. As noted below, the Company is seeking an extension of the Stay Period until June 6, 2012 in order to provide the Company with an opportunity to seek approval of the Successful Bid and to close the transaction in connection therewith to the extent such approval is granted.

63. The Monitor has been advised by the DIP Lender that it is not prepared and does not have access to capital to continue to fund the Company's ongoing operations. The Monitor has been advised by counsel to the Successful Bidder that the Successful Bidder is prepared to advance funding in tranches on an as-needed basis in a combined amount not to exceed $250,000 to the extent necessary during the period between May 30, 2012 and the closing of

the Successful Bid (to the extent approved by this Court). This amount will not be credited against the purchase price and will not be secured by any Court order or other charge against the assets of the Company. Counsel to the Successful Bidder has advised the Monitor that the availability of these funds will be subject to the Company and the Monitor developing a budget for this period that is agreeable to the Successful Bidder.

64. The Company, with the assistance of the Monitor, is preparing a budget for approval by the Successful Bidder for funding of the Company's operating requirements until June 6, 2012 (subject to a $250,000 cap and settlement of the budget). The Monitor notes that it is expected that this budget will be substantially similar to the May 28 Forecast and that the $250,000 cap will be sufficient to fund the Company's cash flow requirements until June 6, 2012.

65. The Successful Bidder has advised that it is prepared to fund the Company's operations prior to this Court's approval of the Successful Bid, which approval is anticipated to be sought on or about June 4, 2012. To the extent that the necessary funds are not received by the Successful Bidder on or before May 30, 2012 in accordance with its commitment as detailed above, the Monitor will seek an appearance on notice to the service list with this Court to advise the Court of the Company's liquidity position and seek advice and direction from the Court.

66. As discussed above, the Monitor is working closely with the Company to monitor receipts and disbursements to ensure that sufficient funds remain to allow the Company to operate to June 6, 2012.

VIII. COMPANY'S REQUEST FOR AN EXTENSION

67. Pursuant to the May 14 Order, the stay of proceedings expires on May 28, 2012. The Company is now seeking an extension of the Stay Period to June 6, 2012.

68. Based on the May 28 Forecast and the financial support of the Successful Bidder, the Company should have sufficient liquidity to continue to fund its operations during the extension of the Stay Period, if such extension is granted.

69. An extension of the Stay Period is necessary to provide the Company with the time to finalize the terms of a purchase agreement with the Successful Bidder, seek approval from this Court of the Successful Bid and to the extent such approval is granted close the transactions contemplated thereby. The termination of the stay of proceedings against the Applicants would likely lead to the Company not being able to seek approval of the Successful Bid and if such approval is granted complete the transaction with the Successful Bidder.

70. The Company, the Monitor and the Successful Bidder are all of the view that it would not be sufficient notice to the Service List to seek approval of the Successful Bid and a purchase agreement in respect thereof on May 28, 2012. As described in the May 27 Affidavit, an extension of the Stay Period to June 6, 2012 is necessary to permit the Company to give sufficient notice to the Service List prior to a return of the motion for an approval and vesting order. It is the Company's intention to serve the Notice of Motion for an approval and vesting order by May 30, 2012.

71. The Monitor believes that, based on the information currently available and the remaining funds available to the Company and the commitment made by the Successful Bidder to fund the Company's ongoing operations on the basis set out herein, an extension of the Stay Period to June 6, 2012 is appropriate having regard to the circumstances. The extension of the Stay Period to June 6, 2012 will also eliminate the need for and costs associated with an additional Court appearance to seek a further extension once the budget to fund to June 6, 2012 is finalized among the Company, the Monitor and the Successful Bidder. The Monitor is aware of the Company's liquidity difficulties and is working closely on a daily basis with the Company to monitor its cash flows.

72. The Monitor is of the view that the Applicants have acted and are acting in good faith and with due diligence to pursue a transaction in accordance with the SISP and to seek a going concern outcome.

IX. RECOMMENDATION

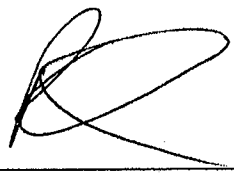
73. The Monitor recommends that this Court issue an Order approving, *inter alia*;

    a) the activities of the Monitor as set out in this Sixth Report; and

    b) Approving the Company's request for an extension of the Stay Period to June 6, 2012.

Dated the 28th day of May, 2012.

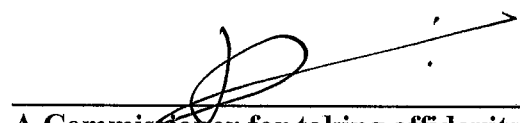
RESPECTFULLY SUBMITTED,



Paul van Eyk, CA·CIRP, CA·IFA
Senior Vice-President

PricewaterhouseCoopers Inc.
In its capacity as Monitor of
PCAS Patient Care Automation
Services Inc. and 2163279 Ontario Inc.
and not in its personal capacity

THIS IS EXHIBIT "D" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

ASSET PURCHASE AGREEMENT

This Agreement made this 1st day of June, 2012.

AMONG:

PCAS PATIENT CARE AUTOMATION SERVICES INC., a corporation incorporated under the laws of Canada,
(hereinafter referred to as "**PCAS**")

-and-

2163279 ONTARIO INC., a corporation incorporated under the laws of the Province of Ontario,
(hereinafter referred to as "**Touchpoint**" and collectively with PCAS, the "**Vendor**")

-and-

DASHRX, LLC, a limited liability company formed under the laws of the State of Delaware,
(hereinafter referred to as the "**Purchaser**")

WHEREAS on March 23, 2012, the Vendor made an application under the *Companies' Creditors Arrangement Act* (Canada) and an initial order (the "**Initial Order**") was granted by the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granting, *inter alia*, a stay of proceedings against the Vendor and appointing PricewaterhouseCoopers Inc. as the monitor (the "**Monitor**");

AND WHEREAS on May 14, 2012, the Vendor obtained an order (the "**Sales Process Order**") from the Court which, *inter alia*, authorizes the Vendor under the supervision of the Monitor to conduct a sales process with respect to the property and assets of the Vendor, subject to the approval of the Court;

AND WHEREAS in connection therewith, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, all of the assets, property, and undertaking of the Vendor (other than the Excluded Assets (as hereinafter defined) in accordance with the terms of this Agreement;

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are each hereby acknowledged by the parties, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Definitions.**

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

(1) "**Additional Secured Note**" has the meaning given to it in Section 2.4(1);

(2) "**Additional Unsecured Note**" has the meaning given to it in Section 2.4(2);

(3) "**Administrative Charge**" has the meaning given to it in the Initial Order;

(4) "**Agreement**" means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

(5) "**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Entity;

(6) "**Approval and Vesting Order**" has the meaning given in Section 6.2;

(7) "**Assumed Liability**" means the lesser of $245,718 and the amount owing by PCAS to IBM Canada Limited at the Closing Time pursuant to a lease agreement dated December 16, 2010;

(8) "**Books and Records**" means all books, records, files and papers of the Vendor including drawings, engineering information, computer programs (including source code), software programs, manuals and data, sales and advertising materials, sales and purchases correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel, employment and other records related to employees, and all copies and recordings of the foregoing;

(9) "**Business**" means the business carried on by the Vendor which primarily involves the design, manufacture, operation and commercialization of automated pharmacy dispensing platforms;

(10) "**Business Day**" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto;

(11) "**Closing**" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;

(12) "**Closing Date**" means the second (2nd) Business Day following the date on which the Approval and Vesting Order is granted, or such earlier or later date as may be agreed to in writing by the Parties;

(13) "**Closing Time**" means the time of closing on the Closing Date provided for in Section 3.1;

(14) "**Contracts**" means all rights and interests of the Vendor in all contracts, agreements, leases and arrangements, whether written or oral, including those listed in Schedule 1.1(14);

(15) "**Court**" has the meaning given in the recitals above;

(16) "**Deposit**" has the meaning given in Section 2.2;

(17) "**DIP Facility**" has the meaning given in the Order of the Court made April 16, 2012, as amended by subsequent orders of the Court;

(18) "**DIP Lender**" means 2320714 Ontario Inc;

(19) "**DIP Lender Charge**" has the meaning given in the Initial Order;

(20) "**Employee**" means an individual who is employed by the Vendor in the Business on the date immediately prior to the Closing, and "**Employees**" means every Employee;

(21) "**Excluded Assets**" means only the following assets, property, or undertaking of the Vendor:

(a) all prescription pharmaceutical drugs and all refunds in respect thereof;

(b) all pharmacy customer files;

(c) the Tax Credit Entitlements and all tax refunds received in respect thereof; and

(d) any other assets that the Purchaser elects to exclude prior to Closing pursuant to Section 2.7;

(22) "**Excluded Liabilities**" means all Liabilities of the Vendor other than the Assumed Liability;

(23) "**Governmental Entity**" means any federal, provincial, or municipal court, board, tribunal, arbitrator or arbitral panel, administrative agency or commission or other governmental or regulatory agency, ministry, department or authority;

(24) "**GST**" means the goods and services tax/harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

(25) "**Initial Order**" has the meaning given in the recitals above;

(26) "**Intellectual Property**" means all rights to and interests in:

(a) all business and trade names, corporate names, brand names and slogans owned by or licensed to the Vendor;

(b) all inventions, patents, patent rights, patent applications (including all reissues, divisionals, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs owned by or licensed to the Vendor;

(c) all copyrights and trade-marks, (including common-law marks, product names, logos, designs, slogans, whether used with wares or services and including the goodwill attaching to such trade-marks), registrations and applications for trade-marks and copyrights (and all future income from such trade-marks and copyrights) owned by or licensed to the Vendor;

(d) all rights and interests in and to processes, procedures, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, patterns, plans flow sheets, equipment and parts lists and descriptions and related instructions, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information owned by or licensed to the Vendor;

(e) all of the intellectual property listed in Schedule 1.1(26);

(f) all other intellectual and industrial property rights throughout the world owned by or licensed to the Vendor;

(g) all licences of the intellectual property listed in items (a) to (f) above;

(h) all future income and proceeds from any of the intellectual property listed in items (a) to (f) above and the licences listed in item (g) above; and

(i) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (a) to (g) above;

(27) "**Interim Period**" means the period from and including the date of this Agreement to and including the Closing Date;

(28) "**Inventories**" means all inventories of stock-in-trade and merchandise including materials, supplies, work-in-progress, finished goods, tooling, service parts and purchased finished goods of the Vendor (including those in possession of suppliers, customers and other third parties);

(29) "**KERP**" has the meaning given to it in the First Report of the Monitor dated April 15, 2012;

(30) "**KERP Charge**" has the meaning given to it in the Order of the Court made April 16, 2012;

(31) "**KERP Employees**" means those employees of the Vendor who have the benefit of the KERP Charge;

(32) "**Leased Premises**" means the premises located at 2440 Winston Park Drive, Oakville, Ontario;

(33) "**Liabilities**" means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes;

(34) "**Licences and Permits**" means all licences, permits, filings, authorizations, approvals or indicia of authority related to the Business or the Purchased Assets or necessary for the operation or use of the Purchased Assets;

(35) "**Lien**" means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property;

(36) "**Monitor**" has the meaning given in the recitals above;

(37) "**Notes**" has the meaning given in Section 2.4(3);

(38) "**Party**" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; "**Parties**" means every Party;

(39) "**Person**" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

(40) "**Personal Property**" means all machinery, equipment, furniture, motor vehicles and other chattels of the Vendor (including those in possession of third parties);

(41) "**Prepaid Amounts**" means all prepayments, prepaid charges, deposits, security deposits, sums and fees of the Vendor;

(42) "**Prospective Employees**" has the meaning given in Section 7.1(1);

(43) "**Purchase Price**" has the meaning given in Section 2.3;

(44) "**Purchased Assets**" means all properties, assets, undertakings, interests and rights (including all choses in action, causes in action, claims (including claims against all

former employees in respect of breach of confidentiality, non-compete and non-solicit obligations) and other litigation rights) of the Vendor including the following:

(a) the Personal Property;

(b) the Inventories;

(c) the Receivables;

(d) all rights and interests under or pursuant to all warranties, representations and guarantees, express, implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or the Assumed Liability or otherwise related to the Business;

(e) the Intellectual Property;

(f) the Contracts;

(g) the Licenses and Permits;

(h) the Prepaid Amounts;

(i) the Books and Records; and

(j) all goodwill related to the Business including the present telephone and facsimile numbers, internet addresses and other communications numbers and addresses of the Business,

and for greater certainty, does not include any of the Excluded Assets;

(45) "**Purchaser's Solicitors**" means Bennett Jones LLP;

(46) "**Receivables**" means all accounts receivable, bills receivable, trade accounts and book debts of the Vendor (and insurance claims directly relating to any of the foregoing), including recoverable deposits but excluding any unpaid interest accrued on such items and any security or collateral for such items and excluding the Tax Credit Entitlements and all tax refunds received in respect thereof;

(47) "**Rights**" has the meaning given in Section 3.5;

(48) "**Sales Process Order**" has the meaning given in the recitals above;

(49) "**Secured Claims**" means the following secured Liabilities of the Vendor:

(a) all amounts owing by PCAS to Royal Bank of Canada at the Closing Time pursuant to a letter agreement dated October 12, 2011 between PCAS and Royal Bank of Canada; and

(b) all amounts owing by PCAS and Touchpoint to Castcan Investments Inc. at the Closing Time pursuant to a SR&ED/OITC/HST Purchase Agreement dated as of March 6, 2012 among PCAS, Touchpoint and Castcan Investments Inc.;

(50) "**Secured Note**" has the meaning given in Section 2.3(2);

(51) "**Series A Shares**" means the convertible preferred shares to be issued by the Purchaser in consideration for the Nineteen Million Dollars ($19,000,000.00) committed by the initial investors of the Purchaser for its initial capitalization and operating expenses;

(52) "**Tax Credit Entitlements**" means all Scientific Research and Experimental Development refundable tax credit entitlements, Ontario Innovation Tax Credit entitlements and GST refund entitlements of the Vendor;

(53) "**Tax Refund Shortfall**" has the meaning given in Section 2.4(1);

(54) "**Taxes**" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any installments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Entity, and whether disputed or not;

(55) "**Transferred Employees**" has the meaning given in Section 7.1(1);

(56) "**Unsecured Note**" has the meaning given in Section 2.3(3); and

(57) "**Vendor's Solicitors**" means Aird & Berlis LLP.

1.2 **Headings and Sections.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **Consent.**

Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

1.4 **No Strict Construction.**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.5 **Number and Gender.**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

1.6 **Business Days.**

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.7 **Currency.**

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

1.8 **Calculation of Interest.**

In calculating interest payable under this Agreement for any period of time, the first day of such period shall be included and the last day of such period shall be excluded.

1.9 **Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.10 **Section and Schedule References.**

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections and Schedules, as applicable, of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

1.1(14) - Contracts
1.1(26) - Intellectual Property

ARTICLE 2
PURCHASE OF PURCHASED ASSETS

2.1 **Agreement to Purchase and Sell.**

Effective as at the Closing Time, subject to the terms and conditions of this Agreement, the Vendor sells, transfers and assigns unto the Purchaser, and the Purchaser purchases, all of the Vendor's right, title and interest in and to the Purchased Assets free and clear of all Liens and the Purchaser assumes the Assumed Liability, all in accordance with and pursuant to the Approval and Vesting Order.

2.2 **Deposit.**

The Parties acknowledge that pursuant to the terms of the Sales Process Order, the Purchaser has paid to the Monitor, in trust, the sum of Eight Hundred Thousand Dollars ($800,000.00) (the "**Deposit**") as a deposit. The Deposit shall be disbursed in accordance with the following provisions:

(1) if the purchase and sale of the Purchased Assets is completed at the Closing Time, then the Deposit plus all interest earned thereon shall be released from trust and applied towards payment of the Purchase Price;

(2) if the purchase and sale of the Purchased Assets is not completed at the Closing Time for any reason other than the failure of the Purchaser to satisfy any of the conditions set out in Section 4.3(1) or 4.3(2), then the Deposit plus all interest thereon shall be released from trust and paid to the Purchaser (for greater certainty, it being understood that the Deposit shall be released to the Purchaser in the event of the failure of the Purchaser to satisfy either of the conditions set out in Sections 4.3(3) and 4.3(4)); and

(3) if the purchase and sale of the Purchased Assets is not completed at the Closing Time because of the failure of the Purchaser to satisfy any of the conditions set out in Section 4.3(1) or 4.3(2), then the Deposit plus all interest earned thereon shall be released from trust and paid to the Vendor in full satisfaction of all damages, losses, costs and expenses incurred by the Vendor as a result of such failure.

2.3 **Purchase Price.**

The purchase price (the "**Purchase Price**") for all of the Purchased Assets shall comprise the following:

(1) a cash payment by the Purchaser to the Vendor in the amount of up to Four Million One Hundred Ninety-Six Thousand Three Hundred Fifteen Dollars $(4,196,315.00) (such amount plus the Deposit and all interest earned thereon being the aggregate sum of):

(a) the lesser of Two Hundred Thirty-Five Thousand Three Hundred Fifteen Dollars ($235,315.00) and such amounts as are actually owing by the Vendor at the Closing Time in respect of and to be used to pay statutory priority claims;

(b) the lesser of Two Hundred Sixty-One Thousand Dollars ($261,000.00) and such amounts as are actually owing by the Vendor to the KERP Employees in respect of and to be used to pay the KERP amounts secured by the KERP Charge;

(c) One Hundred Thousand Dollars ($100,000.00) to be held in trust by the Vendor for the benefit of PricewaterhouseCoopers Inc., in its capacity as Monitor and/or in its capacity as proposed trustee in bankruptcy of the Vendor, as applicable; and

(d) Three Million Six Hundred Thousand Dollars ($3,600,000.00), which amount shall be paid to the DIP Lender (i) to be used to obtain the consent of RBC and Castcan, or their assignees, to the discharge of their Liens over the Purchased Assets and to obtain their approval to the granting of the Approval and Vesting Order and (ii) otherwise to be retained by the DIP Lender in partial repayment of the amounts then owed by the Vendor to the DIP Lender as of the Closing Date;

(2) a secured promissory note (the "**Secured Note**") in form and substance acceptable to the DIP Lender and the Purchaser, to be settled prior to the Closing Time, acting reasonably, payable to the Vendor (or as the Vendor may otherwise direct) ranking subordinate only to the Assumed Liability, in principal amount equal to the aggregate amount of the obligations owing by the Vendor to the DIP Lender under the DIP Facility (including legal fees of the DIP Lender's legal counsel up to the Closing Date), less Three Million Six Hundred Thousand Dollars ($3,600,000.00), plus the Additional Secured Note, if applicable, on account of amounts then owed by the Vendor to the DIP Lender;

(3) an unsecured promissory note (the "**Unsecured Note**") payable to the Vendor to be held in trust for the benefit of the unsecured creditors of the Vendor in the principal amount of Five Hundred Thousand Dollars ($500,000.00) plus the Additional Unsecured Note, if applicable; and

(4) the assumption of the Assumed Liability by the Purchaser.

2.4 **Promissory Notes.**

(1) In addition to the Secured Note, if the aggregate sum of the Secured Claims which the DIP Lender has paid and/or for which the DIP Lender is responsible to pay exceeds the aggregate sum of the final tax refunds actually received by the DIP Lender pursuant to the DIP Lender Charge in respect of the Tax Credit Entitlements then, within thirty (30) days of receipt by the Purchaser of evidence regarding same from the DIP Lender satisfactory to the Purchaser, acting reasonably, the Purchaser shall issue to the DIP Lender an additional secured promissory note ranking equal in priority to the Secured Note (the "**Additional Secured Note**") in principal amount equal to such difference (such difference being referred to herein as the "**Tax Refund Shortfall**").

(2) In addition to the Unsecured Note, the Purchaser shall issue to the Vendor, to be held in trust for the benefit of the unsecured creditors of the Vendor, an additional unsecured promissory note (the "**Additional Unsecured Note**") in principal amount equal to One Million Thirty-Nine Thousand Dollars ($1,039,000.00) minus the Tax Refund Shortfall, if applicable. The Additional Unsecured Note shall be issued as aforesaid within thirty (30) days of receipt of the evidence specified in Section 2.4(1).

(3) Each of the Secured Note, the Additional Secured Note, the Unsecured Note and the Additional Unsecured Note (collectively, the "**Notes**") shall be in form and substance acceptable to the Purchaser and in the case of the Secured Note and the Additional Secured Note, the DIP Lender, acting reasonably, and shall have the term of three (3) years from the Closing Date and will, at the option of the holder, be convertible at maturity into either (a) cash at par value with eight percent (8%) per annum compounded annually accrued interest, or (b) common stock of the Purchaser. The conversion price with respect to the Notes shall be a rate which ensures that up to and including the maturity date the holders of the Notes are treated no less favourably with respect to their conversion privilege than the holders of the Series A Shares and shall, if the share price of the Purchaser at the maturity date is higher than such conversion price, enable the holders of the Notes to benefit from such gain, if any.

2.5 **Allocation of Purchase Price.**

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor (acting reasonably) prior to Closing and the Purchaser and the Vendor shall follow the allocations set out therein in determining and reporting their liabilities for any Taxes and, without limitation, shall file their respective income tax returns prepared in accordance with such allocations.

2.6 **Transfer Taxes; GST Election.**

(1) The Purchaser shall be responsible for the payment on Closing of any Taxes that are required to be paid or remitted in connection with the consummation of the transactions contemplated hereunder. For greater certainty, the Purchaser agrees to indemnify and hold the Vendor harmless in respect of any Taxes which may be assessed against the Vendor in respect of the sale to the Purchaser of the Purchased Assets.

(2) At the Closing, the Vendor and the Purchaser shall, if applicable, jointly execute elections under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a GST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its GST return for the reporting period in which the sale of the Purchased Assets takes place.

2.7 **Excluded Assets.**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets from the transaction contemplated hereunder prior to the Time of Closing, whereupon such Purchased Assets shall be deemed to be Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price.

2.8 **Excluded Liabilities.**

Except for the Assumed Liability and any liability or obligation of the Vendor required to be performed on or after the Closing Date under any Contract that forms part of the Purchased Assets, the Purchaser will not assume or have any responsibility for any obligation or liability of the Vendor to any Person or of any nature whatsoever, whether known or unknown, fixed,

contingent or otherwise, including any debts, obligations, sureties, positive or negative covenants or other liabilities directly or indirectly arising out of or resulting from the conduct or operation of the Business or the Vendor's ownership of or interest in the Purchased Assets.

ARTICLE 3
CLOSING ARRANGEMENTS

3.1 **Closing.**

The Closing shall take place at 10:00 a.m. (Eastern Time) on the Closing Date at the offices of the Purchaser's Solicitors, or at such other time on the Closing Date or such other place as may be agreed to by the Parties.

3.2 **Tender.**

Any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company or, by wire transfer of immediately available funds to the account specified by that Party.

3.3 **Vendor's Closing Deliveries.**

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

(1) assignments of the Intellectual Property or such other documentation as may be required, in the opinion of the Purchaser, to transfer all of the Vendor's right, title and interest in and to the Intellectual Property to the Purchaser and to record the aforementioned transfer with the applicable Governmental Entity, all of which shall be in form and substance satisfactory to the Purchaser;

(2) if applicable, the election referred to in Section 2.6(2);

(3) the Approval and Vesting Order and the vesting certificate relating thereto; and

(4) all deeds of conveyance, bills of sale, assurances, transfers, assignments, releases by the Vendor (releasing the Purchaser, its affiliates, subsidiaries, the shareholders of the Purchaser and their respective affiliates and subsidiaries, and each of their respective shareholders, directors, officers, employees, and agents from any claims and Liabilities of or by the Vendor), consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser to complete the transactions provided for in this Agreement.

3.4 **Purchaser's Closing Deliveries.**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor (or as the Vendor may otherwise direct) the following documents and payments:

(1) the payments referred to in Section 2.3(1);

(2) the Secured Note pursuant to Section 2.3(2)

(3) the Unsecured Note pursuant to Section 2.3(3); and

(4) all such other assurances, consents, agreements, documents and instruments as may be reasonably requested by the Vendor to complete the transactions provided for in this Agreement.

3.5 **Non-Transferable and Non-Assignable Assets.**

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the "**Rights**") is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, but only if the Purchaser so elects at its sole option, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent or waiver has been obtained. After the Closing and until all such Rights are transferred to the Purchaser, the Vendor shall:

(a) hold the Rights in trust for the Purchaser;

(b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and

(c) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such Rights in accordance with the terms of such Rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the opinion of the Purchaser, necessary or proper in order that the obligations of the Vendor under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall hold in trust and promptly pay to the Purchaser

all moneys collected by or paid to the Vendor in respect of every such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Vendor taken in accordance with this Section 3.5.

ARTICLE 4
CONDITIONS OF CLOSING

4.1 **Purchaser's Conditions.**

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time (or such other date as may be indicated below), each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

(1) *Representations and Warranties.* The representations and warranties of each of PCAS and Touchpoint in Section 5.1 shall be true and correct at the Closing Time.

(2) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the deliveries contemplated in Section 3.3 or elsewhere in this Agreement.

(3) *No Litigation.* There shall be no litigation or proceedings pending or threatened against any of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper.

(4) *Assignment of Contracts.* The Purchaser shall have entered into an assignment and assumption agreement with IBM Canada Limited, in form and substance satisfactory to the Purchaser;

(5) *Approval and Vesting Order.* The Approval and Vesting Order shall have been obtained on or by June 5, 2012.

(6) *Material Loss.* During the Interim Period, no material loss or material damage to the Purchased Assets, or any material portion thereof, shall have occurred.

(7) *Employees.* At least fifty percent (50%) of the Prospective Employees shall have accepted the Purchaser's good faith offer of employment.

(8) *Delivery of Purchased Assets.* Other than that certain automated pharmacy dispensing platform located at the Vendor's facility located in Chicago, Illinois and that certain automated pharmacy dispensing platform in transit from London, England, all

Purchased Assets, including all automated pharmacy dispensing platforms, that are not currently located at the Leased Premises shall have been delivered, or be in transit to, to the Leased Premises and all prescription pharmaceutical drugs shall have been removed therefrom on or before the Closing Time.

(9) *Leased Premises.* The Vendor shall have made arrangements with all applicable third parties satisfactory to the Purchaser in respect of the Purchaser's occupation rights pursuant to Section 8.1.

4.2 **Condition not Fulfilled.**

If any condition in Section 4.1 has not been fulfilled at or before the Closing Time, then the Purchaser may, in its sole discretion, without limiting any rights or remedies available to the Purchaser at law or in equity, either:

(1) terminate this Agreement by notice to the Vendor, in which event the Purchaser shall be released from its obligations under this Agreement and the Deposit and all accrued interest shall be promptly returned to the Purchaser; or

(2) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfillment of any other condition.

4.3 **Vendor's Conditions.**

The Vendor shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

(1) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 5.2 shall be true and correct at the Closing.

(2) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the deliveries contemplated in Section 3.4 or elsewhere in this Agreement.

(3) *No Litigation.* There shall be no litigation or proceedings pending or threatened against any of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper.

(4) *Approval and Vesting Order.* The Approval and Vesting Order shall have been obtained on or by June 5, 2012.

4.4 **Condition not Fulfilled.**

If any condition in Section 4.3 shall not have been fulfilled at or before the Closing Time, then the Vendor may, in its sole discretion but with the consent of the Monitor, without limiting any rights or remedies available to the Vendor at law or in equity, either:

(1) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement and, unless the condition that was not fulfilled was contained in Section 4.3(1) or 4.3(2), the Deposit and all accrued interest thereon shall be promptly returned to the Purchaser and the Purchaser shall be released from all obligations under this Agreement; or

(2) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfillment of any other condition.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 **Representations and Warranties of PCAS and Touchpoint**

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of PCAS and Touchpoint set out in this Section 5.1, each of PCAS and Touchpoint hereby represents and warrants to the Purchaser as follows:

(1) *Incorporation and Power.* Each of PCAS and Touchpoint is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws.

(2) *Corporate Power and Authorization.* Each of PCAS and Touchpoint has the requisite corporate power to own its property and assets, including the Purchased Assets, and to carry on the Business as it is currently conducted.

(3) *Due Authorization.* Each of PCAS and Touchpoint has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. Subject to the granting of the Approval and Vesting Order, the execution and delivery of this Agreement and such other agreement and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of PCAS and Touchpoint.

(4) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, this Agreement and each other agreement and instrument contemplated by this Agreement to which PCAS and Touchpoint, or either of them, is a party, constitutes a valid and binding obligation of PCAS and Touchpoint, as the case may be, enforceable

against each of them, in accordance with its respective terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.

(5) *GST.* Each of PCAS and Touchpoint is a "registrant" under Part IX of the *Excise Tax Act* (Canada) and their registration numbers are 8064 54278 RT0001 and 8202 86417 RT0001, respectively.

(6) *Residency.* Each of PCAS and Touchpoint are not non-residents within the meaning of the *Income Tax Act* (Canada)

(7) *No Litigation.* There is no litigation, action, suits or proceedings pending or threatened against PCAS, Touchpoint, or either of them, or involving any of the Purchased Assets, including, without limitation, for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper.

5.2 **Representations and Warranties of the Purchaser.**

As a material inducement to the Vendor entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.2, the Purchaser hereby represents and warrants to the Vendor as follows:

(1) *Incorporation of the Purchaser.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized and validly subsisting under such laws.

(2) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.

(3) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, this Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.

(4) *Approvals and Consents.* Except as otherwise provided herein or as may be required under the *Investment Canada Act* (Canada), no authorization, consent or approval of, or filing with or notice to any governmental agency, regulatory body, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder.

(5) *GST.* The Purchaser is or will be a "registrant" under Part IX of the *Excise Tax Act* (Canada) on the Closing Date.

5.3 **Survival of Representations and Warranties.**

(1) The representations and warranties of the Vendor contained in Section 5.1 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing.

(2) The representations and warranties of the Purchaser contained in Section 5.2 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing.

5.4 **"As is, Where is".**

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor or the Monitor or any their directors, officers, employees, professional consultants or advisors with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete.

ARTICLE 6
INTERIM PERIOD

6.1 **Risk of Loss.**

During the Interim Period, the Purchased Assets shall be and remain at the risk of the Vendor. From and after the completion of Closing, the Purchased Assets shall be and remain at the risk of the Purchaser. If, prior to the completion of the Closing, the Purchased Assets are substantially damaged or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the transactions contemplated herein, whereupon this Agreement shall be deemed terminated and the Deposit and all interest thereon shall be returned to the Purchaser, and no Party shall be otherwise liable to the other in respect hereof and thereof. Such option shall be exercised within three (3) days after notification to the Purchaser by the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within three (3) days of the Closing Date). If the Purchaser does not exercise such option, and provided insurance is available in respect of any such damage or destruction to the full replacement value thereof, the Purchaser shall complete the transactions contemplated herein and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction. Where, in the opinion of the Purchaser, acting reasonably, any such damage or destruction does not affect all or substantially all of the Purchased Assets, and provided insurance is available in respect of any such damage or destruction to the full replacement value thereof, the Purchaser shall complete the transactions contemplated herein and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction.

6.2 **Approval and Vesting Order.**

As soon as practicable after the execution and delivery of this Agreement by the Parties, and in any event by no later than three (3) Business Days following such execution and delivery, the Vendor shall file an application with the Court for an order substantially in the form and substance as approved by the Purchaser (the "**Approval and Vesting Order**") approving this Agreement, and finally and unconditionally approving the sale of the Purchased Assets to the Purchaser and the assumption of the Assumed Liability by the Purchaser and vesting, upon the filing of the Monitor's certificate referenced below, all right, title and interest of the Vendor in and to the Purchased Assets to the Purchaser, free and clear of all Liens and releasing the Purchaser from any claims against or Liabilities of the Vendor. The Approval and Vesting Order will vest title to the Purchased Assets as aforesaid in the Purchaser subject to the Monitor filing a certificate with the Court to the effect that the transactions contemplated herein have closed and the Purchase Price has been paid. The Approval and Vesting Order shall be served upon the necessary parties, and in the time frame, as approved by the Purchaser, acting reasonably.

6.3 **Access.**

The Purchaser shall have unrestricted access to the Leased Premises and all Books and Records during normal business hours and at such other times as agreed to by the Vendor to, among other things, make arrangements for the orderly transfer of the Purchased Assets from the Vendor to the Purchaser. The Purchaser shall not be provided with access to any of the foregoing to the extent that such access would violate or conflict with (i) any Law to which the Vendor or any of the Purchased Assets is subject; or (ii) any agreement, instrument or understanding by which the Vendor is bound. The Purchaser shall indemnify and hold harmless the Vendor from and against all claims, demands, losses, damages, actions and costs incurred or

arising from or in any way related to the inspection of the Purchased Assets by the Purchaser or attendance by the Purchaser at the Leased Premises, save and except for any claims, demands, losses, damages, actions and costs incurred or resulting from the negligence or wilful misconduct of the Vendor.

ARTICLE 7
EMPLOYEES

7.1 **Employees.**

(1) Following the execution and delivery of this Agreement by the Parties, the Purchaser may provide the Vendor with a list of twenty (20) Employees to whom it may offer employment (the "**Prospective Employees**") and shall make such offers of employment, effective as of the Closing Time, to the Prospective Employees on terms and conditions which are substantially similar in the aggregate to the current terms provided (with the exception that a written employment agreement shall be entered into between the Purchaser and each Prospective Employee which shall define the termination entitlement owed to such Prospective Employee upon his or her acceptance of the offer of employment by the Purchaser). For greater certainty, the Purchaser shall not be obligated to offer employment to any Employee. The Purchaser will provide notice to the Vendor on the Closing Date of the names of those Prospective Employees who accept employment with the Purchaser (such Employees who commence employment with the Purchaser are collectively referred to herein as the "**Transferred Employees**"). For greater certainty, pursuant to Section 4.1(7), it is a condition of the Purchaser that at least fifty percent (50%) of the Prospective Employees must accept the Purchaser's good faith offer of employment unless such condition is otherwise waived by the Purchaser pursuant to Section 4.2(2).

(2) The Purchaser shall be liable for the payment of all legal obligations relating to the employment on and after the Closing Time of all Transferred Employees (other than accrued vacation and overtime pay accruing up to and including the Closing Date). All items in respect of the Transferred Employees including premiums for employment insurance, employer health tax, worker's compensation, benefit plans, Canada Pension Plan, accrued wages, salaries, commissions, vacation pay, incentive compensation, expenses and other employee benefits which are payable to, receivable by or accrued in favour of the Transferred Employees up to the Closing Time even if not then due, shall be the responsibility of the Vendor. It is understood that the Purchaser shall have no obligation or liability to any Employee (including the Transferred Employees) or to any Governmental Entity for any premiums for employment insurance, employer health tax, worker's compensation, benefit plans, Canada Pension Plan, accrued wages, accrued vacation pay, accrued overtime pay, salaries, commissions, incentive compensation, expenses, sick leave benefits and other employee benefits or Taxes which are payable to, received by or accrued in favour of any Employee on or prior to the Closing Time even if not then due.

(3) The Vendor shall be responsible for all wages, notice of termination, severance pay and other obligations including entitlement to benefit coverage, stock options, incentive compensation, vacation pay and overtime pay to all Employees who are not Transferred Employees.

(4) The Approval and Vesting Order shall include a clause declaring the Employees that are not Transferred Employees terminated and deemed not to be successor employees of the Purchaser.

ARTICLE 8
POST-CLOSING MATTERS

8.1 **Leased Premises.**

The Vendor shall provide the Purchaser with the right to occupy the Leased Premises for a period of up to thirty (30) days following the Closing Date (or such longer period as may be determined by the Purchaser in its sole discretion but, in any event, no longer than ninety (90) days from the date of any bankruptcy of the Vendor) at the Purchaser's expense. The Vendor hereby covenants and agrees that it shall not take any steps to terminate or disclaim the lease in respect of the Leased Premises during such period of occupation as aforesaid.

8.2 **Books and Records.**

Following the Closing Time, the Purchaser shall make available to the Vendor and/or the Monitor, on a reasonable basis, the Books and Records.

8.3 **Transferred Employees.**

Following the Closing Time, the Purchaser shall make available to the Vendor and/or the Monitor, on a reasonable basis and during normal business hours, the Transferred Employees as may be reasonably requested by the Vendor or the Monitor from time to time as is needed to administer their respective duties in the Vendor's proceedings under the *Companies' Creditors Arrangement Act* (Canada) provided that the provision of the Transferred Employees as aforesaid does not cause unreasonable disruption to the business operations of the Purchaser.

8.4 **Delivery of the Additional Secured Note and the Additional Unsecured Note.**

The Purchaser shall deliver the Additional Secured Note and the Additional Unsecured Note, as applicable, following the Closing Date in accordance with Section 2.4(1) and Section 2.4(2), respectively.

8.5 **Evidence of Payments by the Vendor.**

(1) *Payment of Statutory Priority Claim Amounts.* The cash payment provided pursuant to Section 2.3(1)(a) shall be used by the Vendor to pay, and shall be in full satisfaction of, all statutory priority claim amounts owing by the Vendor as at the Closing Time and the Vendor shall provide the Purchaser with evidence of same to the satisfaction of the Purchaser.

(2) *Satisfaction of Amounts owing to KERP Employees.* The cash payment provided pursuant to Section 2.3(1)(d) shall be used by the Vendor to pay, and shall be in full satisfaction of, all amounts owing by the Vendor to the KERP Employees as at the Closing Time and the Vendor shall provide the Purchaser with evidence of same to the satisfaction of the Purchaser.

(3) *Payment to the DIP Lender.* The Vendor shall pay, or direct the Purchaser to pay, the amount to be paid to the Vendor pursuant to Section 2.3(1)(c), and direct the issuance of the Secured Note and the Additional Secured Note, if applicable, to the DIP Lender.

ARTICLE 9
GENERAL

9.1 **Expenses.**

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

9.2 **Payment of Taxes.**

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from, transactions contemplated by this Agreement (other than Taxes payable under Applicable Law by the Vendor) that are properly payable by the Purchaser under Applicable Law and any filing or recording fees properly payable by the Purchaser in connection with the instruments of transfer provided for in this Agreement.

9.3 **Announcements.**

Except as required by law including applicable regulatory and stock exchange requirements, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved in advance as to form, substance and timing by the Parties after consultation.

9.4 **Notices.**

(1) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

(i) if to the Vendor, to:

PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc.
2-2880 Brighton Road

Oakville, Ontario
L6H 5S3

Attention: Kym Anthony
Email: kym.anthony@yahoo.com

with a copy to:

Aird & Berlis LLP
Brookfield Place, 181 Bay Street
Suite 1800, Box 754
Toronto, Ontario M5J 2T9

Fax: 416.863.1515
Attention: Sam Babe
Email: sbabe@airdberlis.com

(ii) if to the Purchaser, to:

DashRx, LLC
100 Pine Street, Suite 1925
San Francisco, CA
94123

Fax: 415.449.3639
Attention: Manager
Email: Gerard@redmilegrp.com and rob.monahan@walgreens.com

with a copy to:

Bennett Jones LLP
Suite 3400, 1 First Canadian Place
P.O. Box 130
Toronto, Ontario
M5X 1A4

Fax: 416.863.1716
Attention: Mark Laugesen
Email: laugesenm@bennettjones.com

(iii) if to the Monitor:

PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario
M5J 0B2

Fax: 416.814.3210
Attention: Paul van Eyk
Email: vaneyk@ca.pwc.com

with a copy to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
100 King Street West, Suite 6100
Toronto, Ontario
M5X 1B8

Fax: 416.862.6666
Attention: Marc S. Wasserman
Email: mwasserman@osler.com

(2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. (Eastern Time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

(3) Any Party may from time to time change its address under this Section 9.4 by notice to the other Party given in the manner provided by this Section.

9.5 **Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

9.6 **Time Periods.**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

9.7 **Entire Agreement.**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements

between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

9.8 **Amendments and Waiver.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with the prior authorization of their respective boards of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

9.9 **Non Merger.**

Each Party hereby agrees that all provisions of this Agreement, other than the conditions in Article 4 shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

9.10 **Further Assurances.**

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

9.11 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.12 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract.

9.13 **Construction.**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any of the provisions of this Agreement.

9.14 **Successors and Assigns.**

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party. Notwithstanding the above, the Purchaser may assign this Agreement to a related corporation and, upon such assignment and completion of the transactions contemplated by this Agreement, the Purchaser shall be released and discharged from all obligations hereunder.

9.15 **No Third Party Beneficiaries.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

9.16 **Counterparts, Electronic Delivery.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed and delivered either in original or faxed form or by electronic delivery in portable document format (PDF) and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or electronically delivered.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Agreement.

PCAS PATIENT CARE AUTOMATION SERVICES INC.

Per: _____
Name:
Title:

2163279 ONTARIO INC.

Per: _____
Name:
Title:

DASHRX, LLC

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

IN WITNESS WHEREOF the parties have executed this Agreement.

PCAS PATIENT CARE AUTOMATION SERVICES INC.

Per: _____
Name:
Title:

2163279 ONTARIO INC.

Per: _____
Name:
Title:

DASHRX, LLC

Per: _____
Authorized Signatory Gerard van Hazel Pluterink

Per: _____
Authorized Signatory
Robert W. Monahan

Schedule 1.1(14)

Contracts

1. Lease agreement dated December 16, 2010 between IBM Canada Limited and PCAS Patient Care Automation Services Inc. (Agreement No. 923329/CFC1 Contract No. 0109056VT).

Schedule 1.1(26)

Intellectual Property

Patent Portfolio:

Jurisdiction	Application/Patent No.	Filing/Issue Date	Title
US	60/819,622	07/11/06	Method, System and Apparatus for Dispensing Drugs
US	12/305,759	02/16/10	Method, System and Apparatus for Dispensing Drugs
US	12/707,697	02/18/10	Method, System and Apparatus for Dispensing Drugs
US	13/032,676	02/23/11	Method, System and Apparatus for Dispensing Drugs
Worldwide	PCT/CA2007/001220	07/11/07	Method, System and Apparatus for Dispensing Drugs
Australia	2007272253	07/11/07	Method, System and Apparatus for Dispensing Drugs
Australia	2010202275	06/02/10	Method, System and Apparatus for Dispensing Drugs
Canada	2,655,490	07/11/07	Method, System and Apparatus for Dispensing Drugs
European Union	07763882.3/ 2007763882	07/11/07	Method, System and Apparatus for Dispensing Drugs (handling the script)
European Union	10176201.1	07/11/07	Method, System and Apparatus for Dispensing Drugs (handling the drug)
US	12/551,456	08/31/09	Automated Apparatus For Dispensing Medicaments
Canada	2,639,239	08/29/08	Automated Apparatus For Dispensing Medicaments
Worldwide	PCT/CA2009/001186	08/28/09	Automated Apparatus For Dispensing Medicaments
China	200980101414.0	08/28/09	Automated Apparatus For Dispensing Medicaments
Hong Kong	1106095.8	06/15/11	A Completely Submerged Wave Energy Converter
Australia	2009287377	08/28/09	Automated Apparatus For Dispensing Medicaments
Korea	10-2011-7004467	08/28/09	Automated Apparatus For Dispensing Medicaments
Japan	2011-524148	08/28/09	Automated Apparatus For Dispensing Medicaments
South Africa	2011/00245	09/28/11	Automated Apparatus For Dispensing Medicaments
India	N/A	N/A	Automated Apparatus For Dispensing Medicaments
European Union	09809147.3	08/28/09	Automated Apparatus For Dispensing Medicaments
Singapore	N/A	N/A	Automated Apparatus For Dispensing Medicaments
US (Provisional)	61/170,642	04/19/09	Automated Apparatus For Dispensing Medicaments
US	12/509,989 Published 20090503989	07/16/09	Method and Apparatus for Picking a Package from a Dispensing System
Worldwide	PCT/CA2010/001098 WO2011006247	07/16/10	Method and Apparatus for Picking a Package from a Dispensing System
Worldwide	PCT/CA2010/001098	07/16/10	Method and Apparatus for Picking a Package from a Dispensing System
New Zealand	592926	07/16/10	Method and Apparatus for Picking a Package from a Dispensing System
China	201010170030.9	04/27/10	Method and Apparatus for Picking a Package from a Dispensing System
US	12/611,089	11/02/09	Automated Dispensary Apparatus for Dispensing Pills
US	12/541.307 Confirm #	08/14/09	Rack Arrangement for Kiosk Dispenser

Jurisdiction	Application/Patent No.	Filing/Issue Date	Title
	3089		
Worldwide	PCT/CA2010/001236 Published WO 2011-017805	08/13/10	Rack Arrangement for Kiosk Dispenser
Worldwide	PCT/CA2010/001236 Published WO2011-017805	02/14/12	Rack Arrangement for Kiosk Dispenser
China	201010164230.3	04/14/10	Rack Arrangement for Kiosk Dispenser
US	12/551,470	08/31/09	Method and Apparatus for Labeling
US	12/642,786	12/19/09	Method and Apparatus for Identifying Embossed Characters
US	12/701,372	02/05/10	Method and Apparatus for Handling Packages in an Automated Dispensary
Worldwide	PCT/CA2011/00135	02/04/11	Method and Apparatus for Handling Packages in an Automated Dispensary
China	201010164242.6	04/14/10	Method and Apparatus for Handling Packages in an Automated Dispensary
US	12/728,202	03/20/10	Apparatus, System and Method for Storage and Dispensing of Items; "pick and park"
Worldwide	PCT/CA2011/000280	03/17/11	Apparatus, System and Method for Storage and Dispensing of Items; "pick and park
US	12/728,204	03/20/10	Method and Apparatus for Counting Items
Worldwide	PCT/CA2011/000279	03/17/11	Method and Apparatus for Counting Items
US(Provisional)	61/320,772	04/05/10	Medication Delivery and Compliance System, Method and Apparatus
US	13/080,466	04/05/11	Medication Delivery and Compliance System, Method and Apparatus
Worldwide	PCT/CA2011/000356; Published WO2011-123933	04/05/11	Medication Delivery and Compliance System, Method and Apparatus
US	12/881,817	09/14/10	Method of Configuring Rack Storage and a Rack Assembly
Worldwide	N/A	09/09/11	Method of Configuring Rack Storage and a Rack Assembly
US (Provisional)	61/322,506	05/07/10	Targeted Health Care Messaging
US	13/101,639	05/05/11	Targeted Health Care Messaging
Worldwide	Not Yet Available	Not Yet Available	Targeted Health Care Messaging
US (Provisional)	61/360,509	07/01/10	Method and Apparatus for Labeling
US	13/173,869	06/30/11	Method and Apparatus for Labeling
Worldwide	Not Yet Available	06/30/11	Method and Apparatus for Labeling
US (Provisional)	61/406,012	10/22/10	A Dispensing Apparatus and Method for Effecting Parallel Dispense Operations
Worldwide	PCT/US2011/057341	10/21/11	Apparatus And Method for Concurrent Item Dispensing

Jurisdiction	Application/Patent No.	Filing/Issue Date	Title
US (Provisional)	61/413,093	11/12/10	Refrigerating Apparatus for a Kiosk Dispensary
Worldwide	PCT/US2011/060390	11/11/11	Apparatus and Operation Method for Dispensing a Climate Controlled Item to a User
US (Provisional)	61/435,324	01/23/11	Dispensing Kiosk Loading Arrangement
Worldwide	PCT/US2012/22124 Confirmation No. 3460	01/21/12	Dispensing Kiosk Loading Arrangement
US	Not Yet Filed	Not Yet Filed	Remote Temperature Regime Monitoring
US	13/080,513	04/05/11	Medication Delivery and Validation System, Method and Apparatus
Worldwide	PCT/2011/000354	04/05/11	Medication Delivery and Validation System, Method and Apparatus
US (Provisional)	61/471,380; Conf# 9402	04/04/11	Systems and Methods for Compliance Based Distribution of Regulated Products
US (Provisional)	61/471,309; 8 Confirm #9451	04/04/11	Systems and Methods for Regulated Product Dispensing Payments

Trademark Portfolio:

Jurisdiction	Application/Reg. No.	Filing/Issue Date	Mark
European Union	10647238	02/15/12	TOUCHPOINT PHARMACY
European Union	10647303	02/15/12	TOUCHPOINT PHARMACY ON DEMAND
Canada	10647253	02/15/12	TOUCHPOINT PHARMACISTS ON DEMAND
Canada	1564994	02/15/12	TOUCHPOINT
Canada	1564991	02/15/12	TOUCHPOINT PHARMACY
Canada	1564992	02/15/12	TOUCHPOINT PHARMACY ON DEMAND
Canada	1564993	02/15/12	TOUCHPOINT PHARMACISTS ON DEMAND
US	85397638	08/15/11	TOUCHPOINT PHARMACY
US	85397642	08/15/11	TOUCHPOINT PHARMACY ON DEMAND
US	85397645	08/15/11	TOUCHPOINT PHARMACISTS ON DEMAND
US	85397634	08/15/11	TOUCHPOINT
Canada	1334181/TMA721042	08/15/11	PHARMATRUST
Canada	1497461	09/17/10	MORTAR & PESTLE DESIGN
Canada	1494988	02/18/10	PHARMATRUST MEDCENTRE
Canada	1494989	02/18/10	PHARMATRUST MEDCENTRE and design
Canada	1497460	07/11/07	PHARMATRUST MEDHOME and design
Canada	1497458	07/11/07	MEDHOME
US	85174263	07/11/07	MEDHOME
US	77100989/ 3763617	02/06/07 03/23/10	PHARMATRUST

IN WITNESS WHEREOF the parties have executed this Agreement.

PCAS PATIENT CARE AUTOMATION SERVICES INC.

Per: _____
Name:
Title:

2163279 ONTARIO INC.

Per: _____
Name: Sandeep Lalli
Title: Director of Pharmacy

DASHRX, LLC

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

THIS IS EXHIBIT "E" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012

A Commissioner for taking affidavits, etc.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR. JUSTICE BROWN	)	WEDNESDAY, THE 6TH DAY OF JUNE, 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

APPROVAL AND VESTING 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 approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**APA**") among the Applicants and DashRx, LLC (the "**Purchaser**") made as of June 1, 2012 and appended, in redacted form, to the affidavit of Farouk Ahamed sworn June 1, 2012, filed (the "**June 1 Affidavit**"), and appended, in unredacted form, as a confidential appendix to the Seventh Report of PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated June 1, 2012, filed (the "**Seventh Report**"), and vesting in the Purchaser the Applicants' right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario and June 5, 2012 at 393 University Avenue, Toronto, Ontario.

ON READING the June 1 Affidavit, the affidavit of Kym Anthony sworn June 5, 2012, and the Seventh Report and on hearing the submissions of counsel for Applicants, counsel for the Monitor, counsel for 2320714 Ontario Inc. (the "**DIP Lender**"), counsel for Castcan Investments

Inc., counsel for Royal Bank of Canada, counsel for the Purchaser, counsel for Walgreen Co., counsel for Lanworks Inc., Peter Saunders and no one appearing for any other person on the service list, although duly served as appears from the affidavit of Alyssa Keon sworn June 4, 2012, filed, and the affidavits of Susy Moniz sworn June 4, 2012 and June 5, 2012, filed,

1. **THIS COURT ORDERS AND DECLARES** that service is deemed good and sufficient for all purposes, and service on any party not named in the service list is expressly dispensed with.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the APA by the Applicants is hereby authorized and approved, with such minor amendments as the Applicants, with the consent of the Monitor, may deem necessary. The Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Monitor's Certificate**"), all of the Applicants' right, title and interest in and to the Purchased Assets described in the APA shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Orders of this Honourable Court in the within proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system other than the claim and security interest of IBM Canada Limited; and (iii) those Claims listed on **Schedule "B"** attached hereto (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Applicants are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Applicants' records pertaining to the Applicants' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Applicants.

7. **THIS COURT ORDERS** that the Purchaser, by virtue of completion of the purchase of the Purchased Assets pursuant to the APA, is irrevocably and unconditionally released and discharged from any and all Claims against, or liabilities or obligations of, the Applicants other than the Assumed Liability (as defined in the APA) and any liability or obligation of the Applicants required to be performed on or after the date of the Monitor's Certificate under any Contract (as defined in the APA) that forms part of the Purchased Assets.

8. **THIS COURT ORDERS** that the employment of the Employees (as defined in the APA) of the Applicants that are not Transferred Employees (as defined in the APA) shall be terminated by the Vendor without any further act of formality by the Applicants and such termination shall have effect at 11:59 pm on the Closing Date. The Purchaser shall not be deemed to be an employer nor constitute a successor employer of these Employees.

9. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Applicants and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of any of the Applicants;

the APA, the transaction and distributions provided for in the APA and/or in this Order and the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS AND DECLARES** that the *Bulk Sales Act* (Ontario) does not apply to the sale of the Purchased Assets under the APA.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 0 6 2012

MB

Schedule "A"
Form of Monitor's Certificate

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

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

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the "**Court**") dated March 23, 2012, PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., doing business as Touchpoint (collectively, the "**Applicants**") were declared companies to which the *Companies' Creditors Arrangement Act* applied and PricewaterhouseCoopers Inc. was appointed as the Monitor of the Applicants (the "**Monitor**").

B. Pursuant to an Order of the Court dated June 6, 2012, the Court approved the asset purchase agreement made as of June 1, 2012 (the "**APA**") among the Applicants and DashRx, LLC (the "**Purchaser**") and provided for the vesting in the Purchaser of the Applicants' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 4 of the APA have been satisfied or waived by the Applicants (with consent of the Monitor) and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals shall have the meanings ascribed to them in the APA.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid to the Applicants, the Applicants, in trust, and (as the Applicants have directed) the DIP Lender, and the Applicants, the Applicants, in trust, Royal Bank of Canada and the DIP Lender have, collectively, received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the APA;

2. The conditions to Closing as set out in section Article 4 of the APA have been satisfied or waived by the Applicants (with the consent of the Monitor) and the Purchaser;

3. The Transaction has been completed to the satisfaction of the Monitor; and

4. This Certificate was delivered by the Monitor at _____ on June ___, 2012.

PricewaterhouseCoopers Inc., in its capacity as *Companies' Creditors Arrangement Act* Monitor of PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., and not in its personal or corporate capacity

Per: _____

Name:
Title:

Schedule "B"
Claims to be Deleted and Expunged

Nil.

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

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

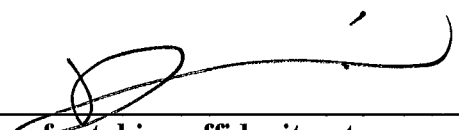
Sam Babe (LSUC # 49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Ian Aversa (LSUC # 55449N)
Tel: 416.865.3082
Fax: 416.863.1515
Email: iaversa@airdberlis.com

Lawyers for the Applicants

12534281.8

THIS IS EXHIBIT "F" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

CITATION: PCAS Patient Care Automation Services Inc. (Re), 2012 ONSC 3367
COURT FILE NO.: CV-12-9656-00CL
DATE: 20120609

SUPERIOR COURT OF JUSTICE – ONTARIO

COMMERCIAL LIST

RE: 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., Applicants

BEFORE: D. M. Brown J.

COUNSEL: S. Babe and I. Aversa, for the Applicants

M. Wasserman and J. MacDonald, for the Monitor, PricewaterhouseCoopers Inc.

J. Porter and A. Shepherd, for 2320714 Ontario Inc., the DIP Lender

B. O'Neill, for Castcan Investments (secured creditor)

R. M. Slattery, for Royal Bank of Canada (secured creditor)

M. Laugesen and G. Finlayson, for the Successful Bidder, DashRx, LLC

C. Besant, for Walgreen Co.

A. Scotchmer, for Lanworks Inc.

P. Saunders, a shareholder, for himself and other shareholders

B. Jaffe, for Merge, a potential bidder

S-A. Wilson, for Dan Brintnell, a shareholder

HEARD: June 5 and 6, 2012

REASONS FOR DECISION

I. Request for sale approval, vesting and distribution orders under the *CCAA*

[1] PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc. move under the *Companies' Creditors Arrangement Act* for orders approving the agreement of purchase and sale between the Applicants and DashRx, LLC ("DashRx") dated May 29, 2012 (the "Purchase

Agreement"), vesting the Purchased Assets in DashRx and distributing the sale proceeds, together with certain other related orders, including the termination of this *CCAA* proceeding.

[2] At the continuation of the hearing on June 6, 2012, I granted the requested orders. These are my reasons for so doing.

II. The proposed sale

A. The sales and investor solicitation process

[3] The Applicants are healthcare technology companies which were developing an automated pharmacy dispensing platform. They were in the pre-commercialization phase of operations and encountered financing difficulties. The Initial Order under the *CCAA* was made by Morawetz J. on March 23, 2012; it appointed PricewaterhouseCoopers Inc. as Monitor.

[4] The subsequent history of this matter is set out my previous Reasons.[1]

[5] On May 14, 2012, I approved a sale and investor solicitation process ("SISP"). The Applicants developed the SISP with the assistance of the Monitor, the Monitor's agent, PricewaterhouseCoopers Corporate Finance Inc. ("PwCCF") and the DIP Lender. The SISP sought to maximize stakeholder value either through (i) a going concern sale of the Applicants' business and assets or (ii) new investment and a plan of compromise or arrangement. The SISP set out the procedural and substantive requirements for a qualified purchase or investment bid (a "Qualified Bid").

[6] A feature of the approved SISP was the DIP Lender's "stalking horse" bid under which the DIP Lender would pay the Stalking Horse Price by a release of the DIP Indebtedness and the assumption of the outstanding senior secured claims. The terms of the Stalking Horse Bid were not required to be emulated in other Qualified Bids; the Stalking Horse Bid served to set a floor price in the SISP. The Stalking Horse Agreement was posted in the Applicants' data-room.

[7] The SISP was conducted by the Applicants with the support and assistance of the Monitor. Under the terms of the SISP, bids were due by 12:00 p.m. on May 24, 2012. Two bids, including the DashRx bid, were received before the Bid Deadline, and one further bid was received on May 24, 2012, but after the Bid Deadline. These three bids were reviewed in a series of meetings held by the Applicants, the DIP Lender, the Monitor and their counsel on May 24 and May 25, 2012.

[8] In a Confidential Appendix to its Seventh Report the Monitor described the financial terms of each bid and disclosed the materials filed by each bidder, as well as the written communications with each bidder.

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[1] April 20, 2012 (2012 ONSC 2423); May 5, 2012 (2012 ONSC 2714); May 8 (2012 ONSC 2778); May 14, 2012 (2012 ONSC 2840); May 28, 2012 (2012 ONSC 3147).

B. The Unsuccessful Bids

[9] As described in detail in the evidence, the bid submitted by Unsuccessful Bidder 1 was received the evening of May 24, but provided no cash consideration to the Applicants. On the evening of May 25, 2012, Applicants' counsel sent a letter to Unsuccessful Bidder 1 advising that its bid was not a Qualified Bid and that certain additional details would need to be provided before it could be considered a Qualified Bid. Unsuccessful Bidder 1 did not respond to the request for clarification and its bid was not treated as a Qualified Bid.

[10] By letter dated May 23 Unsuccessful Bidder 2 offered to buy PCAS for cash. On May 23 the Applicants wrote to Unsuccessful Bidder 2 about how it would need to alter its bid to satisfy the requirements for a Qualified Bid in the SISP. Notwithstanding follow-up communications, Unsuccessful Bidder 2 did not respond to the Applicants' inquiries until Sunday, May 27, 2012 and it did not provide any material new information. The bid by Unsuccessful Bidder 2 therefore was not treated as a Qualified Bid under the SISP.

C. The Successful Bid

The purchaser

[11] DashRx is a Delaware limited liability corporation formed by a large, California-based investment fund to purchase the assets of the Applicants. The fund's Investment Manager has approximately US$500 million in assets under management, almost exclusively in the health care and pharmaceutical sectors.

[12] On May 24, 2012, prior to the bid deadline, DashRx submitted a version of the Purchase Agreement. It was the only bid received in the form of a formal asset purchase agreement. DashRx also remitted a cash deposit to the Monitor.

[13] The Investment Manager had been performing due diligence and engaging in talks with the Applicants for several months prior to the commencement of the *CCAA* proceedings with an aim to investing in or purchasing PCAS. A major U.S. retail pharmacy chain, Walgreen Co. is participating in the Successful Bid as a substantial investor in DashRx. Walgreen was the potential large U.S. customer identified in previous evidence in this proceeding.

[14] The Monitor requested that it be allowed to reveal the name of the Investment Manager; the latter expressed a strong preference that its identity not be disclosed. Against that background the Monitor reported that it had requested independent evidence of the financial position of the Investment Manager:

> [T]he Monitor has received additional information regarding the Investment Manager and is satisfied that the Purchaser should have the financial wherewithal to close the transaction. The Purchaser and Walgreens have shown their commitment by jointly paying the deposit and agreeing to fund the operating needs of the Company to June 6, 2012 (with a cap of $250,000). The Monitor also notes that Walgreens' participation provides another source of financial support to the Purchaser.

[15] By May 27, 2012, following further negotiations and an enhancement of the DashRx bid to permit some recovery for unsecured creditors, the material terms of the DashRx Purchase Agreement were settled to a point that the Applicants, in consultation with the DIP Lender and the Monitor, were prepared to recognize the Purchase Agreement as a Qualified Bid, as a bid superior to the Stalking Horse Bid, and to identify it as the Successful Bid under the SISP, subject to final negotiation of the APA.

[16] The Purchase Agreement was finalized, executed and delivered by the parties on June 1, 2012. DashRx committed to provide $250,000 to fund the Applicants' operations from May 31, 2012 until closing on June 6. That funding was received on May 31, 2012.

Purchased and Excluded Assets

[17] Under the Purchase Agreement the purchaser will acquire Purchased Assets on an "as is, where is" basis. Certain tax credit entitlements are treated as Excluded Assets.

The purchase price and consideration

[18] The consideration payable under the Purchase Agreement is a combination of the assumption of secured liabilities, cash, and the issuance of secured and unsecured convertible promissory notes to the Applicants' creditors, including unsecured creditors. The Applicants do not expect that there will be any surplus proceeds from the transaction for PCAS shareholders.

[19] The cash portion of the purchase price is designated for:

(i) distribution in payment of all statutory priority claims, comprised of approximately $235,000 in accrued and unpaid vacation pay;

(ii) distribution to the DIP Lender to be used by the DIP Lender:

a. first, to obtain the consent of the Senior Secured Creditors, RBC and Castcan, to the discharge of their security interests and charges over the Purchased Assets and to obtain their consent for the issuance of an approval and vesting order in respect of the Sale Agreement; and,

b. as to the balance, in partial satisfaction of the DIP Indebtedness;

(iii) payment of the amounts payable under the court-approved key employee retention plan; and

(iv) payment of $100,000 to the Applicants, in trust for a trustee in bankruptcy to be appointed in respect of the Applicants, and the other direct and indirect subsidiaries of PCAS, to pay for the costs of administering their anticipated bankruptcies

[20] The non-cash portion of the purchase price in the transaction will be comprised of:

(i) the assumption of the secured obligations to IBM;

(ii) interest-bearing promissory notes issued in favour of the DIP Lender, secured against the assets of DashRx and ranking junior only to the secured assumed obligations to IBM ("Secured Note"); and,

(iii) interest-bearing unsecured promissory notes issued to the Applicants, in trust, for the pool of unsecured creditors of the Applicants ("Unsecured Note").

[21] At the commencement of the hearing on June 5 one unsecured creditor, Lanworks, raised concerns about the lack of transparency regarding the terms of the Unsecured Notes. The details of the terms of the Notes had been placed in the Monitor's Confidential Appendix. Prior to the resumption of the hearing on June 6 Lanworks was provided with information about the terms of the Unsecured Note, as a result of which Lanworks indicated that it neither consented to nor opposed the orders sought. The terms of the Secured and Unsecured Notes were finalized by the time of the continuation of the hearing on June 6.

Proposed releases

[22] In its Seventh Report the Monitor noted that under the terms of the Purchase Agreement certain claims against former employees of the Applicants were included in the Purchased Assets and the Agreement required the Applicants to deliver a broad release in favour of the Purchaser and related parties. The Monitor observed that the releases were negotiated as part of the comprehensive arrangements in respect of the transactions contemplated by the Agreement.

Proposed occupancy agreements

[23] A condition of the Sale Agreement was that PCAS provided DashRx with post-Closing occupancy and access to the Applicants' leased premises at 2440 Winston Park Drive. DashRx will pay all rent and other occupancy costs and will indemnify the Applicants. The Applicants are seeking approval of, and authorization to enter into, an occupancy agreement with DashRx.

III. The proposed distribution of sale proceeds

[24] The Applicants seek an order under which the sale proceeds would be distributed to the following persons or groups:

(i) To use $235,315 to satisfy statutory priority claims relating to employee accrued and unpaid vacation pay claims;

(ii) To pay the cash component of the purchase price to the DIP Lender to be used by the DIP Lender (i) to obtain the consent of the secured creditors, RBC and Castcan Investments Inc., to discharge their security interests and charges over the Purchased Assets and (ii) as to the balance, to make partial repayment of the DIP Lending Facility;

(iii) To distribute $261,000 to the beneficiaries of the KERP Charge; and,

(iv) To pay $100,000 to PwC, the proposed Trustee in Bankruptcy, for fees in connection with the anticipated bankruptcies of the Applicants.

Payment to the DIP Lender

[25] The only parties claiming interests in priority to the DIP Lender are IBM, RBC and Castcan. The Purchaser will assume the liability for IBM. As to RBC and Castcan, at the time the DIP Lending Facility was put in place the DIP Lender negotiated a Pari Passu Agreement with RBC and Castcan. An issue arose concerning the validity of the security taken by Castcan in respect of certain assets, specifically Harmonized Sales Tax Refunds (the "HST Refunds"). I will discuss that issue in more detail below. For present purposes, suffice it to say that the Applicants propose that upon paying out the claims of the Senior Secured Creditors from the cash proceeds received on Closing, the DIP Lender will be subrogated to and/or take an assignment of the Senior Secured Creditor's claims. The Applicants are expected to receive sizable tax credit entitlements within a matter of weeks. Those entitlements are Excluded Assets under the Purchase Agreement. As a result, any claims on them will not be vested out by operation of the proposed Approval and Vesting Order.

[26] Against this background the Applicants seek an order authorizing and directing them, and any Trustee, to distribute to the DIP Lender amounts equal to any specified tax credit entitlements received. Such distributions would enable the DIP Lender to recoup part of the purchase price it will flow through to one of the Senior Secured Creditors – Castcan - on Closing.

[27] If the aggregate amount of all tax credit entitlements received by the Applicants/Trustee post-Closing and distributed to the DIP Lender end up being less than the aggregate amount that the DIP Lender paid to RBC and Castcan out of the cash proceeds of the Transaction on Closing, then the DIP Lender will be issued an Additional Secured Note to cover the difference. The amount of the Additional Secured Note will come out of the pool of funds otherwise set aside for the unsecured creditors of the Applicants. The Unsecured Note therefore will be less than the total pool of possible proceeds for unsecured creditors, and an additional Unsecured Note will be issued to the Trustee for the benefit of the unsecured creditors once the face amount of the Additional Secured Note is known.

[28] Although the DIP Indebtedness is not being paid out in full on Closing, the DIP Lender has consented to the payments of cash on account of the KERP and the future costs of bankruptcy estate administration.

[29] Under the Initial Order the Directors' Charge ranked ahead of the KERP Charge. The Applicants asked the Court to terminate the Directors' Charge. Those benefiting from the Directors' Charge did not oppose that request.

KERP employees

[30] The KERP originally benefitted twenty employees and allowed for a total maximum allocation of $500,000. The KERP was to be paid in the following installments: (i) 20% upon the raising of $8,000,000 for funding the DIP Facility, and PCAS receiving the authorization of this Court to borrow up to or in excess of that amount; (ii) 20% at the midway mark of the SISP; and, (iii) the balance of 60% upon the earliest of (i) the closing of a

sale of all or substantially all of the assets, property and undertaking of the Applicants, or (ii) Court approval and sanction of a plan of arrangement or compromise in the *CCAA* Proceedings.

[31] The commitment under the DIP Facility never reached $8 million, so the initial payment was not made. The second scheduled 20% payment was made on May 25, 2012. Payment of the 60% balance will be made from the cash proceeds on closing. Due to attrition, only sixteen employees remain in the KERP. The final 60% installment payable from the transaction proceeds will total $242,100, resulting in total KERP payments of $322,800.

IV. Positions of the Parties

[32] The Senior Secured Creditors supported the orders sought by the Applicants. The Monitor recommended that the Court grant the orders. As noted, one unsecured creditor, Lanworks, sought to obtain further information and, on so doing, advised that it neither consented to nor opposed the orders sought. No other creditors appeared on the return of the motion.

[33] The hearing of the motion started at 4:45 p.m. on June 5, 2012. At that time Mr. Peter Saunders, a shareholder, stated that he appeared on behalf of himself and other shareholders. He read a statement which expressed concern about the bidding process, and Mr. Saunders indicated that he and other shareholders would be meeting with counsel at 8:00 a.m. on June 6. Over the opposition of the Applicants and the Purchaser, I adjourned the hearing to June 6 at 10:00 a.m.

[34] On June 6 Mr. Saunders returned, but without counsel. Ms. Wilson appeared for the first time on behalf of another shareholder, Mr. Dan Brintnell, and asked to make submissions. Also, Mr. Jaffe appeared on behalf of a potential bidder, Merge, which had not participated in the SISP and asked for leave to submit an offer. What then transpired was described in the following portions of my handwritten endorsement of June 6:

> This is the continuation of the approval/vesting/distribution motion commenced yesterday @ 4:45 p.m. At yesterday's hearing I asked questions of counsel for the applicants, Monitor and DIP lender on certain points and was provided answers.
>
> ...
>
> Yesterday Mr. Peter Saunders, a shareholder, on behalf of himself and some other SHs, read a statement dated June 5/12 expressing concern about the bidding process. Mr. Saunders indicated they would be meeting counsel today @ 8 a.m. I adj'd the matter to 10 a.m. today to facilitate that meeting. This morning Mr. Saunders advised that counsel was unable to meet them; they plan to meet this afternoon. Mr. Saunders indicated that their counsel would like a 5-day adjm't of this motion.
>
> I will not grant the requested adjm't. By reasons dated May 14/12 I approved the SISP. By reasons dated May 28 I granted an extension of the stay until June 6. Both Reasons made clear the urgent nature of the SISP in the particular circumstances of these companies. No appeal was taken from, nor stay sought in respect of, either order. The public portion of the present motion materials provide detailed information about the

conduct of the SISP and the bids. The portions sought to be sealed meet the test in *Sierra Club*. From previous motions I am aware that the applicants have communicated frequently with shareholders; the Monitor has posted all materials on its website.

I am satisfied in the circumstances reasonable notice of this motion and the SISP has been given to all affected parties. The shareholders have not previously participated; that was their choice. It is unreasonable for them to seek to adjourn matters at this stage. The applicants run out of money tomorrow; the shareholders offer no concrete alternative.

After writing these Reasons, on my return to Court, I was advised by counsel for Merge that they only learned of the sale process on May 30 and now wish to tender an Offer. I did not accept the Offer. The SISP was an open and transparent process. The OCA in *Soundair* spoke about the need to maintain the integrity of a court-approved sale process.[2] I am not prepared to accept an offer at this late stage. I note [that] Merge did not have counsel at yesterday's hearing.

Ms. Wilson appeared for a SH, Dan Brintnell. After obtaining instructions, Ms. Wilson advised she had no further submissions.

V. Analysis of the proposed sale transaction

A. Guiding legal principles

[35] In most circumstances resort is made to the *CCAA* to "permit the debtor to continue to carry on business and, where possible, avoid the social and economic costs of liquidating its assets" and to create "conditions for preserving the *status quo* while attempts are made to find common ground amongst stakeholders for a reorganization that is fair to all". The reality, however, is that "reorganizations of differing complexity require different legal mechanisms." This has led courts to recognize that the *CCAA* may be used to sell substantially all of the assets of a debtor company to preserve it as a going concern under new ownership, or to wind-up or liquidate it.[3]

[36] The portions of section 36 of the *CCAA* relevant to this proposed sale to a non-related person are as follows:

> 36. (1) A debtor company in respect of which an order has been made under this Act may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized to do so by a court. Despite any requirement for shareholder approval, including one under federal or provincial law, the court may authorize the sale or disposition even if shareholder approval was not obtained.

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[2] *Royal Bank v. Soundair* (1991), 4 O.R. (3d) 1 (C.A.). See in particular the Reasons of Galligan J.A. at pp. 7d to 10c.

[3] See the cases summarized in *First Leaside Wealth Management Inc. (Re)*, 2012 ONSC 1299, para. 32.

(2) A company that applies to the court for an authorization is to give notice of the application to the secured creditors who are likely to be affected by the proposed sale or disposition.

(3) In deciding whether to grant the authorization, the court is to consider, among other things,

(*a*) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(*b*) whether the monitor approved the process leading to the proposed sale or disposition;

(*c*) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(*d*) the extent to which the creditors were consulted;

(*e*) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(*f*) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

(6) The court may authorize a sale or disposition free and clear of any security, charge or other restriction and, if it does, it shall also order that other assets of the company or the proceeds of the sale or disposition be subject to a security, charge or other restriction in favour of the creditor whose security, charge or other restriction is to be affected by the order.

(7) The court may grant the authorization only if the court is satisfied that the company can and will make the payments that would have been required under paragraphs 6(4)(*a*) and (5)(*a*) if the court had sanctioned the compromise or arrangement.

B. Consideration of the factors

Was notice of the application given to the secured creditors who are likely to be affected by the proposed sale or disposition?

[37] The applicants have satisfied this requirement. The Purchaser will assume the liability owing to IBM Canada. The other two secured creditors, RBC and Castcan, support the proposed transaction.

The reasonableness of the process leading to the proposed sale

[38] The SISP was approved by this Court by order made May 14, 2012. In my Reasons of that date I stated:

> Given the extensive efforts to date by management of the applicants to solicit interest in the business and given the liquidity crunch facing the applicants, I was satisfied that the

> proposed SISP would result, in the specific circumstances of this case, in a fair, transparent and commercially efficacious process which should allow a sufficient opportunity for interested parties to come forward with a superior offer and thereby optimize the chances of securing the best possible price for the assets up for sale or the best possible investment in the continuing operations of the applicants. For those reasons I approved the SISP.[4]

[39] Although the applicants took the lead in running the SISP, the evidence disclosed that the Monitor was involved in all stages of the process.

[40] Before the commencement of these *CCAA* proceedings, members of the PCAS Board of Directors had engaged in separate dialogues with a significant number of parties who were interested in either investing in the DIP Lender to provide financing to the Applicants, purchasing the assets of the Applicants, or buying PCAS. During the SISP PCAS, with the assistance of PwCCF and the Monitor, (i) ran an electronic due diligence data-room, (ii) identified 184 potential bidders from around the globe and contacted 164 of them, (iii) developed a "teaser" which was circulated to 121 of the identified parties, as well as a confidential information memorandum which was posted to the data room and sent to the all of the 18 interested parties who had executed a non-disclosure agreement, (iv) conducted site tours at its Premises, with the Monitor in attendance, for seven potential bidders, (v) developed a non-reliance letter for Qualified Bidders to sign in order to be able to review third-party review of the PCAS technology prepared for the Board and facilitated meetings with the authors of the Technology Review at the request of two potential bidders.

[41] In its Sixth Report dated May 28, 2012 the Monitor described in detail the steps taken up until that point of time in conducting the SISP. The Monitor provided updated information in its Seventh Report dated June 1, 2012. In its Confidential Appendix to the Seventh Report the Monitor presented detailed, un-redacted information about the bids which were tendered, the resulting communications with the bidders, and its comparative evaluation of the bids.

[42] I am satisfied that the SISP run by the Applicants, with the extensive involvement of the Monitor, complied with the terms of the SISP approved in my May 14 Order.

[43] As mentioned, on the continuation of the approval hearing on June 6 counsel appeared for a potential bidder, Merge, seeking to submit an offer on behalf of his client. In *Royal Bank of Canada v. Soundair*, in the context of an approval motion for a sale by a court-appointed receiver, Galligan J. considered the approach which a court should take where a second offer was made after a receiver had entered into an agreement of purchase and sale. He cited two judgments by Saunders J. which had held that the court should consider the second offer, if constituting a "substantially higher bid",[5] and Galligan J.A. continued:

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[4] 2012 ONSC 2840, para. 19.

[5] *Re Selkirk* (1986), 58 C.B.R. (N.S.) 245 (Ont. Bkcy.); *Re Beauty Counsellors of Canada Ltd.* (1986), 58 C.B.R. (N.S.) 237 (Ont. Bkcy.)

> What those cases show is that the prices in other offers have relevance only if they show that the price contained in the offer accepted by the receiver was so unreasonably low as to demonstrate that the receiver was improvident in accepting it. I am of the opinion, therefore, that if they do not tend to show that the receiver was improvident, they should not be considered upon a motion to confirm a sale recommended by a court-appointed receiver. If they were, the process would be changed from a sale by a receiver, subject to court approval, into an auction conducted by the court at the time approval is sought. In my opinion, the latter course is unfair to the person who has entered bona fide into an agreement with the receiver, can only lead to chaos, and must be discouraged.
>
> If, however, the subsequent offer is so substantially higher than the sale recommended by the receiver, then it may be that the receiver has not conducted the sale properly. In such circumstances, the court would be justified itself in entering into the sale process by considering competitive bids. However, I think that that process should be entered into only if the court is satisfied that the receiver has not properly conducted the sale which it has recommended to the court.[6]

[44] In the present case I departed from the process described in the *Soundair* case and declined to accept Merge's offer for consideration. The facts in *Soundair* are quite distinguishable. In the *Soundair* case the second bidder had secured a court order permitting it to make an offer. By contrast, in the present case the court had approved a SISP which set a May 24, 2012 bid deadline. All other bids complied, or came very close to complying, with that court-approved deadline. Merge contended that it did not learn of the bidding process until May 30, a week after the bid deadline. The prompt posting of all court orders on the Monitor's website, when combined with Merge's delays in pursuing an offer after learning of this proceeding make it completely unreasonable for Merge to expect that a court would grant it leave to submit an offer for consideration. The court-approved SISP would be stood on its head were that allowed.

[45] Moreover, as was apparent from the Monitor's detailed narration of the consideration given to the bids which were filed on or just after the court-approved bid deadline, time was spent during the SISP process for discussions amongst the Applicants, the Monitor and the bidders to ascertain whether their bids constituted Qualified Bids. The stay of proceedings in this case was set to expire on June 6, the date Merge came forth in court with its offer. The only cash available for Applicants' operations through to June 6 was the advance of $250,000 by the Purchaser to the Applicants on May 31. The Applicants stated that they would be out of funds by day's end on June 6 or early on June 7. Consequently, there was no realistic prospect that any offer tendered on June 6 could receive a measured consideration while the companies continued to operate.

[46] Finally, Merge did not tender its offer at the commencement of the approval motion on June 5. Its counsel made no submissions that day nor signed the counsel sheet. The only reason

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[6] *Soundair, supra.*, pp. 9h-10c.

I adjourned the hearing to June 6 was to afford some shareholders a brief opportunity to consult with counsel. I made it clear on the record on June 5 that hearing from those shareholders was the only order of business for June 6. Merge did not come forth until the resumption of the hearing on June 6. In those circumstances it was difficult to treat Merge's proffer of a bid as a serious one.

[47] In sum, the compliance of the Applicants with the court-approved SISP and the unreasonableness of the timing of Merge's offer led me to conclude that the process leading to the proposed sale was reasonable.

Did the Monitor approve the process leading to the proposed sale or disposition?

[48] In its Fifth Report dated May 11, 2012 the Monitor recommended approving the SISP.

Did the Monitor file with the court a report stating that in its opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy?

[49] In its Seventh Report the Monitor set out at some length its views about the proposed sale transaction:

> The Monitor is of the view that the transaction contemplated by the APA meets the factors set out in section 36(3) of the *CCAA*. As previously described in the Fifth Report and the Sixth Report, the Monitor is of the view that an expedited SISP was likely the only viable process to maximize the value of the Company for the benefit of its stakeholders given the Company's dire liquidity situation.
>
> The APA provides for a going concern sale of the Company's business that maintains some Canadian operations and should allow for some continued employment.
>
> The Company and the DIP Lender developed the SISP in consultation with Monitor and, in the Monitor's view, the Company implemented a fair, transparent and efficient SISP in the circumstances in accordance with the Orders of this Court and the Court's reasons for decision dated May 14, 2012. Given the Company's liquidity situation, the necessity of implementing an expedited SISP and the bids received, it is the Monitor's view that the price obtained for the Company's assets is fair and reasonable in the circumstances. In addition, as reported in the Second Report, the Monitor is of the view that it is unlikely that a Trustee would have been able to appropriately take possession, market and sell the technology, intellectual property and other assets of the Company as a result of the Company having effectively no cash, limited accounts receivable and few unencumbered assets available to be monetized quickly in liquidation.

The Monitor recommended approving the Successful Bid.

To what extent were the creditors consulted?

[50] The record disclosed that discussions had taken place with the secured creditors. Appropriate notice was given by the Applicants of all steps taken to seek approval of the DIP Lending Facility, the various extensions of the stay and approval of the SISP. As noted, only one

unsecured creditor appeared at the approval hearing and its information questions were answered.

What are the effects of the proposed sale or disposition on the creditors and other interested parties?

[51] As summarized by the Monitor in its Seventh Report:

> The APA does not provide for any recovery for the Company's shareholders. The APA provides as follows:
>
> a) statutory priority claims are paid in full in cash.
>
> b) The beneficiaries of the KERP are to be paid in full and in cash.
>
> c) The claim of the DIP Lender will be partially satisfied through a combination of cash and interest bearing secured notes convertible at maturity into cash or common shares of the Purchaser.
>
> d) The Company's unsecured creditors will receive their pro rata share of a pool of interest bearing unsecured notes convertible at maturity into cash or common shares of the Purchaser.
>
> e) The Company will assume the Assumed Liability [IBM].
>
> In addition, the APA also provides funding for a bankruptcy of the Company or a continuation of the CCAA Proceedings in respect of the Company. As described in further detail below, it is anticipated that the Company will be assigned into bankruptcy and that the entitlement of the unsecured creditors to the unsecured convertible notes will be determined through the statutory claims process provided under the *Bankruptcy and Insolvency Act* ... It is anticipated that one unsecured note will be provided to a trustee in bankruptcy to be appointed in respect of the Company.

Is the consideration to be received for the assets reasonable and fair, taking into account their market value?

[52] In its Seventh Report the Monitor expressed its view that "the price obtained for the Company's assets is fair and reasonable in the circumstances". In the *Soundair* case Galligan J.A. stated:

> At the outset, I think that the fact that the OEL offer was the only acceptable one available to the receiver on March 8, 1991, after ten months of trying to sell the airline, is strong evidence that the price in it was reasonable.[7]

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[7] *Soundair, supra.*, p. 8g.

So, too, in this case. Although no valuation was filed in respect of the companies' assets, the evidence filed on previous motions disclosed that the applicants had made efforts for many months prior to initiating *CCAA* proceedings to secure further investment in or the sale of the companies. The state of the companies, and the potential business opportunity they offered, were extensively known. Notwithstanding the short SISP, the Monitor reported that contact was made with a large number of potentially interested parties. Only three bids resulted. Of those three, two were not treated as Qualified Bids. The record, especially the Monitor's Confidential Appendix, supported the selection of the DashRx offer as the Successful Bid. Against the backdrop of those efforts, I concluded that the proposed purchase price was fair and reasonable.

Does the proposed transaction satisfy the requirements of section 36(7) of the *CCCA*?

[53] The applicants did not sponsor a pension plan for its employees. With the payment of the statutory priority claims from the proceeds of sale, obligations under section 6(5)(a) of the *CCAA* will be satisfied.

C. Conclusion

[54] In sum, the proposed Purchase Agreement met the specific factors enumerated in section 36(3) of the *CCAA* and, when looked at as a whole in the particular circumstances of this case, represented a fair and reasonable transaction.[8] For those reasons I authorized the proposed Purchase Agreement and granted the vesting order which was sought.

VI. Analysis of the proposed distribution

[55] The distribution of the sale proceeds proposed by the Applicants, and supported by the Monitor, was straight-forward, save for one issue – the validity of Castcan's security in respect of HST Refunds.

A. The Castcan security issue described

[56] In its Seventh Report the Monitor described the Pari Passu Agreement which the DIP Lender had negotiated with two secured creditors, RBC and Castcan, at the time of putting in place the DIP Lending Facility:

> The Monitor has been advised that the DIP Lender entered into an agreement with Castcan and others, whereby the DIP Lender agreed that its claims against the Company would be subordinate to the claims of Castcan (the "Pari Passu Agreement"). Pursuant to the Pari Passu Agreement, Castcan has the right to be repaid in full before the DIP Lender receives any consideration for the amounts it advanced under the DIP Facility... The Monitor has been advised that the DIP Lender has agreed that its position will also be subordinate to RBC, as provided for in the Initial Order.

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[8] *White Birch Paper Holding Company*, 2010 QCCS 4915, paras. 48 and 49.

> Although the Purchaser was willing to assume the liabilities owed to RBC and Castcan, they both advised that they were not willing to become creditors of the Purchaser and wanted to be paid in cash in full on closing. In order to accommodate the secured creditors' requests, the DIP Lender has agreed to pay RBC and Castcan in full in cash from the amount payable to the DIP Lender pursuant to the terms of the APA. As a result of that payment, the DIP Lender will be subrogated to or take an assignment of the positions of RBC and Castcan in respect of their validly perfected and secured positions, subject to the lack of clarity in the law in respect of the Castcan Loan and Security discussed below.

[57] The lack of clarity in the law in respect of the Castcan Loan stemmed from the assignment of Crown debts, on a full recourse basis, made in the March 6, 2012 Factor Agreement between Castcan and the Applicants. The Crown debts assigned to Castcan included certain Scientific Research and Experimental Development ("SR&ED") refundable tax credit entitlements, Ontario Innovation Tax Credit ("OITC") refunds and harmonized sales tax ("HST") refunds. The Applicants executed a GSA in favour of Castcan to secure the obligations owing to Castcan, including those under the Factor Agreement.

[58] Counsel to the Monitor provided an opinion that the assignment of the SR&ED Tax Credits and the OITC Tax Credits under the Factor Agreement was valid and the security granted in each GSA in respect of such assignments was valid and enforceable.

[59] Section 67 of the *Financial Administration Act (Canada)*, R.S.C. 1985, c. F-11 (the "*FAA*") provides as follows:

> Except as provided in this Act or any other Act of Parliament,
>
> (a) a Crown debt is not assignable; and
>
> (b) no transaction purporting to be an assignment of a Crown debt is effective so as to confer on any person any rights or remedies in respect of that debt.

In light of that section, counsel to the Monitor advised that the HST Refunds might not be assignable and that the security granted in respect of the HST Refunds might not be valid and enforceable because no provision in the *Excise Tax Act* (Canada) or the *FAA* exempted the HST Refunds from section 67 of the *FAA*.

[60] Castcan took the position that certain provisions in the Factor Agreement entitled it, in any event, to receive the HST Refunds. The Monitor commented on part of the argument advanced by Castcan:

> Section 12 of the Factor Agreement provides that if any right or entitlement that, as a matter of law is not assignable, the Company will: (a) co-operate with Castan to provide the benefits of these Non-Assignable Rights to Castcan, including, holding them in trust; (b) enforce any rights of Castcan arising from these Non-Assignable Rights; (c) take all actions to ensure that the value of these Non-Assignable Rights are preserved; and (d) pay over to Castcan all monies collected in respect of these Non-Assignable Rights. One interpretation is that the obligations set out in Section 12 of the Factor

Agreement with respect to the HST Refunds are enforceable and are secured by the GSAs. Another interpretation is that Section 12 simply gives rise to a claim in equity against the Company and that such an equitable claim may not be secured by the GSAs.

The Monitor is of the view that there is strong argument that Castcan has a claim against the Company for unjust enrichment and, to the extent of such unjust enrichment, a Court may order that a constructive trust applies to the monies advanced by Castcan in respect of the HST Refunds.

Given the provisions of the FAA and existing case law, counsel to the Monitor has advised that it cannot conclude with certainty that the obligations in the Factor Agreement in favour of Castcan with respect to the HST Refunds are secured by the GSAs. Accordingly, the Monitor is of the view that it is unclear whether any payment by the Company to Castcan in respect of the HST Refunds should be made in priority to other creditors.

The Monitor is of the view that the equities clearly favour paying Castcan the full amount owed to it under the Factor Agreement, including the amounts in respect of the HST Refunds. The Monitor notes that Castcan paid $1,000,000 to the Company in good faith on a full recourse basis at a time when the Company was in dire need of liquidity. The vast majority of the amounts paid by Castcan were used to fund the Company's payroll. In the Monitor's view, it would be inequitable for the Company or any of its creditors to get a windfall at the expense of a creditor that provided value to the Company as a result of lack of clarity in the existing law and the wording of the Factor Agreement.

[61] The Applicants proposed that upon paying out the claims of the Senior Secured Creditors from the cash proceeds received on closing, the DIP Lender would be subrogated to and/or take an assignment of the Senior Secured Creditor's claims. The Applicants also sought an order which provided, in part, that they, or the proposed Trustee, pay to the DIP Lender any tax credit entitlements received in respect of the HST Refund, notwithstanding section 67 of the *FAA*. The Monitor explained the rationale for this request:

The DIP Lender is of the view that since there is likely no secondary market for the secured convertible notes, the net present value of the secured convertible notes is less than the face value of such notes. As a result, the DIP Lender is taking the position that the consideration it is receiving is insufficient to satisfy the full amount of the DIP Lender's claim against the Company. The DIP Lender is also of the view that the DIP Lender's Charge should continue to secure the obligations owing to the DIP Lender as a result of its shortfall after distribution of the proceeds to it on closing of the transaction contemplated by the APA. The Monitor supports the DIP Lender's views.

The DIP Lender is also of the view that the value of the notes should be discounted by an amount that is at least as great as the amount of the HST Refunds in order to permit the proceeds of the HST Refunds once received by the estate to be paid to the DIP Lender on account of its DIP Charge. The Monitor supports the DIP Lender's views with respect to the DIP Lender's Charge. Accordingly, the Monitor is of the view that

the DIP Lender's Charge should remain effective over all of the Excluded Assets until such time as such refunds are received and become proceeds of the estate and the DIP Lender is repaid in full.

The parties with an economic interest in the proceeds of the transaction and the Tax Credit Entitlements have agreed to the arrangement with the DIP Lender described above with respect to the HST Refunds. Such an arrangement will permit the DIP Lender to satisfy its obligations under the Pari Passu Agreement while still receiving the consideration that was agreed to be paid to it pursuant to the APA.

B. Legal analysis

[62] Section 67 of the *FAA* provides that "no transaction purporting to be an assignment of a Crown debt is effective" except as provided in that Act or any other federal Act. In *Mazetti v. Marzetti* the Supreme Court of Canada held that under section 67 "a purported assignment of a Crown debt is rendered absolutely ineffective, as between debtor and creditor, and as between assignor and assignee."[9] The Court of Appeal, in *Profitt v. A.D. Productions Ltd. (Trustee of)*, held that purported assignments of federal sales tax refunds were invalid.[10]

[63] In their factum the Applicants pointed to several cases which they contended might limit the application of the decisions in *Mazetti* and *Profitt*.[11] Castcan had submitted to the Monitor that several provisions of the Factor Agreement operated to give it priority to the HST Refund notwithstanding the *Mazetti* and *Profitt* decisions. I did not need to address those points to decide the motion. Assuming, for purposes of argument, the ineffectiveness of Castcan's security as it related to the HST Refund, that refund would constitute property of the Applicants. Pursuant to the Initial Order the DIP Lender was granted a charge on the "Property" of the Applicants which was defined as the Applicants' "current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof". The "Property" of the applicants included their entitlement to the HST Refund. Accordingly, in the event of a failure of Castcan's security, the DIP Lender would be entitled to the HST Refund.

[64] Section 67 of the *FAA* does not prevent such a result since it only renders ineffective any "*transaction* purporting to be an assignment of a Crown debt". The DIP Lender's Charge created by the Initial Order was not such a "transaction". As the Supreme Court of Canada pointed out in *Bank of Montreal v. i Trade Finance Inc.*, rights which result from a court order are not rights stemming from a "transaction".[12] Section 67 of the *FAA* does not apply to rights

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[9] [1994] 2 S.C.R. 765, para. 99.
[10] (2002), 32 C.B.R. (4th) 94 (O.C.A.), para. 28.
[11] *Cargill Ltd. v. Ronald (Trustee of)* (2007), 32 C.B.R. (5th) 169 (Man. C.A.); *McKay & Maxwell, Ltd., Re* (1927), 8 C.B.R. 534 (N.S.S.C.); *Christensen, Re* (1961), 2 C.B.R. (N.S.) 324 (Ont. S.C.); *Front Iron & Metal Co., Re* (1980), 38 C.B.R. (N.S.) 317 (Ont. S.C.).
[12] [2011] 2 S.C.R. 360, para. 30. See also, *Torstar Corp. v. ITI Information Technology Institute Inc.* (2002), 36 C.B.R. (4th) 114 (N.S.S.C.), paras. 29 and 32.

created by a court order, including a DIP lending charge granted over all of a company's property pursuant to section 11.2(1) of the *CCAA*.

[65] Since the DIP Lender would be entitled to the HST Refund in the event of a defect in Castcan's security, it was open to the DIP Lender to agree, with Castcan, as a matter of contract, that Castcan should receive full payout as contemplated by the Pari Passu Agreement.

[66] As to the Applicants' request for an order that they, or the proposed Trustee, pay to the DIP Lender any tax credit entitlements received in respect of the HST Refund, I was satisfied that it was appropriate to exercise my discretion under section 11 of the *CCAA* to make such an order. I accepted the Monitor's view that the DIP Lender was entitled to be repaid in full upon the conclusion of the *CCAA* proceedings and that its charge should continue to secure the obligations to it as a result of the shortfall after distribution of the transaction proceeds. The use of the Secured Note to repay the DIP Lender entails a risk that the DIP Lender might not receive full repayment of its DIP Lending Facility. Consequently, I accepted the Monitor's view that it would be appropriate to discount the value of the note by an amount equal to the HST Refund. Such a result promotes, in part, the remedial purposes of the *CCAA* by ensuring that DIP lenders, whose role often is critical to the successful completion of a re-organization, can advance interim financing with the reasonable assurance of receiving repayment of their DIP loans.

[67] As to the distribution of $100,000 of the sales proceeds to fund bankruptcy proceedings involving the Applicants, I accepted the Monitor's view that since no further funds existed to continue the *CCAA* proceedings, a bankruptcy would serve as the most cost effective and efficient way in which to complete the winding-up of the companies' affairs, including establishing a mechanism to determine the quantum for unsecured claims.

[68] For those reasons I approved the distribution of the sale proceeds proposed by the Applicants, as well as the related orders terminating the *CCAA* proceedings upon the Monitor filing its discharge certificate and approving the Monitor's Seventh Report and the activities described therein.

VII. Sealing order

[69] The information contained in the Confidential Appendix to the Monitor's Seventh Report clearly met the criteria for a sealing order set out in *Sierra Club of Canada v. Canada (Minister of Finance)*.[13] In order to protect the integrity of the SISP and the proposed sales transaction, I granted an order that the appendix be sealed until the completion of the Purchase Agreement transaction.

(original signed by)
D. M. Brown J.

Date: June 9, 2012

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[13] [2002] 2 S.C.R. 522.

THIS IS EXHIBIT "G" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012

A Commissioner for taking affidavits, etc.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR. JUSTICE BROWN	)))	WEDNESDAY, THE 6TH DAY OF JUNE, 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. ("**PCAS**") and 2163279 Ontario Inc., doing business as Touchpoint ("**Touchpoint**") and, together with PCAS, the "**Applicants**"), for an order, *inter alia*:

(a) approving the Seventh Report of PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated June 1, 2012, filed (the "**Seventh Report**"), and approving the actions of the Monitor described therein;

(b) sealing Confidential Appendix "B" to the Seventh Report;

(c) approving an occupancy agreement among the Applicants and DashRx, LLC (the "**Purchaser**") in respect of the Applicants' premises at 2440 Winston Park Drive, Oakville, Ontario (the "**Winston Park Occupancy Agreement**") in substantially the form attached as Exhibit "E" to the affidavit of Farouk Ahamed, sworn June 1, 2012 (the "**June 1 Affidavit**");

(d) approving any required occupancy agreement among the Applicants and the Purchaser in respect of the Applicants' premises at 2910 and 2880 Brighton Road, in substantially the form as the Winston Park Occupancy Agreement (the "**Brighton Road Occupancy Agreement**", and, together with the Winston Park Occupancy Agreement, the "**Occupancy Agreements**");

(e) terminating the Administration Charge and the Directors' Charge (each as defined in, and established by, the Initial Order);

(f) approving a scheme of distribution of the cash proceeds of the Transaction (as defined in the in the Order of the Honourable Mr. Justice Brown made June 4, 2012 in these proceedings (the "**CCAA Proceedings**") approving of the Sale Agreement, as defined therein (the "**Sale Agreement**"), and vesting in the Purchaser the Applicants' right, title and interest in and to the assets described in the Sale Agreement (the "**Approval and Vesting Order**");

(g) approving the distribution of non-cash proceeds of the Transaction to 2320714 Ontario Inc. (the "**DIP Lender**");

(h) directing that amount of certain tax refunds be paid to the DIP Lender on receipt;

(i) discharging and releasing the Monitor, upon the filing of the Monitor's Discharge Certificate (as defined herein) with this Court; and

(j) terminating the CCAA proceedings, upon the filing of the Monitor's Discharge Certificate with this Court,

was heard this day at 330 University Avenue, Toronto, Ontario and June 5, 2012 at 393 University Avenue, Toronto, Ontario.

ON READING the June 1 Affidavit and the exhibits thereto, filed, the affidavit of Kym Anthony, sworn June 5, 2012, filed, and the Seventh 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. ("**Castcan**"), counsel for Royal Bank of Canada ("**RBC**"), counsel for the Purchaser, counsel for Walgreen Co., counsel for Lanworks Inc.

Peter Saunders and no one appearing for any other person on the service list, although duly served as appears from the affidavit of Alyssa Keon sworn June 4, 2012, filed, and the affidavits of Susy Moniz sworn June 4, 2012 and June 5, 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 Seventh Report be and is hereby approved and the actions and activities of the Monitor described therein be and are hereby approved.

3. **THIS COURT ORDERS** that, until such time as the transaction contemplated in the Sale Agreement is completed, Confidential Appendix "B" to the Seventh Report shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon filing of the Monitor's Certificate (as defined in the Approval and Vesting Order).

4. **THIS COURT ORDERS** that:

   (a) the Winston Park Occupancy Agreement be and is hereby approved and PCAS be and is hereby authorized and directed to enter into the Winston Park Occupancy Agreement and to complete the transactions contemplated thereby, with such minor amendments as the Applicants, with the consent of the Monitor, may deem necessary;

   (b) the Brighton Road Occupancy Agreement in respect of one or both of the Brighton Road Premises, in substantially the form of the Winston Park Occupancy Agreement, be and is hereby approved and PCAS be and is hereby authorized and directed to enter into the Brighton Road Occupancy Agreement and to complete the transactions contemplated thereby, with such minor amendments as the Applicants, with the consent of the Monitor, may deem necessary; and

(c) notwithstanding:

(i) the pendency of the CCAA Proceedings;

(ii) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of any of the Applicants and any bankruptcy order issued pursuant to any such applications; and

(iii) any assignment in bankruptcy made in respect of any of the Applicants,

the Occupancy Agreements shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Applicants (a "**Trustee**") and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

5. **THIS COURT ORDERS** that the Directors' Charge be and is hereby terminated, released and discharged upon the filing of the Monitor's Certificate with this Court.

6. **THIS COURT ORDERS** that distributions from the net cash proceeds of the Transaction (as defined in the Approval and Vesting Order) be made as follows:

(a) the Applicants be and are hereby authorized and directed to distribute $235,315 in connection with employee wage claims, in accordance with section 36(7) of the *Companies' Creditors Arrangement Act* to those employees who are or have been terminated by the Applicants and continue to have any outstanding employee wage claims;

(b) the Applicants be and are hereby authorized and directed to distribute $420,070.38 to RBC, in respect of the debt secured by the security granted by the Applicants to RBC as at June 6, 2012, plus per diem interest charges of $41.10;

(c) the Applicants be and are hereby authorized and directed to direct the Purchaser to pay to the DIP Lender the cash component of the consideration payable to the DIP Lender under section 2.3(1)(d) of the Sale Agreement to be used by the DIP Lender: (i) to obtain the consent of Castcan to the discharge of its security interest and charge over the Purchased Assets and to obtain Castcan's consent to the issuance of the Approval and Vesting Order; and (ii) as to the balance, to be delivered to the DIP Lender in partial repayment of the credit facility provided pursuant to the Second Amended and Restated DIP Loan Agreement made between the DIP Lender and the Applicants (the "**DIP Facility**");

(d) the Applicants be and are hereby authorized and directed to distribute $242,100, in the aggregate, to the beneficiaries of the KERP Charge in connection with the KERP (each as defined in, and approved by, the Order of the Honourable Justice Brown made April 16, 2012); and

(e) the Applicants be and are hereby authorized and directed to distribute $100,000 to PwC for any fees and expenses incurred by the Monitor in connection with the CCAA Proceedings or any costs of the administration of the anticipated bankruptcies of PCAS, Touchpoint and the other direct and indirect subsidiaries of PCAS.

7. **THIS COURT ORDERS** that, subject to closing of the Transaction, the Purchaser be and is hereby authorized and directed to issue and distribute the non-cash consideration in respect of the Transaction, being the following promissory notes (collectively, the "**Notes**"), in accordance with the terms of the Sale Agreement:

(a) the Secured Note (as defined in the Sale Agreement) to the DIP Lender;

(b) the Unsecured Note (as defined in the Sale Agreement) to PCAS, to be held in trust for the benefit of the unsecured creditors of the Applicants;

(c) the Additional Secured Note (as defined in the Sale Agreement), if applicable, to the DIP Lender; and

(d) the Additional Unsecured Note (as defined in the Sale Agreement), if applicable, to PCAS or any Trustee, to be held in trust for the benefit of the unsecured creditors of the Applicants.

8. **THIS COURT ORDERS AND DIRECTS**, subject to filing of the Monitor's Certificate in accordance with the Approval and Vesting Order, the Applicants or, if appointed, the Trustee, to pay to the DIP Lender any Tax Credit Entitlements received by them, without deduction, including without limitation:

(a) an amount equal to any payment received in respect of Touchpoint's February, 2012 Harmonized Sale Tax refund, notwithstanding section 67 of the *Financial Administration Act*; and

(b) an amount equal to any payment received in respect of the PCAS' 2011 Scientific Research and Development refundable tax credit entitlements.

9. **THIS COURT ORDERS** that, upon filing by the Monitor of a certificate substantially in the form attached as **Schedule "A"** hereto (the "**Monitor's Discharge Certificate**") certifying that an assignment in bankruptcy has been made in respect of the Applicants:

(a) PwC be and is hereby discharged and relieved from any further obligations, liabilities, responsibilities or duties in its capacity as Monitor pursuant to the Initial Order, any other order of this Court in the CCAA Proceedings, the CCAA or otherwise; and

(b) the CCAA Proceedings be and are hereby terminated.

10. **THIS COURT ORDERS** that, in addition to the protections in favour of the Monitor as set out in the Initial Order, in any other Order of this Court or reasons provided by this Court in the CCAA Proceedings or the CCAA, the Monitor shall not be liable for any act or omission on the part of the Monitor, including with respect to any reliance thereof, including without limitation, with respect to any information disclosed, any act or omission pertaining to the

discharge of the Monitor's duties in the CCAA Proceedings or with respect to any other duties or obligations of the Monitor under the CCAA or otherwise, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Subject to the foregoing and in addition to the protections of the Monitor as set out in the Orders of this Court or any reasons provided by this Court in the CCAA Proceedings, any claims against the Monitor in connection with the performance of its duties as Monitor are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

11. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on prior written notice to the Monitor and such further order securing, as security for costs, the full indemnity costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

12. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, nothing contained in this Order shall affect, vary, derogate from or amend any of the rights, approvals and protections in favour of the Monitor pursuant to the Initial Order, any other Order of this Court or reasons provided by this Court in the CCAA Proceedings, the CCAA or otherwise, all of which are expressly continued and confirmed.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 0 6 2012

MD

Schedule "A"
Form of Monitor's Discharge Certificate

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

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

MONITOR'S DISCHARGE CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the "**Court**") dated March 23, 2012, PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., doing business as Touchpoint (collectively, the "**Applicants**") were declared companies to which the *Companies' Creditors Arrangement Act* (the "**CCAA**") applied and PricewaterhouseCoopers Inc. ("**PwC**") was appointed as the Monitor of the Applicants (the "**Monitor**").

B. Pursuant to an Order of the Court dated June 6, 2012 (the "**Discharge Order**"), PwC was discharged as Monitor of the Applicants to be effective upon an assignment in bankruptcy being made in respect of the Applicants.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Discharge Order.

THE MONITOR CERTIFIES that an assignment in bankruptcy has been made in respect of the Applicants.

PRICEWATERHOUSECOOPERS INC., solely in its capacity as *Companies' Creditors Arrangement Act* Monitor of PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., and not in its personal or corporate capacity

Per:

_____

Name:
Title:

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

ORDER

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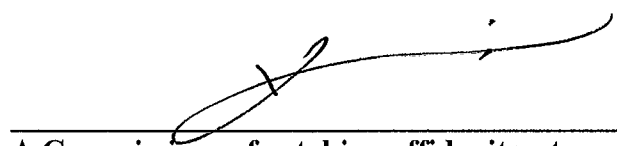
Lawyers for the Applicants

12540033.6

THIS IS EXHIBIT "H" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

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

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

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the "**Court**") dated March 23, 2012, PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., doing business as Touchpoint (collectively, the "**Applicants**") were declared companies to which the *Companies' Creditors Arrangement Act* applied and PricewaterhouseCoopers Inc. was appointed as the Monitor of the Applicants (the "**Monitor**").

B. Pursuant to an Order of the Court dated June 6, 2012, the Court approved the asset purchase agreement made as of June 1, 2012 (the "**APA**") among the Applicants and DashRx, LLC (the "**Purchaser**") and provided for the vesting in the Purchaser of the Applicants' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the APA have been satisfied or waived by the Applicants (with consent of the Monitor) and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals shall have the meanings ascribed to them in the APA.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid to the Applicants, the Applicants, in trust, and (as the Applicants have directed) the DIP Lender, and the Applicants, the Applicants, in trust, Royal Bank of Canada and the DIP Lender have, collectively, received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the APA;

2. The conditions to Closing as set out in section Article 5 of the APA have been satisfied or waived by the Applicants (with the consent of the Monitor) and the Purchaser;

3. The Transaction has been completed to the satisfaction of the Monitor; and

4. This Certificate was delivered by the Monitor at 7:30 p.m on June 6, 2012.

PricewaterhouseCoopers Inc., in its capacity as *Companies' Creditors Arrangement Act* Monitor of PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., and not in its personal or corporate capacity

Per: T. Weaver

Name: Tracey Weaver
Title: Vice President

12534281.8

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

MONITOR'S CERTIFICATE

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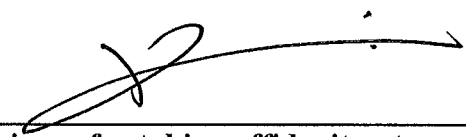
THIS IS EXHIBIT "I" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

PCAS PATIENT CARE AUTOMATION SERVICES INC. AND 2163279 ONTARIO INC.

SEVENTH REPORT OF THE MONITOR

June 1, 2012

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

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.

APPLICANTS

SEVENTH REPORT OF PRICEWATERHOUSECOOPERS INC.

In its capacity as Monitor of the Applicants

June 1, 2012

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APPENDICIES

I. INTRODUCTION

1. On March 23, 2012 (the "**Filing Date**"), PCAS Patient Care Automation Services Inc. ("**PCAS**") and 2163279 Ontario Inc. ("**Touchpoint**") (collectively, the "**Company**" or the "**Applicants**") made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") and an initial order (the "**Initial Order**") was granted by the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granting, *inter alia*, a stay of proceedings against the Applicants to April 21, 2012 (the "**Stay Period**") and appointing PricewaterhouseCoopers Inc. ("**PwC**") as the monitor (the "**Monitor**"). The proceedings commenced by the Company under the CCAA are referred to herein as the "**CCAA Proceedings**".

2. PwC was previously retained by the Company to act as financial advisor to assist management and the Company's board of directors (the "**Board**") to review strategic alternatives available to the Company for the resolution of its liquidity concerns.

3. On April 16, 2012, this Court granted an Order (the "**April 16 Order**") which provided, *inter alia*, for approval of the Amended and Restated DIP Agreement, an increase in the limit of the DIP Facility from $2,800,000 to $3,800,000 and approval of the KERP and KERP Charge (all as defined therein).

4. On April 20, 2012, this Court granted an Order (the "**April 20 Order**") which provided, *inter alia*, for an increase in the DIP Facility from $3,800,000 to $4,370,000 and an extension of the stay of proceedings to May 4, 2012.

5. On May 3, 2012, this Court granted an Order (the "**May 3 Order**") which provided, *inter alia*, for an increase in the DIP Facility from $4,370,000 to $4,525,000 and an extension of the stay of proceedings to May 8, 2012.

6. On May 7, 2012, this Court granted an Order (the "**May 7 Order**") which provided, *inter alia*, for approval of the Second Amended and Restated DIP Loan Agreement, an increase in the DIP Facility from $4,525,000 to $5,350,000 and an extension of the stay of proceedings to May 28, 2012 (the "**Stay Period**").

7. On May 14, 2012, this Court granted an Order (the "**May 14 Order**") which provided, *inter alia*, for an increase in the DIP Facility from $5,350,000 to $6,000,000 and the approval of a SISP as set out in the Fifth Report.

8. On May 28, 2012, this Court granted an Order (the "**May 28 Order**") which provided, *inter alia*, for an extension of the Stay Period to June 6, 2012.

II. PURPOSE OF REPORT

9. In conjunction with the Company's application for relief under the CCAA, on March 23, 2012, PwC in its capacity as proposed Monitor filed the Proposed Monitor's Report with this Court. Subsequently, on April 15, 2012, the Monitor filed the First Report with this Court. On April 19, 2012, the Monitor filed the Second Report with this Court. On May 3, 2012, the Monitor filed the Third Report with this Court. On May 7, 2012, the Monitor filed the Fourth Report with this Court. On May 11, 2012, the Monitor filed the Fifth Report with this Court. On May 28, 2012, the Monitor filed the Sixth Report with this Court, which is attached hereto as **Appendix "A"**.

10. The purpose of this report (the "**Seventh Report**") is to:

a) Provide this Court with the following:

(i) A summary of the Company's activities since the Sixth Report;

(ii) A summary of the bids that were received in connection with the SISP;

(iii) A summary of the asset purchase agreement ("**APA**") negotiated between the Company and DashRx LLC (the "**Purchaser**") (a redacted copy of such APA is attached as an Exhibit to the June 1 Affidavit);

(iv) The Company's intention to assign the Company into bankruptcy after the closing of the transactions contemplated by the APA;

(v) A summary of the Monitor's key activities since the commencement of these CCAA Proceedings; and

(vi) The reasons for the Company's request for the termination of these CCAA Proceedings and the discharge of the Monitor.

b) Recommend that this Court issue an order:

(i) Approving the APA and vesting the Purchased Assets (as defined in the APA) in the Purchaser;

(ii) Sealing Confidential **Appendix "B"** to this Seventh Report ("**Confidential Appendix B**");

(iii) Granting the Applicant's request for a distribution to the DIP Lender and the beneficiaries of the KERP;

(iv) Approving the activities of the Monitor as set out in this Seventh Report; and

(v) Terminating the CCAA Proceedings and discharging the Monitor.

III. QUALIFICATIONS

11. In preparing this Seventh Report, the Monitor has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management and legal counsel to the Company. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance with respect to the information contained in this Seventh Report. Future-oriented financial information relied upon in this Seventh Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance with respect to the accuracy or completeness of any financial information contained herein. The Monitor reserves the right to refine or amend its comments and findings as further information is obtained or brought to its attention subsequent to the date of this Seventh Report.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Initial Order, the Proposed Monitor's Report, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report or the Affidavit of Farouk Ahamed dated June 1, 2012 (the "**June 1 Affidavit**").

IV. COMPANY'S ACTIVITIES

13. Since the date of the Sixth Report, the Company has been working with the Purchaser to negotiate the terms of the APA in consultation with the Monitor and the DIP Lender.

14. The Company, the DIP Lender, the Monitor and their respective counsel have participated in numerous meetings, conference calls and email exchanges with the Purchaser and its counsel in order to finalize the terms of the APA, seek Court approval of the transactions contemplated therein and to prepare for the closing of the transaction.

15. In addition, as described in the Sixth Report, the Company, with the assistance of the Monitor, has prepared a budget for approval by the Purchaser for funding of the Company's operating requirements until June 6, 2012, which will allow for the projected closing to occur (subject to a $250,000 cap). The Monitor notes that the budget is substantially similar to the

May 28 Forecast that was appended as Appendix D to the Sixth Report and that the $250,000 cap will be sufficient to fund the Company's cash flow requirements until June 6, 2012.

16. The Company and the Purchaser have agreed on the approved budget and the Company has received the $250,000 from the Purchaser.

V. OVERVIEW OF BIDS RECEIVED IN CONNECTION WITH THE SISP

Overview of Developments since the Bid Deadline

17. A detailed description of the process that the Company, in consultation with the Monitor, followed in implementing the SISP is provided in the Sixth Report. As described in the Sixth Report, the Monitor reminded certain of the Potential Purchasers of the Bid Deadline where such Potential Purchasers had expressed an ongoing interest in submitting a bid. The Monitor enquired as to whether these Potential Purchasers had any requests for additional information or questions pertaining to the Company or the SISP.

18. The Company received three bids in connection with the SISP in addition to the Stalking Horse Bid. These bids are discussed in general terms below and are described in detail in Confidential Appendix B, for which a sealing order is being sought.

19. The Company, in consultation with the Monitor, sought clarifications and/or enhancements from three parties, Unsuccessful Bidder 1, Unsuccessful Bidder 2 and the Purchaser, all of whom submitted bids in connection with the SISP prior to the selection of the Successful Bid. Copies of the relevant correspondence are provided as part of Confidential Appendix B and a general description of such correspondence is set out in further detail below.

20. With respect to the Purchaser, conference calls among any one or more of the Company, the DIP Lender, and the Monitor took place on May 25, 2012 and over the course of the weekend that followed the Bid Deadline. In these conversations, the Company and the DIP Lender, in consultation with the Monitor, requested that DashRx LLC clarification and enhance its bid. Among other things, the Company and the Monitor requested that DashRx LLC enhance its bid to provide for a recovery to unsecured creditors.

21. The Purchaser submitted a revised bid on May 26, 2012, which included, among the clarifications and enhancements it was prepared to offer, some recovery for unsecured creditors. Based upon these enhancements, the Company, with the support of the Monitor and with the consent of the DIP Lender, selected the Purchaser as the Successful Bidder under the SISP. Copies of the Purchaser's initial bid and its revised bid are included as part of Confidential Appendix B.

Overview of the Stalking Horse Bid

22. As described in the Fifth Report, the DIP Lender submitted the Stalking Horse Bid for the purchase of substantially all of the property, assets and undertaking of the Company on an "as is, where is" basis. The Stalking Horse Bid in essence consisted of a credit bid by the DIP Lender of its debt in exchange for the purchase of the Company's Property. The Stalking Horse Bid provided for a purchase price equal to the amount of outstanding secured liabilities owing by the Company to the DIP Lender plus the assumption of all senior secured indebtedness of the Company, all initially estimated to be approximately $7,900,000 (the "**Secured Indebtedness**"). The purchase price contained in the Stalking Horse Bid was to be satisfied by the release of the liabilities owed to the DIP Lender by the Company plus the value of the assumed senior secured indebtedness. Prior to the Bid Deadline, the DIP Lender prepared an asset purchase agreement that set out the terms and conditions of its Stalking Horse Bid (the "**Stalking Horse Agreement**"). The Stalking Horse Agreement signed by the DIP Lender was posted in the Company's dataroom on May 23, 2012. The Stalking Horse Agreement is attached hereto as **Appendix "D"**.

Overview of the Unsuccessful Bid 1

23. Prior to the commencement of the SISP, the Company and the Monitor were in communication with Unsuccessful Bidder 1 regarding its interest in submitting a bid for the Company. Unsuccessful Bidder 1 submitted letters dated April 17, 2012 and April 19, 2012 to the Company, in which Unsuccessful Bidder 1 advised the Company that it would be making a bid consisting of non-cash consideration for the Company's business. These letters were subsequently forwarded to the Monitor. A similar letter was sent to the Monitor on May 20, 2012 and the Monitor responded on May 22, 2012. Copies of this correspondence are included in Confidential Appendix B.

24. In connection with the SISP, Unsuccessful Bidder 1, the Company and the Monitor participated in numerous email exchanges and telephone calls and Unsuccessful Bidder 1 attended a site tour.

25. Unsuccessful Bidder 1 was reminded that May 24, 2012 at 12:00 pm was the Bid Deadline. After receiving this reminder, Unsuccessful Bidder 1 advised the Company and the Monitor on May 24, 2012 at 12:03 pm that it intended to submit a bid and that its bid was being reviewed by counsel to Unsuccessful Bidder 1.

26. Unsuccessful Bidder 1 provided a bid for the Company which was received by the Company and the Monitor after the Bid Deadline. Such bid, along with details of the deposit which was

held in trust by Unsuccessful Bidder 1's counsel, was received on May 24, 2012 at 4:49 pm. Subsequently, on May 24, 2012 at 6:53 pm Unsuccessful Bidder 1 submitted a revised bid to the Company and the Monitor in replacement of the previously submitted bid ("**Unsuccessful Bid 1**"). Copies of these communications are included in Confidential Appendix B.

27. Unsuccessful Bid 1 consisted of a detailed letter of intent, which provided no cash consideration to the Company. By letter dated May 25, 2012, counsel to the Company advised Unsuccessful Bidder 1 that Unsuccessful Bid 1 was not a Qualified Bid and that certain additional details, including details regarding the valuation of the non-cash consideration, would need to be provided before Unsuccessful Bid 1 could be considered a Qualified Bid. Counsel to the Company advised Unsuccessful Bidder 1 that the Company would consider asking the Monitor to consent to a request to waive certain requirements to become a Qualified Bid if appropriate clarifications were received from Unsuccessful Bidder 1. The Company reserved the right not to request that the Monitor waive any requirements contained in the SISP. Counsel to the Company repeated its request for clarification on the evening of May 26, 2012. Unsuccessful Bidder 1 did not respond to the requests for clarification and the Monitor has received no further communication from Unsuccessful Bidder 1. Accordingly, the Company did not request that the Monitor consent to waive the requirements of a Qualified Bid under the SISP in respect of Unsuccessful Bidder 1.

Overview of the Unsuccessful Bid 2

28. Prior to the commencement of the SISP, a member of the Board was in contact with a representative of Unsuccessful Bidder 2. Unsuccessful Bidder 2, through its representative, advised the Company that it would be submitting an all cash bid for the Company ("**Unsuccessful Bid 2**"). Unsuccessful Bidder 2, through its representative, sent a letter dated May 22, 2012 to the Company and the Monitor by email on May 23, 2012 at 9:45 am expressing its interest in purchasing the Company.

29. Based on the letter received, the Company and the Monitor were concerned that Unsuccessful Bid 2 was not capable of being a Qualified Bid under the SISP. In the Monitor's view, Unsuccessful Bid 2 was a non-binding, highly conditional expression of interest that contained insufficient information about Unsuccessful Bidder 2 to enable the Company or the Monitor to evaluate the merits of Unsuccessful Bid 2. Among the information lacking from Unsuccessful Bid 2 was sufficient evidence that Unsuccessful Bidder 2 had the financial wherewithal to close a transaction in the event that Unsuccessful Bidder 2 made a detailed offer to purchase the Company.

30. The Company responded to Unsuccessful Bidder 2 on May 23, 2012 reminding Unsuccessful Bidder 2 of the requirements that a bidder must meet in order to be a Qualified Bidder under the SISP and enclosed a copy of the May 14 Order and the SISP Summary. On the morning of May 24, 2012, the Company and the Monitor called the representative of Unsuccessful Bidder 2 to follow up on the communication of May 23, 2012.

31. On the evening of May 25, 2012, a member of the Board sent a communication to Unsuccessful Bidder 2 advising it that Unsuccessful Bidder 2 was not a Qualified Bid and that additional details, including details regarding the financial wherewithal of Unsuccessful Bidder 2, would need to be provided before the Company would consider asking the Monitor to consent to a request to waive certain requirements of a Qualified Bid under the SISP. The Company reserved the right not to request that the Monitor consent to waive any requirements of the SISP.

32. The Company, in consultation with the Monitor, made repeated efforts to obtain additional information from Unsuccessful Bidder 2, including repeatedly encouraging Unsuccessful Bidder 2, through its representative, to retain Canadian counsel. This encouragement was made over the course of the month prior to the Bid Deadline. The Company made further efforts to obtain clarification of Unsuccessful Bid 2 after the Bid Deadline through communication on May 25, 2012 and May 26, 2012.

33. The Company received an email on May 27, 2012 from Unsuccessful Bidder 2 which attached a letter dated May 26, 2012. The letter contained information substantially identical to the information that it had previously sent to the Company. Accordingly, the Company did not request that the Monitor consent to waive the requirements of a Qualified Bid under the SISP in respect of Unsuccessful Bidder 2. Copies of the correspondence referenced above are included in Confidential Appendix B.

Overview of the APA

34. As described in the Sixth Report, the Purchaser is DashRx LLC, which is a Delaware company that counsel to the Purchaser advises has been and will be capitalized by pooled investment vehicles (i.e. investment funds) that are managed by an investment manager with approximately $500 million in assets under management (the "**Investment Manager**"). Furthermore, as previously disclosed, Walgreens, or an affiliate, will be participating in the transaction as a substantial investor in the Purchaser.

35. As discussed in the Sixth Report, the Monitor has requested that it be permitted to disclose the identity of the Investment Manager. The Investment Manager has expressed a strong

preference that its identity not be disclosed. On May 27, 2012, the Monitor requested independent evidence of the financial position of the investment funds managed by the Investment Manager. As of the date of this Seventh Report, the Monitor has received additional information regarding the Investment Manager and is satisfied that the Purchaser should have the financial wherewithal to close the transaction. The Purchaser and Walgreens have shown their commitment by jointly paying the deposit and agreeing to fund the operating needs of the Company to June 6, 2012 (with a cap of $250,000). The Monitor also notes that Walgreens' participation provides another source of financial support to the Purchaser.

36. The APA provides that the Purchaser will Purchase the Purchased Assets on an "as is, where is" basis. The Purchase Assets include, among other things, all of the Company's Personal Property, Inventories excluding prescription pharmaceutical drugs, Receivables excluding Tax Credit Entitlements, Intellectual Property, Contracts, Licenses and Permits, Prepaid Amounts, Books and Records and all goodwill relating to the Business (all as defined in the APA).

37. The Purchased Assets exclude all of the Excluded Assets, which include prescription pharmaceutical drugs, all pharmacy customer files, the Tax Credit Entitlements and all tax refunds in respect thereof and any other assets that the Purchaser elects to exclude prior to the closing of the transaction (all as defined in the APA).

38. The APA provides the Purchaser with the right to provide the Company with a list of employees to whom the Purchaser may make offers of employment on terms and conditions substantially similar in the aggregate to the current terms of such employees' employment (the "**Transferred Employees**").

39. The APA provides for purchase price that consists of a combination of cash, secured notes and unsecured notes to be paid to the Company's creditors, including its unsecured creditors. The APA does not provide for any recovery for the Company's shareholders. The APA provides as follows:

    a) statutory priority claims are paid in full in cash.

    b) The beneficiaries of the KERP are to be paid in full and in cash.

    c) The claim of the DIP Lender will be partially satisfied through a combination of cash and interest bearing secured notes convertible at maturity into cash or common shares of the Purchaser.

d) The Company's unsecured creditors will receive their pro rata share of a pool of interest bearing unsecured notes convertible at maturity into cash or common shares of the Purchaser.

e) The Company will assume the Assumed Liability (as defined in the APA).

40. In addition, the APA also provides funding for a bankruptcy of the Company or a continuation of the CCAA Proceedings in respect of the Company. As described in further detail below, it is anticipated that the Company will be assigned into bankruptcy and that the entitlement of the unsecured creditors to the unsecured convertible notes will be determined through the statutory claims process provided under the *Bankruptcy and Insolvency Act* (the "**BIA**"). It is anticipated that one unsecured note will be provided to a trustee in bankruptcy to be appointed in respect of the Company (the "**Trustee**").

VI. MONITOR'S COMMENTS AND RECOMMENDATIONS IN RESPECT OF THE TRANSACTION CONTEMPLATED BY THE APA

Monitor's Comments on the Negotiation of the APA

41. As described in greater detail in the Fifth Report, the Company implemented a process to solicit an investment in the Company prior to the CCAA Proceedings. As described in greater detail in the Sixth Report, the Company, in consultation with the Monitor, implemented an expedited SISP that involved an extensive canvassing of the market for strategic and financial investors. 164 parties in total were contacted, 18 of those parties signed NDAs and 7 parties attended site tours.

42. As described above, the Company requested clarifications and/or enhancements from the 3 parties who submitted bids in connection with the SISP. The Company and the Monitor were of the view that neither Unsuccessful Bid 1 nor Unsuccessful Bid 2 was capable of meeting the threshold for being accepted as Qualified Bids without significant clarification and/or enhancement. Such clarification and enhancement was not forthcoming from either unsuccessful bidder. Accordingly, the Company had a choice between accepting the Stalking Horse Bid or accepting the Successful Bid and negotiating an APA with the Purchaser.

43. The Company consulted with the DIP Lender and the Monitor with respect to whether to proceed with the Stalking Horse Bid or the Successful Bid with the Purchaser. After negotiations between the Company, the DIP Lender and the Purchaser in respect of enhancements to the Successful Bid which have been reflected in the APA, the Company, with

the consent of the DIP Lender and the support of the Monitor, determined that it would proceed to seek Court approval of the APA.

44. As noted above, the Purchaser has agreed to fund the Company's operating requirements until June 6, 2012, which will allow for the projected closing to occur (subject to a $250,000 cap). Without this funding, the Company would not be able to meet its obligations in order to be able to close this transaction. Furthermore, these funds are being provided on an unsecured basis and are not being set off against the purchase price. The Purchaser has also agreed to close immediately should a vesting order be issued by this Court, thereby reducing uncertainty and risk to the estate. Finally, the Purchaser has agreed to provide consideration to the Company's unsecured creditors who would receive no value under the Stalking Horse Bid.

45. The APA provides that the Purchased Assets include any claims against former employees, including the Transferred Employees, in respect of any breach of confidentiality, non-compete or non-solicit obligations. The Monitor notes that this provision will have the effect of releasing employees from any claims the Company may have against them (the "**Employee Release**").

46. The APA requires the Company to deliver on closing a broad release by the Company in favour of the Purchaser, its affiliates, subsidiaries, shareholders and their respective affiliates and subsidiaries, and each of their respective shareholders, directors, officers, employees, and agents (the "**Purchaser Release**").

47. The Monitor notes that the Employee Release and the Purchaser Release are broad. The Monitor also notes that the Purchaser Release has the effect of releasing Walgreens in addition to the Purchaser, as an affiliate or shareholder of the Purchaser, from any claims by the Company. The Monitor notes that that Walgreens is the Potential Customer (as referenced in previous reports) and it was disclosed to the Company that Walgreens was participating in the Purchaser's Bid on May 23, 2012, one day before the Bid Deadline.

48. The Monitor notes that the effect of the Employee Release and the Purchaser Release would potentially affect the rights of creditors to pursue claims pursuant to section 38 of the BIA in a subsequent bankruptcy or other interested stakeholders attempting to pursue derivative actions. The Monitor has been advised that the Purchaser is indemnifying Walgreens from any claims against Walgreens in respect of the transaction contemplated by the APA and/or Walgreens' involvement with the Company.

49. The Monitor notes that the Employee Release and the Purchaser Release were negotiated as part of the comprehensive arrangements in respect of the transactions contemplated by the APA.

Monitor's Recommendation in respect of the Transaction Contemplated by the APA

50. The Monitor is of the view that the transaction contemplated by the APA meets the factors set out in section 36(3) of the CCAA. As previously described in the Fifth Report and the Sixth Report, the Monitor is of the view that an expedited SISP was likely the only viable process to maximize the value of the Company for the benefit of its stakeholders given the Company's dire liquidity situation.

51. The APA provides for a going concern sale of the Company's business that maintains some Canadian operations and should allow for some continued employment.

52. The Company and the DIP Lender developed the SISP in consultation with Monitor and, in the Monitor's view, the Company implemented a fair, transparent and efficient SISP in the circumstances in accordance with the Orders of this Court and the Court's reasons for decision dated May 14, 2012. Given the Company's liquidity situation, the necessity of implementing an expedited SISP and the bids received, it is the Monitor's view that the price obtained for the Company's assets is fair and reasonable in the circumstances. In addition, as reported in the Second Report, the Monitor is of the view that it is unlikely that a Trustee would have been able to appropriately take possession, market and sell the technology, intellectual property and other assets of the Company as a result of the Company having effectively no cash, limited accounts receivable and few unencumbered assets available to be monetized quickly in liquidation.

53. The Company is seeking a sealing order for Confidential Appendix B, which contains a copy of the unredacted APA, Unsuccessful Bid 1, Unsuccessful Bid 2 and relevant correspondence between the various bidders and the Company. Disclosure of the identities of the bidders and the terms of their bids before the closing of the transaction contemplated by the APA could negatively affect any future transaction with respect to the Company. As such, the Monitor supports the Applicants request for an order sealing Confidential Appendix B. The Monitor intends to post a copy of Confidential Appendix B on the Monitor's website once the sealing order has expired.

VII. COMPANY'S REQUEST TO MAKE DISTRIBUTIONS

Statutory Priority Payables

54. The APA provides that a portion of the Purchase Price up to the amount of $235,315 shall be paid to beneficiaries of any statutory priority claims. The Monitor is of the view that this amount is adequate to satisfy such priority statutory claims. The only statutory priority claims that will be owing on closing are in respect of accrued and unpaid vacation pay for employees who either have been terminated or are being terminated and that has not been paid to date.

Court Ordered Charges

55. Pursuant to the Initial Order, the April 16 Order and the May 7 Order, this Court granted a DIP Lender's Charge securing the obligations owing under the Second Amended and Restated DIP Loan Agreement. The DIP Lender's Charge is senior to all obligations and security other than the Administration Charge and the security of any person with a valid, enforceable and perfected Encumbrance effective as of the Filing Date. The Monitor is not aware of any party who is claiming an interest in priority to the DIP Lender other than IBM, RBC and Castcan. The DIP Lender has allowed the Company to run the SISP and to maintain operations in order to allow for the sale of the Company's business. The Monitor supports entering into the APA and the Company's request to make a distribution to the DIP Lender on closing of the transaction contemplated in the APA. The Monitor understands that all secured creditors will be provided with notice of this motion and have consented to such distribution subject to the arrangement described below among the Company, the DIP Lender and the secured creditors.

56. In order for the distribution to be made to the secured creditors and the beneficiaries of the KERP pursuant to the APA, the Company has requested that this Court terminate the Directors' Charge. The Monitor understands that the beneficiaries of the Directors Charge do not oppose such termination. The Monitor supports the Company's request.

57. Pursuant to the April 16 Order, this Court granted a KERP Charge to secure the obligations owing to the beneficiaries of the KERP. The KERP Charge is subordinate in priority to the DIP Charge. As discussed above, the APA provides for the payment of the amounts owing to the beneficiaries of the KERP in full and in cash. The Monitor notes that the DIP Lender has consented to this distribution and the Monitor supports such distribution.

Pre-filing Secured Creditors

58. The Monitor has been advised that the DIP Lender entered into an agreement with Castcan and others, whereby the DIP Lender agreed that its claims against the Company would be

subordinate to the claims of Castcan (the "**Pari Passu Agreement**"). Pursuant to the Pari Passu Agreement, Castcan has the right to be repaid in full before the DIP Lender receives any consideration for the amounts it advanced under the DIP Facility. The Pari Passu Agreement without signature pages is attached hereto as **Appendix "D"**. The Monitor has been advised that the DIP Lender has agreed that its position will also be subordinate to RBC I, as provided for in the Initial Order.

59. Although the Purchaser was willing to assume the liabilities owed to RBC and Castcan, they both advised that they were not willing to become creditors of the Purchaser and wanted to be paid in cash in full on closing. In order to accommodate the secured creditors' requests, the DIP Lender has agreed to pay RBC and Castcan in full in cash from the amount payable to the DIP Lender pursuant to the terms of the APA. As a result of that payment, the DIP Lender will be subrogated to or take an assignment of the positions of RBC and Castcan in respect of their validly perfected and secured positions, subject to the lack of clarity in the law in respect of the Castcan Loan and Security discussed below.

The Castcan Loan and Security

60. In the First Report, the Monitor reported that Osler had conducted a security review and would render an opinion that would provide that, subject to the customary assumptions, qualifications and limitations contained therein, the KFL Security, the RBC Loan and Security and the Castcan Loan and Security constitute legal, valid and binding obligations of the parties thereto, enforceable against such parties in accordance with their respective terms.

61. Subsequently, counsel to the Monitor, counsel to the Company and counsel to Castcan have been in discussions regarding an issue relating to a portion of the Castcan Loan and Security. The issue is in respect of a customary qualification contained in security review opinions regarding the assignability of Crown debts dealt with in section 67 of the *Financial Administration Act* (Canada) ("**FAA**").

62. Section 67 of the FAA provides as follows:

> Except as provided in this Act or any other Act of Parliament,
>
> (a) a Crown debt is not assignable; and
>
> (b) no transaction purporting to be an assignment of a Crown debt is effective so as to confer on any person any rights or remedies in respect of that debt.

63. The SR&ED/OITC/HST Purchase Agreement among Castcan, PCAS and Touchpoint dated March 6, 2012 (the "**Factor Agreement**") contains an assignment of Crown debts on a full recourse basis. A copy of the Factor Agreement is attached hereto as **Appendix "E"**.

64. The Crown debts assigned to Castcan under the Factor Agreement include certain Scientific Research and Experimental Development refundable tax credit entitlements (the "**SR&ED Tax Credits**"), certain Ontario Innovation Tax Credit entitlements (the "**OITC Tax Credits**") and certain Harmonized Sales Tax refunds (the "**HST Refunds**"). PCAS and Touchpoint each executed a general security agreement (a "**GSA**") in favour of Castcan to secure any obligations owing to Castcan, including the obligations in the Factor Agreement.

65. Counsel to the Monitor has provided an opinion that the assignment of the SR&ED Tax Credits and the OITC Tax Credits under the Factor Agreement is valid and the security granted in each GSA in respect of such assignments is valid and enforceable.

66. Counsel to the Monitor has advised that the HST Refunds may not be assignable and that security granted in respect thereof may not be valid and enforceable as a result of the provisions in the FAA as described in the customary qualification regarding the FAA in security review opinions. The reason for this is that there is no provision in the *Excise Tax Act* (Canada) or the FAA exempting the HST Refunds from section 67 of the FAA.

67. Counsel to the Monitor has reviewed case law on the assignment of Crown debts and has advised that there are two cases which indicate that the HST Refunds may not be assignable.[1] However, the Monitor's counsel has advised that there is jurisprudence to the effect that a security interest created by a GSA attaches to amounts received in respect of a Crown debt once such amounts are received.[2] The Monitor understands that these cases will be provided to the Court with the Company's motion materials.

Castcan's Security Interest

68. Castcan's position is that there are a number of obligations under the Factor Agreement that are secured by the GSAs, including the obligation to repurchase the Tax Credit Entitlements

[1] The two cases are *Marzetti v. Marzetti*, [1994] 2 S.C.R. 765 ("***Marzetti***") and *Profitt v. A.D. Productions Ltd. (Trustee of)* (2002), 157 O.A.C. 356 ("***Profitt***"). In *Marzetti*, the Supreme Court of Canada held that a purported assignment of a Crown debt is rendered absolutely ineffective, as between debtor and creditor, and as between assignor and assignee (at paragraph 99). In *Profitt* the Ontario Court of Appeal held that (i) a GSA that purported to assign a federal sales tax refund and (ii) a sale of such federal sales tax refund were invalid by operation of the FAA.

[2] In *Cargill Ltd. v. Ronald (Trustee of)*, 2008 MBCA 104, the Manitoba Court of Appeal stated in obiter that once the funds in respect of a Crown debt are received by the bankrupt, they would no longer constitute a "Crown debt" (at paragraph 34) and as such the security provided for in a GSA would attach to such funds once the funds were received. Counsel to Castcan has advised that it does not consider these comments to be obiter.

(as defined in the Factor Agreement) in Section 5, the indemnity obligations in section 11 and the trust provisions in Section 12. As a result, Castcan is of the view that, notwithstanding the FAA, it is entitled to receive the HST Refunds.

69. The Monitor notes that Section 5 of the Factor Agreement contains an obligation in favour of Castcan that the Company repurchase any Tax Credit Entitlements that Castcan does not receive. One interpretation of Section 5 is that it creates a debt owing from the Company to Castcan and that such debt is secured by the GSAs. Another interpretation is that the express language in Section 5 simply creates an obligation to repurchase and it is unclear whether such section is enforceable in respect of the HST Refunds and therefore secured by the GSAs given the FAA and existing case law.

70. Section 12 of the Factor Agreement provides that if any right or entitlement that, as a matter of law, is not assignable, the Company will: (a) co-operate with Castcan to provide the benefits of these Non-Assignable Rights to Castcan, including, holding them in trust; (b) enforce any rights of Castcan arising from these Non-Assignable Rights; (c) take all actions to ensure that the value of these Non-Assignable Rights are preserved; and (d) pay over to Castcan all monies collected in respect of these Non-Assignable Rights. One interpretation is that the obligations set out in Section 12 of the Factor Agreement with respect to the HST Refunds are enforceable and are secured by the GSAs. Another interpretation is that Section 12 simply gives rise to a claim in equity against the Company and that such an equitable claim may not be secured by the GSAs.

71. The Monitor is of the view that there is strong argument that Castcan has a claim against the Company for unjust enrichment and, to the extent of such unjust enrichment, a Court may order that a constructive trust applies to the monies advanced by Castcan in respect of the HST Refunds.

72. Given the provisions of the FAA and existing case law, counsel to the Monitor has advised that it cannot conclude with certainty that the obligations in the Factor Agreement in favour of Castcan with respect to the HST Refunds are secured by the GSAs. Accordingly, the Monitor is of the view that it is unclear whether any payment by the Company to Castcan in respect of the HST Refunds should be made in priority to other creditors.

Monitor's View on the Equities in favour of Castcan

73. The Monitor is of the view that the equities clearly favour paying Castcan the full amount owed to it under the Factor Agreement, including the amounts in respect of the HST Refunds. The Monitor notes that Castcan paid $1,000,000 to the Company in good faith on a full

recourse basis at a time when the Company was in dire need of liquidity. The vast majority of the amounts paid by Castcan were used to fund the Company's payroll. In the Monitor's view, it would be inequitable for the Company or any of its creditors to get a windfall at the expense of a creditor that provided value to the Company as a result of lack of clarity in the existing law and the wording of the Factor Agreement.

Monitor's View on the Proposed Distributions

74. As noted above, it is proposed that the DIP Lender receive cash and secured convertible notes in exchange for the amounts advanced under the DIP Facility. The secured convertible notes are not redeemable for cash until maturity and it is very likely that there will be no secondary market for such notes. For the DIP Lender to be repaid in full, the secured, convertible notes must retain their value until maturity. The DIP Lender has no guarantee that the secured convertible notes will retain their value. Should the Purchaser experience delays in commercializing the MedCentres or other financial difficulties analogous to those faced by the Company, the DIP Lender may suffer a significant shortfall in its recovery.

75. As described above, the DIP Lender's Charge is on "all property" of the Company in priority to all claims other than valid, enforceable and perfected Encumbrances, including those in favour of RBC and Castcan, pursuant to paragraph 40 of the Initial Order.

76. Based on the decision in *Century Services Inc. v. Canada (Attorney General)*, [2010] 3 S.C.R. 379, it can be argued that the priorities established by the Initial Order, including with respect to the DIP Lender's Charge, override or are superior to contrary provisions of other federal statutes, including the FAA. Section 67 of the FAA states that assignments of Crown debt are prohibited except as provided for in the FAA or any other Act of Parliament. On this basis, the Monitor believes there is a strong argument that the non-assignment provision under the FAA ought not to trump the express statutory authority given to the Court under the CCAA to grant an effective charge on "all property" of the Company.

77. Pursuant to the Initial Order and the Pari Passu Agreement, both RBC and Castcan have the right to be repaid in full before the DIP Lender receives any consideration for the amounts it advanced under the DIP Facility.

78. The Monitor is of the view that the DIP Lender is entitled to be repaid in full upon the conclusion of these CCAA Proceedings. As noted above, RBC and Castcan were not prepared to consent to the transaction contemplated by the APA unless they received payment in full in cash on closing. Accordingly, the DIP Lender has agreed to pay a portion of the consideration it is receiving pursuant to the APA to RBC and Castcan.

79. The DIP Lender is of the view that since there is likely no secondary market for the secured convertible notes, the net present value of the secured convertible notes is less than the face value of such notes. As a result, the DIP Lender is taking the position that the consideration it is receiving is insufficient to satisfy the full amount of the DIP Lender's claim against the Company. The DIP Lender is also of the view that the DIP Lender's Charge should continue to secure the obligations owing to the DIP Lender as a result of its shortfall after distribution of the proceeds to it on closing of the transaction contemplated by the APA. The Monitor supports the DIP Lender's views.

80. The DIP Lender is also of the view that the value of the notes should be discounted by an amount that is at least as great as the amount of the HST Refunds in order to permit the proceeds of the HST Refunds once received by the estate to be paid to the DIP Lender on account of its DIP Charge. The Monitor supports the DIP Lender's views with respect to the DIP Lender's Charge. Accordingly, the Monitor is of the view that the DIP Lender's Charge should remain effective over all of the Excluded Assets until such time as such refunds are received and become proceeds of the estate and the DIP Lender is repaid in full.

81. The parties with an economic interest in the proceeds of the transaction and the Tax Credit Entitlements have agreed to the arrangement with the DIP Lender described above with respect to the HST Refunds. Such an arrangement will permit the DIP Lender to satisfy its obligations under the Pari Passu Agreement while still receiving the consideration that was agreed to be paid to it pursuant to the APA.

82. As described above, it is the Monitor's view that the equities of the situation are in favour of payment of the full amount owing to Castcan. In addition, the Monitor notes that there is no assurance that the transaction contemplated by the APA will close in the event that RBC and Castcan do not receive full payment at closing or the DIP Lender is forced to accept any further reduction of the recovery provided to it in the APA. Based on the arrangements described above, it is the Monitor's view that the Court does not need to decide whether HST Refunds are to be paid to Castcan on account of the Factor Agreement or the GSAs.

83. The Monitor supports the Company's request for the Court to issue the directions necessary to ensure that the DIP Lender receives all of the tax credits and tax refunds when paid, including the HST Refunds, in respect of either the assignment of the RBC Security and the Castcan Security or the DIP Lender's Charge notwithstanding the FAA for the reasons set out above.

84. The Monitor supports the Company's request for an order providing for the treatment of the Company's creditors as described above.

VIII. COMPANY'S INTENTION TO MAKE AN ASSIGMENT IN BANKRUPTCY

85. The Company intends to make an assignment in bankruptcy upon the closing of the APA and the termination of the Stay Period. The Purchaser has agreed to fund the bankruptcy up to a cap of $100,000. Absent this funding, there would be no mechanism to run a proper process to allow the unsecured creditors to receive the consideration provided for in the APA.

86. In addition, the APA requires the Company to occupy its premises for a period of 30 days, which will be facilitated through the bankruptcy. The Company does not have sufficient liquidity to make lease payments during this period and will not have any employees to facilitate the ongoing occupation of the Company's offices. Upon bankruptcy, the Trustee will have the right to occupy the premises and has the capacity to facilitate such occupancy to expedite an orderly transition of the Company's Property to the Purchaser.

87. The Monitor understands the PwC will be proposed as the Trustee.

IX. ACTIVITIES OF THE MONITOR IN THE CCAA PROCEEDINGS

88. Since March 23, 2012, the Monitor has been working to assist the Company to obtaining a going concern outcome in these CCAA Proceedings for the Company and its stakeholders. In addition to the activities of the Monitor reported in the Monitor's previous reports to this Court, a summary of the key activities of the Monitor are as follows:

a) establishing a website at www.pwc.com/ca/en/car/pcas to post periodic updates and materials with respect to the CCAA Proceedings;

b) participating in numerous calls and meetings with the Company, the Board, the DIP Lender, interested parties and Potential Purchasers;

c) consulting with secured lenders and their counsel with respect to the CCAA Proceedings;

d) assisting the Company and the DIP Lender in identifying additional sources of DIP funding;

e) assisting the Company in implementing the SISP;

f) attending the Company's Oakville offices on a daily basis to monitor the Company's receipts and disbursements;

g) assisting the Company in developing cash flows;

h) discussions and correspondence with the Company and its counsel and the DIP Lender and its counsel on various matters, including in regards to the establishment and amendment of the DIP Facility and the Company's implementation of the SISP;

i) discussions with various interested parties, including shareholders and former senior executives and Board members, who were seeking to obtain information and provide their views in respect of the CCAA Proceedings and the SISP;

j) discussions with Walgreens on various matters, including the SISP;

k) assisting the Company with negotiating and finalizing the APA with the Purchaser; and

l) discussions with various stakeholders on the status of the CCAA Proceedings.

X. REQUESTED TERMINATION OF THE CCAA AND DISCHARGE OF THE MONITOR

89. The CCAA Proceedings to date have facilitated an orderly sale of the majority of the Company's Property. The Company will have no material assets should the APA be approved by this Court. In addition, the Company does not have sufficient funding for the continuation of these CCAA Proceedings. It is contemplated that the CCAA Proceedings will be terminated and the Monitor will be released and discharged upon the filing of the certificate confirming that the Applicants and their subsidiaries have been assigned into bankruptcy.

90. Based on the foregoing, the Monitor is of the view that the most cost effective and efficient manner in which to complete the winding-up of the Company's affairs is a bankruptcy. As discussed above, a Trustee will have the power to fairly and efficiently wind-up the affairs of the Company and to establish a mechanic to determine the quantum of unsecured claims for purposes of making distributions of the convertible unsecured notes as provided for in the APA. In addition, the Purchaser has agreed to fund a bankruptcy to a cap of $100,000.

XI. RECOMMENDATION

91. The Monitor recommends that this Court issue Orders, *inter alia*;

(i) Approving the Successful Bid;
(ii) Granting the Applicant's request for an Approval and Vesting Order;
(iii) Sealing Confidential Appendix B;
(iv) Granting the Applicant's request for a distribution to the DIP Lender and the beneficiaries of the KERP;

(v) Approving the activities of the Monitor as set out in this Seventh Report; and

(vi) Terminating the CCAA Proceedings and discharging the Monitor.

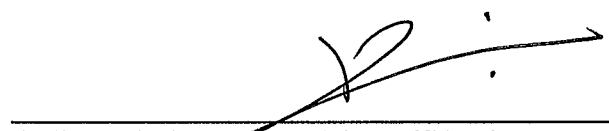
Dated the 1st day of June, 2012.

RESPECTFULLY SUBMITTED,

Paul van Eyk, CA·CIRP, CA·IFA
Senior Vice-President

PricewaterhouseCoopers Inc.
In its capacity as Monitor of
PCAS Patient Care Automation
Services Inc. and 2163279 Ontario Inc.
and not in its personal capacity

THIS IS EXHIBIT "J" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

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Court No.32-1633386
Estate No.32-1633386

IN THE MATTER OF THE BANKRUPTCY OF
PCAS Patient Care Automation Services Inc.
of the City of Oakville, in the Province of Ontario

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

I BACKGROUND

PCAS Patient Care Automation Services Inc., ("**PCAS**" or the "**Company**") was a privately held corporation incorporated under the *Canada Business Corporations Act* and operated from leased premises located in Canada, US and England, with its head office located at 2-2880 Brighton Road, Oakville, Ontario.

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.

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

The Company raised over $60 million of start-up capital from more than 550 non-employee shareholders. Since 2011, the Company 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 absent additional significant funding, they did not have the liquidity to continue as a going concern.

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On March 7, 2012, PCAS met its payroll obligations only through a last-minute factoring of certain Scientific Research & Experimental Development ("**SRED**") investment tax creditors and Harmonized Sales Tax ("**HST**") refund accounts receivable by Castcan Investment Inc., ("**Castcan**") a company controlled by certain existing shareholders of PCAS.

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

At the time of commencement of the CCAA Proceedings, PCAS had taken steps to shut down its UK sales office.

During the CCAA Proceedings, the Monitor's role was extended by order of the Court dated May 7, 2012, to assist the Companies to commence and implement an expedited sale and investor solicitation process (the "**SISP**"), whereby prospective bidders could bid to purchase the Companies' property or make an investment in the Companies' business. It was subsequently determined, as reported in the Monitor's fifth report dated May 11, 2012, that the Companies would take the lead in implementing the SISP and take the lead in soliciting qualified bids.

During the CCAA Proceedings, the Monitor filed seven reports with the Court (the "**Monitor's Reports**"), which among other things provided the Court with information relating to the CCAA Proceedings, described the Monitor's activities and conduct, the Companies' cash-flow, the Companies' credit facility with its secured lenders, including 2320714 Ontario Inc. (the "**DIP Lender**"), the Companies' post-filing strategy, including details of the SISP and the results of the SISP. Copies of these reports and orders granted by the Court can be obtained from the Monitor's website at www.pwc.com/car-pcas.

During the CCAA Proceedings, PwC Corporate Finance Inc. (an affiliate of the Trustee) assisted the Companies in facilitating the SISP. The SISP resulted in a purchase and sale agreement (the "**APA**") between the Companies and DashRx LLC (the "**Purchaser**"), for the sale of substantially all of the Companies' business and assets (the "**Transaction**"). The Transaction was approved by order of the Court dated June 6, 2012 (the "**June Order**") and closed on June 6, 2012. Pursuant to the provisions of the APA, the Purchaser agreed to fund the operating needs of the Companies in the CCAA Proceedings up to $250,000.

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As set out in the Monitor's reports, the APA provided for a purchase price that consists of a combination of cash, secured notes and unsecured notes to be paid to the Companies' creditors, including its unsecured creditors, but did not provide for any recovery to the Companies' shareholders. The Purchaser provided an unsecured promissory note, in the amount of $500,000 and an additional contingent promissory note no greater than $1,039,000 (collectively the "**Promissory Note**"). The only cash available to the Trustee from the APA was (i) cash held in its bank account of approximately $117,600, being the estimated liability owed to PCAS's former employees pursuant to section 81 of the *Bankruptcy and Insolvency Act* (the "**BIA**") for outstanding wages and vacation pay (the "**Employee S81 Claims**"); and (ii) funds of $100,000 held as a reserve to fund the costs of the bankruptcy proceedings of PCAS and the Related Entities.

The June Order approved a scheme of distribution for the cash proceeds of the Transaction and the non-cash proceeds of the Transactions and directed that the amount of certain tax refunds be paid to the DIP Lender on receipt. The apportionment of the Promissory Note as between the creditors of PCAS and the Related Entities will be determined in accordance with the provisions of the BIA and in consultation with the Inspectors.

Following the closing of the Transaction, the only asset not transferred to the Purchaser were certain excluded assets, which included prescription pharmaceutical drugs, all pharmacy customer files, certain tax credit entitlements, and all tax refunds in respect thereof. In accordance with the requirements of the Ontario College of Pharmacists, all prescription pharmaceutical drugs were returned to suppliers and all pharmacy customer files were transferred to a licensed pharmacist.

On June 7, 2012, PCAS and the Related Entities 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 PCAS and each of the Related Entities (the "**Trustee**"), subject to affirmation by the creditors or substitution of another trustee by the creditors.

Pursuant to the June Order, the CCAA Proceedings were terminated effective as of June 8, 2012, the date the Monitor's discharge certificate was filed with the Court and PwC was discharged as Monitor of PCAS and Touchpoint.

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).

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The activities of the Trustee since its appointment have primarily consisted of statutory work in accordance with the provisions of the BIA and the *Wage Earners Protection Program Act* ("**WEPPA**"), closing the Company's bank accounts and correspondence with Canada Revenue Agency.

II CAUSES OF BANKRUPTCY AND FINANICAL POSITION

The Companies' consolidated unaudited financial statements show a year-end loss to December 31, 2011 of approximately $30.2 million and a year-to-date loss to February 29, 2012, of approximately $2.6 million. As noted above, the Company was in a pre-commercialization stage for its products and incurred significant net losses.

The Trustee understands that the cause of bankruptcy includes:

- the Company was unable to raise additional capital via a planned share issuance;
- the Company incurred substantial liquidity burn as it ramped up the production of its MedCentres to meet customer expectations, with significant labour and contract costs; and
- the Company did not have a strong enough balance sheet, nor a proven revenue model, to allow it to access traditional debt financing.

As a result of the sustained losses, the Companies' exhausted available liquidity and had an inability to raise additional equity capital, which was the primary source of capital for the Companies, and elected on March 23, 2012 to commence the CCAA Proceedings.

III FINANCIAL POSITION/ASSETS

As detailed in the Statement of Affairs, PCAS's assets as at the date of bankruptcy consisted of (i) cash held in its bank account of approximately $117,600, being the estimated amount of the Employee S81 Claims; (ii) a portion of the Promissory Note resulting from the Transaction; and (iii) certain HST and SRED tax refunds receivable, expected to total approximately $760,800.

As indicated earlier in this report, pursuant to the June Order, the HST and SRED tax refunds are payable to the DIP Lender upon receipt, in accordance with the terms of their security agreement with the Company. As a result, it is anticipated that the only immediate cash available for distribution by the Trustee will be the amounts available to settle the Employee S81 Claims. However, it is anticipated that the Promissory Note will be held by the Trustee until maturity, expected to be June 6, 2015, at which time a portion of these funds will become available to PCAS's unsecured creditors. The entitlement of the unsecured creditors to the

Promissory Note will be determined through the statutory claims process provided under the BIA.

IV SECURED CREDITORS

At the commencement of the CCAA Proceedings, the Company's secured lenders were Kohl & Frisch Limited, Royal Bank of Canada and Castcan (the "**Secured Lenders**").

The law firm of Osler, Hoskin & Harcourt LLP ("**Osler**") was engaged by the Monitor to complete an independent review of the validity and enforceability of the security held by each of the Secured Lenders. As detailed in the Monitor's Reports, based on its review, and subject to the customary assumptions, qualifications and limitations contained therein, Osler was of the opinion that the security held by each of the Secured Lenders were affective and constituted legal, valid and enforceable security with the exception of Castcan's claims against HST refunds. As part of the Transaction, on June 6, 2012, the Court ordered that, *inter alia*, all tax proceeds received by the Companies be transferred to the DIP Lender without deduction on account of the DIP Lender's Charge (as defined in the Court Order dated March 23, 2012, as amended) and on account of the DIP Lender paying out the claims of the Secured Lenders. The Companies' Secured Lenders were repaid by the DIP Lender during the CCAA Proceedings on closing of the Transaction as detailed in the Monitor's Reports and accordingly, in addition to the DIP Lender's Charge, the DIP Lender has been subrogated to the claims of the Secured Lenders.

As at the date of bankruptcy, the Company's primary secured lender is the DIP Lender, who is owed approximately $770,000. As indicated earlier in this report, the June Order authorized the SRED and HST tax refunds to be remitted to the DIP Lender upon receipt to satisfy the balance of the indebtedness owed to the DIP Lender.

V SECURITY FOR UNPAID WAGES – S.81.3 CLAIMS

In accordance with the Company's payroll records, approximately $117,600 is owed to the Company's former employees for wages and vacation pay pursuant to section 81.3 of the BIA. The Company has provided the Trustee with particulars of the Employee S81 Claims owed to its former employees. The Trustee will review and evaluate all Employee S81 Claims, in accordance with the provisions of the BIA.

The Trustee will also comply with the provisions of the WEPPA and related regulations, where applicable.

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VI PREFERRED CREDITORS

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

VII UNSECURED CREDITORS

PCAS's Statement of Affairs indicates that there are approximately 358 unsecured creditors with claims totalling approximately $8.9 million, excluding the unsecured amounts owed to the Company's former employees, which was not calculated at the time of preparing the Statement of Affairs.

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
Trade - Secured	1	8,895	0
S.81 Employee Secured	11	122,435	1
Trade Preferred	1	3,841	0
Employee Preferred	4	129,586	0
Employee Unsecured	8	808,792	0
Trade - Unsecured	48	3,329,630	15
TOTAL	73	4,403,179	16

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IX PREFERENCE PAYMENTS AND TRANSFERS AT UNDER VALUE

The Trustee has not performed a review of PCAS'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

The APA provided $100,000 as funding for the bankruptcy of the Companies and the Related Entities. The Trustee's fees and disbursements will be funded out of the bankrupt estate of PCAS subject to the provisions of the BIA and taxation by the Court.

Further information relating to the CCAA Proceedings and the bankruptcy proceeding may be obtained from PwC'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
PCAS Patient Care Automation Services Inc.
and not in its personal capacity

T. Weaver

Tracey Weaver
Vice-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")

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

MOTION RECORD OF DASHRX, INC.
(Motion returnable November 13, 2012)

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Gavin H. Finlayson (LSUC No. 44126D)
Email: finlaysong@bennettjones.com
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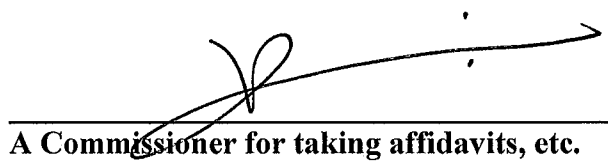
Email: laugesenm@bennetthones.com
Telephone: 416-863-1200
Facsimile: 416-863-1716

Lawyers for moving party, DashRx, Inc.

THIS IS EXHIBIT "K" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

TELEGRAPHIC/WIRE TRANSFER INSTRUCTION FORM

English

HSBC Bank Canada (HSBC) recommends that remittances to foreign countries be sent in the domestic currency of that country or in United States Dollars. Unless the beneficiary has made special arrangements to receive other currencies, the receiving bank will usually convert the remittance into local currency.

Current Date: 13 June 2012

Account Holder's Details

Customer Name(s)/Business Name	DASHRX LLC	Contact Number	905 399 3082
Customer/Business Address	2440 WINSTON PARK DRIVE, OAKVILLE, ONTARIO L6H 7V2	Currency of Account to be Debited	CAD

Payment Details

Currency to be Sent: CAD — Debit Account in the Amount of: 161,000.00 — In: CAD

Debit Account Number: 182 - 151646 - 001

Funds Transfer Charges: Debit account to pay local HSBC charges only (SHA)

Reference for your account: ADP PAYROLL

Important Information: In the event a foreign exchange (FX) conversion is required, HSBC will convert the funds at the prevailing exchange rate AT THE TIME THE PAYMENT INSTRUCTIONS ARE PROCESSED. The FX rate details will appear on the customer's account statement.

To be Filled in by Authorized Treasury customers only — FX Reference Number: — Amount:

Destination Details

Beneficiary Account Number	003-00002-1282151	Beneficiary Bank Name	ROYAL BANK OF CANADA
Beneficiary's Full Name(s)	ADP CANADA CO	Beneficiary Bank Address	ROYAL BANK PLAZA, SOUTH TOWER,
Beneficiary Address	3250 BLOOR STREET WEST, SUITE 1600,		200 BAY STREET, TORONTO, ON M5J 2J5
	ETOBICOKE, ON M8X 2X9	Beneficiary Bank Country:	Canada
Beneficiary Country	Canada	Beneficiary Bank Code	ROYCCAT2
Optional Payment Details (for Beneficiary's reference only)	COMPANY CODE: 820G	Bank Code Type :	SWIFT (International)
		If applicable Intermediary Bank Code	
		Bank Code Type :	

Terms and Conditions - By signing I/We agree that:

- Telegraphic (wire) transfers (Wires) are subject to processing times, service fees and business practices of HSBC, correspondent banks, clearing houses and other settlement systems and may take two or more banking days for completion.
- HSBC will only process this Wire as per the information inputted into the form and captured in the bar code. HSBC will disregard any hand written amendments made to the printed Form.
- If I/we request a refund of this Wire, or a refund of this Wire is necessary for any other reason, HSBC may delay processing the refund until the funds are received by HSBC. HSBC may deduct any fees or charges from my account relating to the refund. Any resulting fluctuation in FX rates is at my/our risk.
- All of my account terms and conditions apply to this Wire.

Customer Signature — Customer Signature

Branch OTC Use Only - Staff to verify that the following have been checked/confirmed

- [x] Customer(s) name, address, contact number(s), signature(s) and KYC procedures
- [x] Funds in Account
- [x] Account status (must be Active)
- [x] All details input on Form
- [ ] ETA Completed and Approved
- [x] Branch Approvals (A/B signatures)

Transit and Name/Department (If different from transit for Account to be debited)

Bank Signature — Bank Signature

HSBC

The world's local bank

HSBC

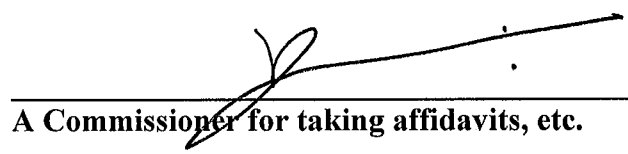
Acc name	DASHRX, LLC
Account number	182-151646-001
Bank name	HSBC Bank Canada
Currency	CAD
Country	Canada
BIC	HKBCCATT
IBAN	
Closing ledger balance brought forward From 21/09/2012	3,659,977.61
Closing available balance brought forward From 21/09/2012	3,659,977.61
Current ledger balance as at 24/09/2012 00:00	3,659,977.61
Current available as at 24/09/2012 00:00	3,659,977.61
Specified date range	11/06/2012 to 15/06/2012

Bank reference	Customer reference	TRN type	Value date (dd/mm/yyyy)	Credit amount	Debit amount	Balance	Time	Action	Post date
Balance brought forward 11/06/2012				6,016,934.78					
CA120611247231	CA120611247231	TFR+	11/06/2012	30,001.49		6,046,936.27	00:00		11/06/2012
Balance as at close 11/06/2012				6,046,936.27					
Balance brought forward 12/06/2012				6,046,936.27					
DFT 309005	NONREF	TFR-	12/06/2012		-9,290.45	6,037,645.82	00:00		12/06/2012
DFT 309005	NONREF	TFR- CHG	12/06/2012		-6.50	6,037,639.32	00:00		12/06/2012
Balance as at close 12/06/2012				6,037,639.32					
Balance brought forward 13/06/2012				6,037,639.32					
CAK130626OF5UTVK	NONREF	TFR-	13/06/2012		-161,000.00	5,876,639.32	00:00		13/06/2012
CAK130626OF5UTVK	NONREF	TFR- CHG	13/06/2012		-195.00	5,876,444.32	00:00		13/06/2012
Balance as at close 13/06/2012				5,876,444.32					
Balance brought forward 15/06/2012				5,876,444.32					
NONREF	NONREF	TFR- DRM	15/06/2012		-7,107.57	5,869,336.75	00:00		15/06/2012
NONREF	000000000001	CHQ- INC	15/06/2012		-2,349.17	5,866,987.58	00:00		15/06/2012

HSBC

Bank reference	Customer reference	TRN type	Value date (dd/mm/yyyy)	Credit amount	Debit amount	Balance	Time	Action	Post date
Balance as at close 15/06/2012				5,866,987.58					

THIS IS EXHIBIT "L" REFERRED TO IN THE AFFIDAVIT OF KEVIN FARRELL SWORN BEFORE ME THIS 24th DAY OF OCTOBER, 2012



A Commissioner for taking affidavits, etc.

Employee Final Payment - June 12, 2012

EXHIBIT

Employee Name	ADP Regular pay	ADP Vacation pay	Cheque Bonus	Vacation pay split Pre filing Vac Pay paid ADP	Vacation pay split CCAA Vac Pay paid ADP
[redacted]	[redacted]	[redacted]	[redacted]	$0.00	$0.00
				$1,295.31	$652.00
				$1,345.10	$711.28
				$0.00	$482.19
				$1,166.49	$1,066.91
				$632.24	$1,422.55
				$2,000.00	$2,239.03
				$237.09	$1,975.76
				$0.00	$1,483.67
				$51.51	$47.12
				$0.00	$739.73
				$0.00	$464.70
				$2,000.00	$2,845.10
				$402.53	$790.31
				$1,488.30	$1,043.20
				$2,000.00	$1,007.64
				$842.47	$770.55
				$712.86	$652.00
				$1,425.71	$1,304.00
				$2,000.00	$1,541.10
				$1,057.53	$744.86
				$55.23	$295.89
				$734.46	$671.76
				$0.00	$1,479.45
				$149.37	$276.61
				$0.00	$0.00
				$2,000.00	$2,054.79
				$1,174.79	$493.15
				$749.18	$685.23
				$2,000.00	$2,370.92
				$648.05	$592.73
				$2,000.00	$1,007.64
				$0.00	$0.00
				$648.05	$592.73
				$0.00	$0.00
				$0.00	$243.41
				$0.00	$63.22
				$565.07	$513.70
				$2,000.00	$1,066.91
				$2,000.00	$4,643.05
				$0.00	$930.98
				$2,000.00	$753.42
				$0.00	$559.54
				$0.00	$256.06
				$1,536.35	$1,066.91
				$0.00	$0.00
				$911.49	$1,185.46
				$845.63	$889.09
				$52.69	$316.12
				$571.13	$948.37
				$1,428.61	$1,007.64
				$665.75	$616.44
				$2,000.00	$1,896.73
				$2,000.00	$671.76
				$455.74	$592.73
				$1,835.09	$1,066.91
				$549.58	$723.13
				$2,000.00	$1,422.55
				$1,555.32	$1,422.55
				$2,000.00	$1,318.11
				$0.00	$673.36
				$2,000.00	$1,304.00
				$1,926.77	$1,363.28
				$1,351.32	$553.21
				$0.00	$0.00
				$743.81	$680.32
				$1,323.50	$948.37
				$1,409.75	$263.01
				$0.00	$0.00
				$375.07	$343.05

Employee Final Payment - June 12, 2012

Employee Name	ADP Regular pay	ADP Vacation pay	Cheque Bonus	Vacation pay split Pre filing Vac Pay paid ADP	Vacation pay split CCAA Vac Pay paid ADP
[redacted]				$332.86	$304.44
				$123.92	$331.93
				$1,325.06	$542.47
				$2,000.00	$2,028.62
				$2,000.00	$2,054.79
				$0.00	$0.00
				$2,000.00	$948.37
				$742.89	$592.73
				$0.00	$156.48
				$777.66	$711.28
				$691.25	$632.24
				$1,991.57	$2,370.92
				$1,215.61	$1,111.84
				$804.00	$2,212.86
				$425.71	$316.12
				$272.66	$355.64
				$2,000.00	$1,185.46
				$1,160.38	$474.18
				$1,766.36	$723.13
				$1,749.74	$1,600.37
				$164.38	$889.09
				$2,000.00	$2,370.92
				$2,000.00	$632.24
				$817.18	$434.67
				$0.00	$1,069.55
				$659.22	$363.54
				$825.54	$755.07
				$513.70	$513.70
				$1,060.93	$517.81
				$2,000.00	$1,901.91
				$0.00	$1,077.98
				$1,356.95	$1,007.64
				$2,000.00	$889.09
				$600.42	$292.41
				$1,363.28	$889.09
				$903.32	$533.46
				$2,000.00	$1,226.03
				$161.83	$647.26
				$2,000.00	$4,939.41
				$2,000.00	$1,541.10
				$1,821.65	$889.09
				$136.99	$395.15
				$0.00	$0.00
				$1,727.45	$1,579.98
				$1,361.43	$1,126.19
				$751.32	$489.99
				$1,256.32	$1,126.19
				$725.50	$1,066.91
				$638.04	$829.82
	$32,938.47	$226,601.22	$236,100.00	$115,144.08	$111,457.13

Payroll reconciliation	
Basic salary	$32,938.47
Top up and allowances paid	$2,117.48
Tax credits	-$164.00
Employee gross payroll	$261,493.17
Company contribution	
Canada Pension	$8,911.10
EI	$4,601.10
EHT	$5,132.84
Cash paid to ADP - PCAS & employees	$280,138.21
ADP charges	$669.29
Total cash required by ADP	$280,807.50

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c-B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

Estate No. 32-1633386

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF KEVIN FARRELL
(Sworn October 24, 2012)

BENNETT JONES LLP
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M5X 1A4

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Facsimile: 416-863-1716

Lawyers for DashRx, Inc.

TAB

3

Estate No. 32-1633386
Court File No. CV-12-9656-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	TUESDAY, THE 13TH DAY
	)	
JUSTICE BROWN	)	OF NOVEMBER, 2012

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c-B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

ORDER

THIS MOTION, made by DashRx, Inc. ("**DashRx**") for an Order substantially in the form as appended to the motion record herein, was heard this day, at 393 University Avenue, Toronto, Ontario.

ON READING (i) the Notice of Motion, (ii) the Affidavit of Kevin Farrell sworn October 24, 2012 and the exhibits thereto (the "**Farrell Affidavit**"), and (iii) the Second Report of the Trustee of PCAS Patient Care Automation Inc. and 2163279 Ontario Inc. dated •, 2012 (the "**Second Report**") and on hearing the submissions of counsel for the moving party, and counsel for PricewaterhouseCoopers, in its capacity as trustee in bankruptcy of PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc. (the "**Trustee**"), and upon being advised that all persons listed on the service list were served with the motion record herein.

1. **THIS COURT ORDERS** that the time for service of the Motion Record and the Second Report is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS AND DECLARES** that a mistaken payment by DashRx in the amount of $115,144.08 (the "**Mistaken Payment**"), distributed through the payroll administrator of the Companies ("**ADP**") to certain former employees of the Companies on account of pre-CCAA filing vacation pay has satisfied the claims of the affected former employees to such pre-CCAA filing vacation pay pursuant to Section 81.3 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") in the amounts and to the extent of such claims as specified in Exhibit "L" of the Farrell Affidavit.

3. **THIS COURT AUTHORIZES AND DIRECTS** that, upon the expiration of the appeal period for this order, the Trustee return to DashRx the amount of $115,144.08 on account of the Mistaken Payment from funds held by the Trustee.

4. **THIS COURT ORDERS** that the Trustee be relieved of any and all liability in respect of the amount of the Mistaken Payment pursuant to this order, including any liability under section 81.3(5) of the BIA in respect of returning such amount.

5. **THIS COURT ORDERS** that the Second Report be and is hereby approved and the actions of the Trustee described therein be and are hereby approved.

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

ORDER

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Lawyers for moving party, DashRx, Inc.

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

MOTION RECORD OF DASHRX, INC.
(Motion returnable November 13, 2012)

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