

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

**CONFIDENTIAL APPENDIX B TO THE 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

**CONFIDENTIAL APPENDIX B TO THE SEVENTH REPORT OF
PRICEWATERHOUSECOOPERS INC.**

In its capacity as Monitor of the Applicants

June 1, 2012

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I. INTRODUCTION

1. In conjunction with PCAS Patient Care Automation Services Inc.'s ("PCAS") and 2163279 Ontario Inc.'s ("Touchpoint") (collectively, the "Company" or the "Applicants") application for relief under the CCAA, on June 1, 2012, the Monitor filed the Seventh Report, which made reference to this Confidential Appendix B, for which a sealing order is being sought. 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, the Seventh Report or the June 1 Affidavit. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

II. PURPOSE OF CONFIDENTIAL APPENDIX B

2. The purpose of Confidential Appendix B is to provide this Court with a detailed account of the economic terms of the bids received in connection with the SISP. An order sealing Confidential Appendix B is being requested.

III. OVERVIEW OF THE KNIGHT MERCHANT BID

3. Unsuccessful Bidder 1 was Knight Merchant Capital Partners Inc. ("Knight Merchant") and Unsuccessful Bid 1 will be referred to herein as the "Knight Merchant Bid". The letters of April 17, 2012, April 19, 2012 and May 20, 2012 and the Monitor's May 22, 2012 response referenced in paragraph 23 of the Seventh Report are attached hereto as **Appendix A, Appendix B, Appendix C and Appendix D**.
4. The Knight Merchant Bid referenced in paragraph 26 of the Seventh Report together with the bid that was replaced by the Knight Merchant Bid are both attached hereto as **Appendix E**.
5. The Knight Merchant Bid provided that Private Co. would purchase the Company's business in exchange for shares and warrants in Private Co. to be provided to each of the DIP Lender, the unsecured creditors and the current shareholders of the Company according to their respective interests in the Company. The number of shares each party was to receive was calculated on the basis of the book value of such party's interest in the Company. In addition, the Knight Merchant Bid proposed to purchase the RBC Loan and Security by way of a dollar-for-dollar assignment.
6. According to the Knight Merchant Bid, the DIP Lender was to receive \$1.00 of share consideration for each dollar of DIP Financing, each unsecured creditor was to receive \$0.20

of share consideration for each dollar owed to it and each shareholder was to receive \$.017 of share consideration for each dollar of value ascribed to the shares of the Company prior to the Filing Date. The values of the interests in Private Co. were \$3.75 per share and \$.25 per warrant.

7. The Knight Merchant Bid proposed that Private Co. would enter into an arm's length agreement with a Canadian public company ("Public Co.") to exchange all issued and outstanding shares and warrants issued by Private Co. for new shares and warrants of Public Co. within 2 business days of Private Co. completing its acquisition of the Company's Property.
8. The Knight Merchant Bid forecast that, after dilution, the founders of Private Co. would own 28.2% of Public Co., the DIP Lender, shareholders and unsecured creditors of the Company would own, collectively, 19.7% of Public Co. and new investors would own 52.1% of Public Co.
9. The Knight Merchant Bid forecast that after the conversion of the interests in Private Co. to interests in Public Co., the DIP Lender would have received \$6,000,000 in value, the unsecured creditors would have received \$2,000,000 in value and the shareholders of the Company would have received \$11,655,880 in value, for a total value of \$19,655,880 for the stakeholders of the Company. The total capitalization of Public Co. was forecast to be approximately \$100,000,000. As noted above, the entire value of the Knight Merchant Bid consisted of non-cash consideration in the form of interests in Private Co.
10. By letter dated May 25, 2012 (as referenced in paragraph 27 of the Seventh Report), Counsel to the Company, in consultation with the Monitor, advised Knight Merchant that the Knight Merchant Bid was not a Qualified Bid as defined in the SISP and that certain additional details, including details regarding the valuation of the non-cash consideration, would need to be provided before the Knight Merchant Bid could be considered a Qualified Bid. Counsel to the Company advised Knight Merchant that the Company would consider asking the Monitor to consent to a request to waive certain requirements to become a Qualified Bid if the appropriate clarifications were received from Knight Merchant. The Company reserved the right not to request that the Monitor waive any requirements contained in the SISP. A copy of the letter from counsel to the Company to Knight Merchant is attached hereto as **Appendix F**.
11. Counsel to the Company and the Monitor were particularly concerned about the following issues:

- a) The Knight Merchant Bid did not provide sufficient specificity as to the valuation of the non-share consideration proposed in the offer. In particular, there was no explanation as to how Knight Merchant arrived at the \$19,655,880 valuation of the consideration to be provided to the Company's stakeholders.
- b) The Knight Merchant Bid stated that Knight Merchant predicted that it would require \$25,000,000 to \$35,000,000 to commercialize the MedCentres, but there was no firm commitment by Knight Merchant to inject this amount into Private Co. or Public Co. either at closing or thereafter.
- c) The Knight Merchant Bid did not explain how Knight Merchant intended to provide value to shareholders in light of the prohibition in section 6(8) of the CCAA on shareholders receiving any consideration unless creditors are repaid in full.
- d) The Knight Merchant Bid did not address how the Company would fund the extension of the Stay Period in the CCAA Proceedings or fund the professional fees and other expenses during the period between May 30, 2012 and the date of the closing of the transaction. Such funding was particularly important in light of the complex transaction proposed by Knight Merchant.

12. Knight Merchant did not respond to requests for clarification and the Monitor has received no further communication from Knight Merchant. Accordingly, the Company did not request that the Monitor consent to waive the requirements of a Qualified Bid under the SISP in respect of Knight Merchant.

VI. OVERVIEW OF THE MAZSKY BID

- 13. Unsuccessful Bidder 2 was Mazsky Canadian International Group Ltd. ("Mazsky"). The email dated May 23, 2012 and the attached letter dated May 22, 2012 referenced in paragraph 28 of the Seventh Report is attached hereto as **Appendix G** and the letter dated May 26, 2012 referenced in paragraph 33 of the Seventh Report is attached hereto as **Appendix H**.
- 14. Each of the letters referred to above consisted of an offer by Mazsky, through its representative, expressing that Mazsky wished to make an offer to acquire 100% of the Company for \$80,000,000 in cash (the "**Mazsky Bid**"). The letter dated May 22, 2012, stated that Mazsky would provide a deposit of \$2 million in cash by May 24, 2012. The Mazsky Bid provided that all of the creditors of the Company were to be repaid in full and all security discharged prior to the disbursement of funds to shareholders. The \$2 million deposit referenced in the May 22, 2012 letter was never received by the Company or the

Monitor despite the fact that wire transfer information was provided to Mazsky's representative by the Monitor by email dated May 23, 2012.

15. The Company's email response of May 23, 2012 to Mazky's letter of May 22, 2012 referenced in paragraph 30 of the Seventh Report is attached hereto as **Appendix I**. The communication of May 25, 2012 referenced in paragraph 31 of the Seventh Report is attached hereto as **Appendix J**. The May 25, 2012 communication requested the following clarifications and enhancements:
 - a) That it include a deposit of at least \$5,000,000, which could be in the form of cash or a letter of credit from a reputable bank;
 - b) That the letter conform to the requirements of section 12 of the SISP, including showing that Mazsky has the financial wherewithal to close the proposed transaction;
 - c) That Mazsky provide confirmation from its bank that Mazsky has the balance of the purchase price in immediately available funds.
16. The only change to the Mazsky Bid that was contained in the letter dated May 26, 2012 attached hereto as Appendix H was that it proposed to increase the deposit to \$5 million and stated that such deposit would be provided within the next 3-4 weeks. In addition, the letter stated that it attached a bank guarantee letter that the money has been set aside to complete this transaction.
17. The documentation attached to the May 26, 2012 letter from Mazsky included correspondence purportedly from Banco Central de Venezuela dated April 18, 2011 and a Net Swift report purportedly from Barclays Bank PLC dated February 22, 2012. Both the correspondence and the Net Swift Report contained no reference to Mazsky and the Monitor notes that the documents did not contain current information. Due to the fact that these documents did not reference Mazsky and referenced other third parties with no explanation of the relationship between Mazsky and these other third parties, the Monitor has not attached these documents. The Company and the Monitor are of the view that the evidence provided was inadequate to demonstrate that Mazsky has the financial capacity to complete the transaction.
18. As described in paragraphs 28 to 33 of the Seventh Report and evidenced by the Appendices hereto, the Company, in consultation with the Monitor, made repeated efforts to obtain additional information from Mazsky. No additional information was provided by Mazsky.

Accordingly, the Company did not request that the Monitor consent to waive the requirements of a Qualified Bid under the SISP in respect of Mazsky.

VII. OVERVIEW OF THE APA

19. An unredacted copy of DashRx LLC's initial bid letter dated May 24, 2012 along with the asset purchase agreement attached thereto that is referenced in paragraphs 19 and 21 of the Seventh Report is attached hereto as **Appendix K**. As described in the Seventh Report, DashRx LLC submitted a revised bid letter which became the Successful Bid. An unredacted copy of DashRx LLC's revised bid letter dated May 26, 2012 that is referenced in paragraph 21 of the Seventh Report is attached hereto as **Appendix L**.
20. Since the acceptance of the Successful Bid, the Purchaser, the Company and the DIP Lender, in consultation with the Monitor, have negotiated an APA that provides for a combination of cash, secured notes and unsecured notes to be paid to the Company's creditors, including its unsecured creditors. A copy of the executed, unredacted asset purchase agreement between the Company and DashRx LLC is attached hereto as **Appendix M**.
21. The Purchase Price provided for under the APA consists of the following:
 - a) A cash payment of \$4,196,315, consisting of
 - (i) the lesser of \$235,315 and the amount actually owing in respect of any statutory priority claims against the Company;
 - (ii) the lesser of \$261,000 and such amounts as are actually owing by the Company to the KERP Participants in respect of the KERP;
 - (iii) \$100,000 to be held in trust by the Company for the benefit of the Monitor in its capacity as Monitor or as proposed trustee in bankruptcy ("Trustee") of the Company; and
 - (iv) \$3,600,000 to be provided to the DIP Lender, which amount is to be paid to the DIP Lender to obtain the consent of RBC and Castcan to the discharge of their security over the Purchased Assets and to obtain their approval to the granting of the Approval and Vesting Order and (ii) to be retained by the DIP Lender in partial repayment of its claim against the Company;
 - b) A secured convertible promissory note issued to the DIP Lender in the principal amount equal to the aggregate amount owed to the DIP Lender minus \$3,600,000,

plus an additional secured convertible promissory note (the “**Additional Secured Note**”), if applicable.

- c) The assumption of the Assumed Liability, valued at the lesser of \$245,718 and the amount owing by the Company to IBM Canada Limited pursuant to a lease agreement dated December 16, 2010;
- d) An unsecured convertible promissory note issued to the Company in trust for the unsecured creditors in the principal amount of \$500,000 plus interest thereon, plus an additional unsecured convertible promissory note (the “**Additional Unsecured Note**”), if applicable;
- e) The Additional Secured Note will be issued to the DIP Lender if the aggregate sum of the claims of RBC and Castcan 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’s Charge then, within 30 days of receipt by the Purchaser of evidence regarding same from the DIP Lender and in the principal amount of the Additional Secured Note will be equal to such difference (the “**Tax Refund Shortfall**”); and
- f) The Additional Unsecured Note will be issued to the Company in trust for the unsecured creditors in the principal amount of the difference between \$1,039,000 and the Tax Refund Shortfall.

22. Each of the secured convertible notes, the unsecured convertible notes, Additional Secured Note and the Additional Unsecured Note (collectively, the “**Notes**”) have a term of 3 years and are, at the option of the holder, convertible at maturity into either (a) cash at par value with 8% per annum compounded annually accrued interest, or (b) common stock of the Purchaser. The conversion price of the Notes is to be calculated in such a manner that the holders of the Notes are treated no less favourably with respect to the conversion price as certain shares of the investors in the Purchaser.

23. The Tax Credit Entitlements and tax refunds received in respect thereof that are included in the Excluded Assets (as defined in the APA) are estimated to be \$1,137,266. Accordingly, as further set out in the Seventh Report, it is the DIP Lender’s view that the discount to the face value of the secured convertible notes is at least as great as the amount of the estimated HST Refunds being \$441,680. As noted in the Seventh Report, the Monitor supports the DIP Lender’s view.

24. The Monitor notes that the APA that was attached to the Successful Bid provided for a \$2,000,000 million note for unsecured creditors. Over the course of the negotiations of the APA, the face amount of unsecured convertible note for unsecured creditors was reduced. The reduction was to take into account amounts required to be paid in connection of the KERP Charge, the fees for the Trustee to administer the bankrupt estate and the anticipated shortfall between the amount owed to RBC and Castcan and the amounts estimated to be received by the Company in connection with the tax refunds and tax credits.

Dated the 1st day of June, 2012.

RESPECTFULLY SUBMITTED,



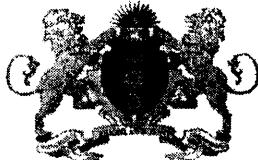
Paul van Eyk, CA·CIRP, CA·IFA
Senior Vice-President

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

APPENDIX A

Letter from Knight Merchant, dated April 17, 2012

KNIGHT MERCHANT INC.
Suite 214 – 220 Duncan Mill Road
Toronto, Ontario M3B 3J5
Tel: (416) 900-0880 Fax: (416) 900-0881



Private and Confidential

April 17, 2012

Board of Directors of
Patient Care Automation Services Inc.
C/O Mr. Kym Anthony
Chairman of the Board
2-2880 Brighton Road
Oakville, ON
L6H 5S3

Gentlemen:

Recently, we were approached to invest in the DIP vehicle created for Patient Care Automation Services Inc. (the “Company”). After our initial review of the information on the Company we came to the conclusion that a more substantial financial undertaking was required to stabilize this Company and afford it the opportunity to achieve its full commercial potential. To this end, Knight Merchant Capital Partners Inc. (“Knight Merchant”) has created an investment group, with extensive experience in the pharmaceutical industry, to acquire at least a majority ownership interest in the Company. Therefore, please accept this letter on behalf of our group as our formal expression of interest to acquire all or majority of the shares of the Company.

Below, you will find the main terms and conditions for our interest and the path to a formal offer. For ease of reference, we have divided this letter into subheadings. The terms and conditions are as follows:

1. Role of Knight Merchant

It must be understood and acknowledged by the Board of Directors of the Company that Knight Merchant is assembling an investment group with the aim to complete the proposed transaction. As such, Knight Merchant will create a separate entity for the purpose of executing this transaction and thus reserves the right to assign its rights and obligations under this letter or any other subsequent agreements to such newly created entity.

2. Objectives

The ultimate objective of our group is to develop a bid that in our sole judgment takes into consideration the concerns of all stakeholders, including but not limited to, the shareholders; creditors; employees and moreover acceptable to the Monitor and the courts with jurisdiction over this matter.

Once we have a successful bid, we intend to roll the Company into a Canadian public company in good standing. We believe that this approach will provide further benefits to the shareholders of the Company by providing an avenue to further liquidity subject to applicable rules and regulations and necessary vesting conditions.

3. Due Diligence

On April 3, 2012, we executed a non-disclosure agreement with the Company and subsequently we were granted access to the data room. Having reviewed the material that were provided in the data room, we have created a due diligence information requirement list. Upon acceptance of this expression of interest we will forward our list to begin the diligence process. We are prepared to present our formal offer within 14 business days from the receipt of all the information requested on our due diligence list.

4. Deal Protection

We are confident that we will present a credible offer and moreover the due diligence process will require significant deployment of time and resources. Therefore, as part of our formal bid we expect that the Company will grant us a break up fee (amount to be negotiated) as well as right of first refusal in case a competing bid is presented.

5. Consideration

The exact amount of consideration will be determined at the end of our due diligence and will be submitted as part of our bid. We will be providing a refundable deposit to be held in trust as a sign of good faith.

6. Notifications

We expect to be notified of all material developments during the due diligence period, including regulatory negative events, legal and commercial developments. Notices can be sent to Knight Merchant addressed to the writer at:

Knight Merchant Capital partners Inc.
Suite 214, 220 Duncan Mill Road
Toronto, ON
M3B 3J5

This letter is our formal expression of interest and should serve to start our direct dialogue with your Board. We are prepared to act expeditiously and should the above meet with your approval, please notify us in writing in order to begin finalizing the details of the due diligence and the bid process.

Yours truly,
Knight Merchant Capital Partners Inc.

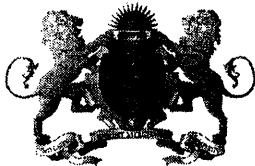


Ramin Modir
President

APPENDIX B

Letter from Knight Merchant, dated April 19, 2012

KNIGHT MERCHANT INC.
Suite 214 – 220 Duncan Mill Road
Toronto, Ontario M3B 3J5
Tel: (416) 900-0880 Fax: (416) 900-0881



Private and Confidential

April 19, 2012

Board of Directors of
Patient Care Automation Services Inc.
C/O Mr. Kym Anthony
Chairman of the Board
2-2880 Brighton Road
Oakville, ON
L6H 5S3

Gentlemen:

Re: Acquisition of Patient Care Automation Services Inc. (“PCAS”)

We write further to our letter of April 17, 2012 (a copy of which is attached) and subsequent discussions with the representatives of the Board of PCAS. Firstly, we want to confirm our continued interest in pursuing the transaction described in the said letter. We understand the time sensitivity of this matter and the issues surrounding the DIP financing. Therefore, we write to further elaborate on our interest and to seek guidance from the Board, the court appointed Monitor and above all the Honourable Court with jurisdiction over this CCAA matter.

It is the opinion of our group that the Company requires a comprehensive business plan that is well funded and backed by the right team of professionals at the Company. To this end, our group is prepared to submit its plan for the Company in a timely manner. The major points that our plan will address are:

- The technology roadmap to ensure the Company will have an “enterprise-ready” offering that could be implemented on a large scale.
- A new organizational structure that takes into account the needs of the Company on a go forward basis that would also reflect the current conditions of the Company.

- A new human resource plan that is scalable and would enable the Company to execute its plans.
- A financial plan to address the needs of the current creditors of the Company.
- A plan to address the needs of the current shareholders of the Company.
- A business plan that clearly maps out the commercialization the Company's product offerings.

For greater clarity, our group is prepared to fund, subject to our final due diligence, the following:

- A negotiated settlement with current creditors of the Company.
- A negotiated settlement with current shareholders of the Company.
- The finishing work on the current version of the "Enterprise Level" software offering of the Company.
- Production of the "Pharmacy" units needed to meet the contractual obligations of the Company.
- The payroll requirements of the Company.
- Other operational requirements that would be identified in our business plan for the Company.

To fund the requirements of the Company, at this time, we expect:

- Full control over the direction of the Company.
- Full control over determining the personnel requirements at the Company.
- Full control over the technical and software development at the Company.
- Full control over the intellectual property at the Company, particularly the source codes of the software, which is critical in completing the product offerings of the Company.
- Any potential strategic partners and investors to be referred to our group so that we could assess and negotiate the potential for cooperation for the long- term benefit of the Company.
- Approval to roll the Company into a public vehicle in good standing.

Please understand that we have not had the opportunity to conduct a proper and comprehensive due diligence and at this stage we can only very broadly outline our plans. Given the critical nature of the intellectual property of the Company, any final proposals will require a complete assessment of the IP. Closely associated with this assessment is the development of a budget to complete the necessary finishing touches to the "Enterprise Level" software of the Company. Given the limited nature of our due diligence we can only provide a rough estimate of the investment required to achieve the above. At this time, we expect approximately \$30-40 million to be deployed over two years to achieve the above

objectives. Again, we stress the preliminary nature of our study and we look for guidance as to finding an acceptable path towards completing our due diligence and submit a firm proposal with the necessary financial budgets.

We look forward to your comments.

Yours truly,
Knight Merchant Capital Partners Inc.



Ramin Modir
President

Encl.

Cc. Mr. Paul Van Eyk, PricewaterhouseCoopers Inc.

APPENDIX C

Letter from Knight Merchant, dated May 20, 2012

Boyd, Gemma

From: rozanne.kibel@ca.pwc.com
Sent: Monday, May 28, 2012 6:27 PM
To: Riesterer, Patrick
Subject: Kinght Merchant - 3 of 7
Attachments: May 20 letter to Monitor.pdf

Rozanne Kibel
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PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2
<http://www.pwc.com/ca>

----- Forwarded by Rozanne Kibel/CA/FAS/PwC on 05/28/2012 06:26 PM -----

From: Paul van Eyk/CA/FAS/PwC
To: "Rozanne Kibel" <rozanne.kibel@ca.pwc.com>, "Mr. Marc Wasserman" <mwasserman@osler.com>
Date: 05/20/2012 02:00 PM
Subject: Fw: Retransmitting Letter of May 20

From: Ramin Modir [ramin@knightmerchant.com]
Sent: 05/20/2012 12:58 PM AST
To: Paul van Eyk
Cc: Afshin Modir <afshin@knightmerchant.com>; Mervyn Abramowitz <mabramowitz@krmc-law.com>
Subject: Retransmitting Letter of May 20

Retransmitting our letter of May 20 as there may have been an issue with the attachment. Sorry for the inconvenience.

Regards,
Knight Merchant Capital Partners Inc.

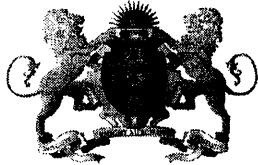
Ramin Modir

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KNIGHT MERCHANT CAPITAL PARTNERS INC.
Suite 214 – 220 Duncan Mill Road
Toronto, Ontario M3B 3J5
Tel: (416) 900-0880 Fax: (416) 900-0881



May 20, 12

Mr. Paul van Eyk
Partner
PriceWaterhouseCoopers LLP
18 York Street
Suite 2600
Toronto, Ontario M5J 0B2

Dear Mr. van Eyk:

Re: PCAS Patient Care Automation Systems Inc. (“PCAS” or the “Company”)

We write to you in your capacity as Monitor for PCAS following its commencement of court proceedings under the CCAA. As you also know, Knight Merchant has been negotiating with the Board of Directors of PCAS as part of Knight Merchant's attempt to acquire the Company. Knight Merchant's position was outlined in its recent letters to PCAS dated April 17 and 19, 2012. We understand that you have been provided with copies of those letters.

Knight Merchant's position from the outset has been that PCAS requires a significant injection of capital in the neighbourhood of \$25-30 million, to be able to commercialize its technology. The funds are necessary to completely revamp PCAS' technology so that it will be in a position to offer enterprise level solutions to satisfy the needs of large customers, including the large American entity that PCAS has been pursuing and that is referred to in the materials PCAS has filed in Court. As the Company has stated, the potential American entity will not conclude an agreement with PCAS unless it is able to demonstrate that it is financially stable, and that it has the financial resources to be able to build out the technology. Knight Merchant is able to provide those resources to PCAS. It is noteworthy that our estimated figures were developed prior to PCAS' recent Court filings. In our view, this demonstrates that we are on the right track with our assessment of the current situation at, and the needs of, PCAS.

With that in mind, Knight Merchant has prepared an offer (the “Offer”) that it believes addresses the long-term issues surrounding the technology, which we categorize as existential for PCAS. We believe that the Offer is stronger than any offer that may otherwise come forward, and in particular, the Stalking Horse Bid, as defined in the CCAA proceedings. The Offer provides compensation to both secured and unsecured creditors, as

well as PCAS' shareholders, who might otherwise receive nothing in the bidding process. Thus the offer provides significant benefits, and in particular, long-term benefits to all stakeholders. Furthermore, the Offer provides for a situation in which the commercialization of the technology can go forward on a long-term, stable basis. Today, we approached and invited the DIP Lender to join forces with us to put forward the offer we have developed within the CCAA proceedings for the acquisition of PCAS' assets.

Given the magnitude of the investment required to take the technology to a commercially realizable level, the Offer contemplates a two step process. First, a newly incorporated corporation ("Private Co.") would pay out and take over the position of RBC as senior secured lender on an as-is, where is, dollar-for-dollar basis and acquire the assets of PCAS. An approval and vesting order for the transaction would be sought from the Court, with the backing of PCAS and the Monitor. The purchase price for the assets of PCAS would be paid for by issuance of units in Private Co., which would each include one share and one warrant convertible for one share in Private Co. Units would be issued to Knight Merchant (approximately 65% of the total issued), the DIP Lender (approximately 15%), with the balance going to the unsecured creditors and shareholders of PCAS.

Thereafter, and following regulatory approval, the assets of Private Co. would in turn be acquired by a public vehicle, in an arms length transaction, such that the public company would ultimately operate the new company, and would own and commercialize the technology currently in PCAS. Funding for future developments and commercialization of the technology will be arranged by Knight Merchant and the public company. No further investment would be required from the DIP Lender or others, but the new public company would remain open to offers from future investors, should they wish to acquire further positions in the public vehicle.

Given that time is of the essence in this matter, Knight Merchant wishes to proceed to prepare a formal bid for the assets of PCAS immediately. It would be appreciated if the Monitor could discuss this matter with the DIP Lender and someone could get back to us as soon as possible.

Further, given that the Offer is a non-cash offer, with the key points being the assumption of the position of the senior secured lenders and the issuance of units, as indicated, it would appear that the requirement for a 10% refundable cash deposit in conjunction with our Offer is superfluous. However, out of an abundance of caution, if your view is that such a deposit would otherwise be required, we hereby ask that it be waived, taking into account the structure of the Offer.

As before, we remain at your disposal to discuss this matter further, and we look forward to your reply at your earliest convenience.

Yours truly,



Ramin Modir
President & CEO

APPENDIX D

Monitor's email response to Knight Merchant,
dated May 22, 2012

Boyd, Gemma

From: rozanne.kibel@ca.pwc.com
Sent: Monday, May 28, 2012 6:28 PM
To: Riesterer, Patrick
Subject: Knight Merchant - 4 of 7

Rozanne Kibel

PwC | Managing Director, Consulting & Deals

T: +1 416 814 5849 | F: +1 416 814 3213

Email: rozanne.kibel@ca.pwc.com

Assistant: Nelly Amaral | T: +1 416 869 2478

PricewaterhouseCoopers LLP

PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2

<http://www.pwc.com/ca>

----- Forwarded by Rozanne Kibel/CA/FAS/PwC on 05/28/2012 06:27 PM -----

From: Rozanne Kibel/CA/FAS/PwC
To: afshin@knightmerchant.com, ramin@knightmerchant.com, mabramowitz@krmc-law.com
Cc: Paul van Eyk/CA/FAS/PwC @Americas-CA, sbabe@airberlis.com, Eric Castonguay/CA/FAS/PwC @Americas-CA, mwasserman@osler.com, kym.anthony@yahoo.com
Date: 05/22/2012 03:24 PM
Subject: PCAS - Response to Letter to Monitor May 20

Dears Sirs:

We are writing in response to your letter to the Monitor dated May 20, 2012. The stakeholders have discussed your proposal around the deposit and while we appreciate your ideas for an alternate structure, the SISP requires a cash deposit of \$790,000 for two primary reasons:

1. Cover costs that would arise in the event that a bidder is chosen as the winning bidder and subsequently walks away from the transaction prior to close; and
2. Demonstrate that the bidder is bona fide.

While there may be other ways to demonstrate Knight Merchant is a bona fide bidder, your proposal would not address #1, the requirement for cash to cover potential costs if the deal did not close.

Without a reasonable cash deposit, an additional key concern of the stakeholder groups is the ability for the winning bidder to fund the business from May 28th through to close. The stakeholders will require evidence of this as part of your bid.

Other points that will need to be addressed in your offer as a result of your proposed structure include:

- A pro forma balance sheet that shows post closing what the value of Private Co shares are.
- The governance around Private Co.
- Indication as to how the minority stake in Private Co. is to be treated, from a dilution perspective, cash calls and voting.
- Provide insight into the current shareholders in the RTO vehicle and effect of rolling in Private Co.
- Your letter mentions that Private Co would, at some point in the future, re-sell the assets to a public company. We will need to understand how stakeholder value will survive that transition.

I trust this answers your questions. If you would like to discuss further in advance of the bid deadline, please do not hesitate to contact me.

Kind regards,

Rozanne

Rozanne Kibel

PwC | Managing Director, Consulting & Deals

T: +1 416 814 5849 | F: +1 416 814 3213

Email: rozanne.kibel@ca.pwc.com

Assistant: Nelly Amaral | T: +1 416 869 2478

PricewaterhouseCoopers LLP

PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2

<http://www.pwc.com/ca>

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APPENDIX E

Offer Letter from Knight Merchant, dated May 24, 2012 and received May 24, 2012 at 4:49 pm and Offer Letter from Knight Merchant, dated May 24, 2012 and received May 24, 2012 at 6:53 pm

Boyd, Gemma

From: rozanne.kibel@ca.pwc.com
Sent: Monday, May 28, 2012 6:30 PM
To: Riesterer, Patrick
Subject: Knight Merchant - 7 of 7
Attachments: Knight Merchant Offer Letter - May 24, 2012.pdf

Rozanne Kibel
PwC | Managing Director, Consulting & Deals
T: +1 416 814 5849 | F: +1 416 814 3213
Email: rozanne.kibel@ca.pwc.com
Assistant: Nelly Amaral | T: +1 416 869 2478
PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2
<http://www.pwc.com/ca>
----- Forwarded by Rozanne Kibel/CA/FAS/PwC on 05/28/2012 06:29 PM -----

From: Afshin Modir <afshin@knightmerchant.com>
To: kym.anthony@yahoo.com, Paul van Eyk/CA/FAS/PwC@Americas-CA
Cc: Rozanne Kibel/CA/FAS/PwC@Americas-CA, Ramin Modir <ramin@knightmerchant.com>
Date: 05/24/2012 04:49 PM
Subject: Knight Merchant Offer

Dear Sirs:

Please find attached the offer letter from Knight Merchant for the purchase of the assets of Patient Care Automation Services Inc.

Yours truly,
Afshin Modir

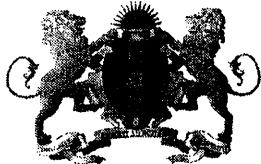
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KNIGHT MERCHANT CAPITAL PARTNERS INC.
Suite 214 – 220 Duncan Mill Road
Toronto, Ontario M3B 3J5
Tel: (416) 900-0880 Fax: (416) 900-0881



May 24, 2012

Mr. Kym Anthony
Chairman of the Board
Patient Care Automation Services Inc.
2 – 2880 Brighton Road
Oakville, ON L6H 5S3

Mr. Paul van Eyk
Partner
PriceWaterhouseCoopers LLP
18 York Street, Suite 2600
Toronto, ON M5J 0B2

Gentlemen:

Re: Offer to Acquire Assets of Patient Care Automation Services Inc.

This letter serves to outline the Offer of Knight Merchant Capital Partners Inc., In Trust (“Knight Merchant”) to acquire the assets of the PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc (“Touchpoint”), and all their related and affiliated parties, collectively (“PCAS” or the “Corporation”).

Background

Following the commencement of court proceedings under CCAA, a representative of the Board of Directors of PCAS approached Knight Merchant for certain financing arrangements. Since then Knight Merchant has been negotiating with the Board of Directors of PCAS as part of Knight Merchant’s attempt to acquire the Company. Knight Merchant’s position was outlined in its recent letters to PCAS dated April 17 and 19, 2012, copies of which were also provided to the court appointed Monitor. To date, Knight Merchant has not received any response or any confirmation of receipt of the letters from the Monitor despite repeated requests.

Knight Merchant’s position from the outset has been that PCAS requires a significant injection of capital in the range of \$25-30 million, to be able to commercialize its technology. The funds are necessary to completely revamp PCAS’ technology so that it will be in a position to offer enterprise level solutions to satisfy the needs of large customers,

including the large American entity that PCAS has been pursuing and that is referred to in the materials PCAS has filed in Court. As the Company has stated, the potential American entity will not conclude an agreement with PCAS unless it is able to demonstrate that it is financially stable, and that it has the financial resources to be able to build out the technology. Knight Merchant is able to provide those resources to PCAS.

Knight Merchant has prepared this Offer, that it believes addresses the long-term issues surrounding the technology. We believe that the Offer is stronger than any offer that may otherwise come forward, and in particular, the Stalking Horse Bid, as defined in the CCAA proceedings. The Offer provides compensation to both secured and unsecured creditors, as well as PCAS' shareholders, who might otherwise receive nothing in the bidding process. Thus the Offer provides significant benefits, and in particular, long-term benefits to all stakeholders. Furthermore, the Offer provides for a situation in which the commercialization of the technology can go forward on a long-term, stable basis.

The Process

Given the magnitude of the investment required to take the technology to a commercially realizable level, we propose a multi-step process. Knight Merchant would assign all right , title and interest in and to the assets of PCAS to , a newly incorporated Canadian corporation ("Private Co."). Private Co. would purchase on a dollar -for -dollar basis from Royal Bank of Canada by way of an assignment of Royal Bank of Canada's first secured loan position as senior secured lender of PCAS, on an "as-is, where is" basis. Contemporaneously, Private Co. would acquire the assets of PCAS, the DIP lender's security, the unsecured creditors' interest and provide Common Shares in Private co. to the original PCAS shareholders' for total consideration of \$19,656,000 Canadian dollars . The consideration is to be paid by issuance of Units in Private Co. Each Unit of Private Co. would include one common share and one warrant convertible into one common share in Private Co. within a prescribed time period and at a pre-determined conversion price.

Private Co. will then enter into an arms length agreement with a Canadian public company ("Public Co.") to exchange all issued and outstanding shares and warrants issued in Private Co. for shares and warrants in Public Co., within 2 business days of Private Co. completing the acquisition of PCAS. Public Co. would operate the new company, and would own and commercialize the technology currently in PCAS. Funding for future developments and commercialization of the technology will be arranged by Knight Merchant and Public Co. No further investment would be required from the DIP Lender or others, but the new public company would remain open to offers from future investors, should they wish to acquire further positions in Public Co., subject to regulatory compliance.

The table below outlines the original share ownership and distribution in Private Co. post acquisition of PCAS assets, purchase of DIP lender security, share issuance to the original PCAS shareholders ,unsecured creditors of PCAS ,the exchange of Private Co. shares with

Public Co. and projects dilution through various rounds of financing in Public Co. and the resulting final percentage ownership by each party.

	Book Value	Exchange Factor	New Value	Price Per Unit	Warrants	No. of New Shares	No. of New Warrants
Common shares	\$ 68,564,000	\$ 0.17	\$ 11,655,880	\$ 3.75	\$ 0.25	2,913,970	2,913,970
DIP	\$ 6,000,000	\$ 1.00	\$ 6,000,000	\$ 3.75	\$ 0.25	1,500,000	1,500,000
Unsecured creditors	\$ 10,000,000	\$ 0.20	\$ 2,000,000	\$ 3.75	\$ 0.25	500,000	500,000
	<u>\$ 84,564,000</u>		<u>\$ 19,655,880</u>	<u>\$ 3.75</u>	<u>\$ 0.25</u>	<u>3,513,970</u>	<u>4,913,970</u>

FINAL OWNERSHIP STRUCTURE	% Ownership
Founders Of Newco	38.2%
Original PCAS Corp	19.7%
New investors	52.1%

The Offer

Knight Merchant, In Trust for a newly incorporated Canadian Private Co. (the "Purchaser"), shall purchase from PCAS all right, title and interest in and to all of the properties, assets and undertakings of PCAS including without limitation all inventory, fixed assets, pre-paids, deposits, account receivables (excluding the SRED receivable already assigned as security to SRED lender, Castcan Investments Inc., In Trust), software, data bases, source codes, research and development, financial records, bill of materials, schematics, customer lists, supplier lists, intellectual property, license agreements, contracts, Memoranda of Understanding (including all details, documents, notes and correspondences relating to such Memoranda of Understanding), inventions, patents issued or pending, trademarks, tradenames and any other names, goodwill and rights it holds relating to its business (the "Assets"), subject to the terms and conditions of this Offer.

All Acquired Assets shall be delivered, assigned, transferred and conveyed to Knight Merchant in form and substance acceptable to Knight Merchant's legal counsel, free and clear of any liens or encumbrances. Acquired Assets shall include, without limitation, the following:

1. Royal Bank of Canada security held as first secured creditor of PCAS with written confirmation that the Royal Bank of Canada's security is valid.
2. DIP lender security held in assets of PCAS.
3. All inventory, machinery and equipment used by PCAS in its business operations regardless of their physical location.
4. All manuals, service records and warranties for the Acquired Assets.
5. All software and computer hardware required for PCAS' business operations regardless of their physical location.
6. All intellectual property needed for the operation of PCAS' business, its automated pharmacy machines and related services including all documentation on hand relating to the intellectual property.
7. All information, materials, designs, schematics, records relating to any new product development or product improvements, including but not limited to MedHome.

8. All refunds, rebates and rights of recovery.
9. All trademarks and licenses.
10. All domain names.
11. All on-site and off-site back up of data, applications and systems regardless of media and form.

Intellectual Property

The Intellectual Property of PCAS shall include but may not be limited to:

1. All patents and related documentation, designs, manuals and schematics.
2. All software source codes and all its related manuals, architecture, documentation and designs.
3. All work in progress relating to both hardware and software developments including their corresponding manuals and documentations.

A condition of this transaction is PCAS' ability to deliver all of the Intellectual Property free and clear of all liens and encumbrances and that no other copies or reproductions of the Intellectual Properties, in any form, shall exist. To this end, PCAS should deliver the following within two business days, prior to closing of the asset purchase transaction:

1. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, that PCAS owns all the Intellectual Property free and clear of all liens and encumbrances and is able to affect the transfer, assignment and conveyance of the said Intellectual Property free and clear of all liens and encumbrances.
2. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, from all third party consultants that PCAS, or its affiliates, had used in the development of its Intellectual Property that states the consultant has no claims or demands against the Intellectual Property.
3. Copies of assignment of invention agreements signed by all key technical employees, both past and present, of PCAS.
4. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, that PCAS has not interfered with, infringed upon, misappropriated or otherwise come into conflict with any intellectual property rights of third parties or committed any acts of unfair competition in its conduct of its business and that PCAS has not received any charge, complaint, claim or demand or notice alleging any such interference, infringement, misappropriation, conflict or act of unfair competition.
5. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, that PCAS has complied with all environmental and safety requirements.

The objective of Knight Merchant is to further develop the Intellectual Property of PCAS in order for it to achieve its full commercial potential. Existence of any liens or encumbrances against the Intellectual Property would add significantly to the development cost and will

ultimately throw into jeopardy the development plans of Knight Merchant. Therefore, Knight Merchant considers elimination or lack of liens and encumbrances against the Intellectual Property as a key condition of this transaction.

Liabilities

As part of this transaction, Knight Merchant will not assume any liability relating to:

1. Realty leases signed for premises by PCAS following the removal of all data, information and Intellectual Property, which is to be completed withing ten (10) business days of Closing.
2. Employee contracts and employment obligations of PCAS.
3. Any third party consultant contracts.
4. Any fees accumulated by PCAS as a result of this transaction, DIP borrowing and CCAA proceedings.
5. Compensation and liability of any directors or officers of PCAS.

For greater clarity Knight Merchant will not be liable for any professional fees including, but not limited to, Monitor's fees, legal fees, accounting and audit fees, or other professional services fees incurred by PCAS. Therefore, Knight Merchant considers the elimination of the liabilities described in this section as a key condition of this transaction. Additionally, Knight Merchant would require a Vesting Order in form and substance acceptable to Knight Merchant's legal counsel that ensures proper transfer of all Acquired Assets and assignment of Royal Bank of Canada security and DIP lenders security.

Refundable Good Faith Deposit

Knight Merchant shall provide a Refundable Good Faith Deposit in an amount sufficient to cover the secured indebtedness of PCAS estimated at \$334,525.11 plus interest (as reported by the Corporation on May 24, 2012) held by Royal Bank of Canada. The Refundable Good faith Deposit shall be payable within two (2) business days of the acceptance of the Offer by PCAS. The Refundable Good Faith Deposit shall be held in trust by Knight Merchant's counsel, Mr. Mervyn Abramovitz, Barrister and Solicitor, pending final closing of the asset purchase and sale transaction. Upon expiry or termination of this Offer, the Refundable Good Faith Deposit will be returned forthwith to Knight Merchant.

Expiry

This offer shall remain irrevocable until 1 p.m. on Tuesday May 29, 2012. Any extension of this Offer beyond the expiry date shall be at the sole and exclusive discretion of Knight Merchant.

Closing

Upon acceptance of the Offer of Knight Merchant by PCAS, DIP lenders and receipt of all corporate, legal and/or regulatory approvals and consents required to complete this transaction including the approval from the Honourable Court with the assistance of the Monitor, in form and substance acceptable to Knight Merchant's legal counsel; then, PCAS, the DIP lenders and Knight Merchant will cooperate to develop the final asset purchase and sale agreement within seven (7) business days following the receipt of all approvals and Court Orders. Failing to agree on the final agreement in the prescribed time frame shall make this Offer null and void. Any extensions to the prescribed time frame shall be at the sole and exclusive discretion of Knight Merchant.

Participants

Investment by Knight Merchant shall include investment from a corporation under the control of Mr. Neil Tabatznik (former Chairman and CEO of Arrow Pharmaceuticals Inc. and Genpharm Inc.), who will serve as director for both the private and public corporation.

Expenses

Each party shall bear its own costs associated with negotiating and performing under this Offer.

Governing Law

The performance, construction and enforcement of this Offer shall be governed by the internal law and not the laws governing conflict of the Province of Ontario.

Counterpart

This Offer may be executed in counterpart and counterparts may be exchanged by email or facsimile.

Yours truly,
KNIGHT MERCHANT CAPITAL PARTNERS INC., IN TRUST



Ramin Modir
President & CEO

Cc: Ms. Rozanne Kibel, PwC

Boyd, Gemma

From: rozanne.kibel@ca.pwc.com
Sent: Monday, May 28, 2012 6:31 PM
To: Riesterer, Patrick
Subject: Knight Merchant - 8 of 7
Attachments: Knight Merchant Offer Letter - May 24, 2012.pdf

Sorry, forgot there was one more. This is it for Knight Merchant

Rozanne Kibel

PwC | Managing Director, Consulting & Deals

T: +1 416 814 5849 | F: +1 416 814 3213

Email: rozanne.kibel@ca.pwc.com

Assistant: Nelly Amaral | T: +1 416 869 2478

PricewaterhouseCoopers LLP

PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2

<http://www.pwc.com/ca>

----- Forwarded by Rozanne Kibel/CA/FAS/PwC on 05/28/2012 06:30 PM -----

From: Afshin Modir <afshin@knightmerchant.com>
To: kym.anthony@yahoo.com, Paul van Eyk/CA/FAS/PwC@Americas-CA
Cc: Rozanne Kibel/CA/FAS/PwC@Americas-CA, Ramin Modir <ramin@knightmerchant.com>
Date: 05/24/2012 06:53 PM
Subject: Knight Merchant Revised Offer

Dear Sirs:

I write to you in reference to the Offer Letter emailed to you at 4:48 p.m. on May 24th, 2012. Unfortunately, I inadvertently sent you the wrong version of the Offer Letter.

With this email, we rescind the first emailed offer and ask that you delete it. Please find attached the correct version of the letter. I apologize for any inconvenience this may have caused.

Yours truly,
Afshin Modir

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KNIGHT MERCHANT CAPITAL PARTNERS INC.

Suite 214 – 220 Duncan Mill Road
Toronto, Ontario M3B 3J5
Tel: (416) 900-0880 Fax: (416) 900-0881



May 24, 2012

Mr. Kym Anthony
Chairman of the Board
Patient Care Automation Services Inc.
2 – 2880 Brighton Road
Oakville, ON L6H 5S3

Mr. Paul van Eyk
Partner
PriceWaterhouseCoopers LLP
18 York Street, Suite 2600
Toronto, ON M5J 0B2

Gentlemen:

Re: Offer to Acquire Assets of Patient Care Automation Services Inc.

This letter serves to outline the Offer of Knight Merchant Capital Partners Inc., In Trust (“Knight Merchant”) to acquire all or substantially all of the assets of the PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc (“Touchpoint”), and all their related and affiliated parties, collectively (“PCAS” or the “Corporation”).

Background

Following the commencement of court proceedings under CCAA, a representative of the Board of Directors of PCAS approached Knight Merchant for certain financing arrangements. Since then Knight Merchant has been negotiating with the Board of Directors of PCAS as part of Knight Merchant’s attempt to acquire the Company. Knight Merchant’s position was outlined in its recent letters to PCAS dated April 17 and 19, 2012, copies of which were also provided to the court appointed Monitor. To date, Knight Merchant has not received any response or any confirmation of receipt of the letters from the Monitor despite repeated requests.

Knight Merchant’s position from the outset has been that PCAS requires a significant injection of capital in the range of \$25-30 million, to be able to successfully commercialize its technology. An injection of capital at this level is necessary to completely revamp PCAS’ technology so that PCAS will be in a position to offer enterprise level solutions to satisfy the

needs of large customers, including Walgreens that PCAS has been pursuing and that is referred to in the materials PCAS has filed in Court. As PCAS has stated in a written statement, Walgreens will not conclude an agreement with PCAS unless the Corporation is able to demonstrate that it is solvent, financially stable and that has the financial resources to be able to build out the technology. Knight Merchant is able to provide the necessary financial resources to PCAS.

Knight Merchant has prepared this Offer, that it believes addresses the long-term issues surrounding the technology. We believe that the Offer is stronger than any offer that may otherwise come forward, and in particular, the Stalking Horse Bid, as defined in the CCAA proceedings. The Offer provides compensation to both secured and unsecured creditors, as well as PCAS' shareholders, who might otherwise receive nothing in the bidding process. Thus the Offer provides significant benefits, and in particular, long-term benefits to all stakeholders. Furthermore, the Offer provides for a situation in which the commercialization of the technology can go forward on a long-term, stable basis.

The Process

Given the magnitude of the investment required to take the technology to a commercially realizable level, we propose a multi-step process. Knight Merchant would assign all right, title and interest in and to the assets of PCAS to a newly incorporated Canadian corporation ("Private Co."). Private Co. would purchase on a dollar – for – dollar basis from Royal Bank of Canada by way of an assignment of Royal Bank of Canada's first secured loan position as senior secured lender of PCAS, on an "as-is, where is" basis. Contemporaneously, Private Co. would acquire the assets of PCAS, the DIP lender's security, the unsecured creditors' interest and provide Common Shares in Private Co. to the original PCAS shareholders' for total consideration of \$19,656,000 Canadian dollars. The consideration is to be paid by issuance of Units in Private Co. Each Unit of Private Co. would include one common share and one warrant convertible into one common share in Private Co. within a prescribed time period and at a pre-determined conversion price.

Private Co. will then enter into an arm's length agreement with a Canadian public company ("Public Co.") to exchange all issued and outstanding shares and warrants issued in Private Co. for shares and warrants in Public Co., within 2 business days of Private Co. completing the acquisition of PCAS. Public Co. would operate the new company, and would own and commercialize the technology currently in PCAS. Funding for future developments and commercialization of the technology will be arranged by Knight Merchant and Public Co. No further investment would be required from the DIP Lender or others, but the new public company would remain open to offers from future investors, should they wish to acquire further positions in Public Co., subject to regulatory compliance.

In exchange for the DIP lender's, current shareholders' and unsecured lenders' interest in the Corporation, they will receive shares in Private Co. The shares are calculated based on the book value of the interest and exchanged for new shares. The DIP lender will receive a value on par with their outstanding interest. Under the same process, the current shareholders

will receive \$0.17 on the dollar and the unsecured creditors will receive \$0.20 on the dollar. These values are exchanged for shares in Private Co. at \$4.00 per share and warrant (\$3.75 per share and \$0.25 per warrant). The table below outlines the original share ownership and distribution in Private Co. post acquisition of PCAS assets, purchase of DIP lender security, share issuance to the original PCAS shareholders, unsecured creditors of PCAS, the exchange of Private Co. shares with Public Co. and projects dilution through various rounds of financing in Public Co. and the resulting final percentage ownership by each party.

	Book Value	Exchange Factor	New Value	Price Per Unit	Warrants	No. of New Shares	No. of New Warrants
Common shares	\$ 68,564,000	\$ 0.17	\$ 11,655,880	\$ 3.75	\$ 0.25	3,913,970	2,913,970
DIP	\$ 6,000,000	\$ 1.00	\$ 6,000,000	\$ 3.75	\$ 0.25	1,500,000	1,500,000
Unsecured creditors	\$ 10,000,000	\$ 0.20	\$ 2,000,000	\$ 3.75	\$ 0.25	500,000	500,000
	\$ 94,564,000		\$ 19,655,880	\$ 3.75	\$ 0.25	3,913,970	4,913,970

FINAL OWNERSHIP STRUCTURE	% Ownership
Founders Of Newco	28.2%
Original PCAS Group	19.7%
New investors	52.1%

The Offer

Knight Merchant, In Trust for a newly incorporated Canadian Private Co. (the "Purchaser"), shall purchase from PCAS and its secured creditors, including the Royal Bank of Canada and the DIP lender, all right, title and interest in and to all of the properties, assets and undertakings of PCAS and its secured creditors including without limitation all inventory, fixed assets, pre-paids, deposits, account receivables (excluding the SRED receivable already assigned as security to SRED lender, Castcan Investments Inc., In Trust), software, data bases, source codes, research and development, financial records, bill of materials, schematics, customer lists, supplier lists, intellectual property, license agreements, contracts, Memoranda of Understanding (including all details, documents, notes and correspondences relating to such Memoranda of Understanding), inventions, patents issued or pending, trademarks, trade names and any other names, goodwill and rights it holds relating to its business (the "Assets"), subject to the terms and conditions of this Offer.

All Acquired Assets shall be delivered, assigned, transferred and conveyed to Knight Merchant in form and substance acceptable to Knight Merchant's legal counsel, free and clear of any liens or encumbrances. Acquired Assets shall include, without limitation, the following:

1. Royal Bank of Canada security held as first secured creditor of PCAS with written confirmation that the Royal Bank of Canada's security is valid.
2. DIP lender's security held against the assets of PCAS with written confirmation that the DIP lender's security is valid.
3. All inventory, machinery and equipment used by PCAS in its business operations regardless of their physical location.
4. All manuals, service records and warranties for the Acquired Assets.

5. All software and computer hardware required for PCAS' business operations regardless of their physical location.
6. All intellectual property needed for the operation of PCAS' business, its automated pharmacy machines and related services including all documentation on hand relating to the intellectual property.
7. All information, materials, designs, schematics, records relating to any new product development or product improvements, including but not limited to MedHome.
8. All refunds, rebates and rights of recovery.
9. All trademarks and licenses.
10. All domain names.
11. All on-site and off-site back up of data, applications and systems regardless of media and form.

Intellectual Property

The Intellectual Property of PCAS shall include but may not be limited to:

1. All patents and related documentation, designs, manuals and schematics.
2. All software source codes and all its related manuals, architecture, documentation and designs.
3. All work in progress relating to both hardware and software developments including their corresponding manuals and documentations.

A condition of this transaction is PCAS' ability to deliver all of the Intellectual Property free and clear of all liens and encumbrances and that no other copies or reproductions of the Intellectual Properties, in any form, shall exist. To this end, PCAS should deliver the following within two business days, prior to closing of the asset purchase transaction:

1. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, that PCAS owns all the Intellectual Property free and clear of all liens and encumbrances and is able to affect the transfer, assignment and conveyance of the said Intellectual Property free and clear of all liens and encumbrances.
2. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, from all third party consultants that PCAS, or its affiliates, had used in the development of its Intellectual Property that states the consultant has no claims or demands against the Intellectual Property.
3. Copies of assignment of invention agreements signed by all key technical employees, both past and present, of PCAS.
4. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, that PCAS has not interfered with, infringed upon, misappropriated or otherwise come into conflict with any intellectual property rights of third parties or committed any acts of unfair competition in its conduct of its business and that PCAS has not received any charge, complaint, claim or demand or notice alleging any such interference, infringement, misappropriation, conflict or act of unfair competition.

5. Written confirmation and warranty, in a form acceptable to Knight Merchant's legal counsel, that PCAS has complied with all environmental and safety requirements.

The objective of Knight Merchant is to further develop the Intellectual Property of PCAS in order for it to achieve its full commercial potential. Existence of any liens or encumbrances against the Intellectual Property would add significantly to the development cost and will ultimately throw into jeopardy the development plans of Knight Merchant. Therefore, Knight Merchant considers elimination or lack of liens and encumbrances against the Intellectual Property as a key condition of this transaction.

Liabilities

As part of this transaction, Knight Merchant and subsequently, Private Co., will not assume any liability or indebtedness of PCAS. For greater clarity, the key liabilities and indebtedness excluded, without limitation, are:

1. Realty leases signed for premises by PCAS following the removal of all data, information and Intellectual Property, which is to be completed within ten (10) business days of Closing.
2. Employee contracts and employment obligations of PCAS.
3. Any third party consultant contracts.
4. Any fees accumulated by PCAS as a result of this transaction, DIP borrowing and CCAA proceedings.
5. Compensation and liability of any directors or officers of PCAS.

For greater clarity Knight Merchant will not be liable for any professional fees including, but not limited to, Monitor's fees, legal fees, accounting and audit fees, or other professional services fees incurred by PCAS. Therefore, Knight Merchant considers the elimination of the liabilities described in this section as a key condition of this transaction. Additionally, Knight Merchant would require a Vesting Order in form and substance acceptable to Knight Merchant's legal counsel that ensures proper transfer of all Acquired Assets and assignment of Royal Bank of Canada security and DIP lenders security.

Refundable Good Faith Deposit

Knight Merchant shall provide a Refundable Good Faith Deposit in an amount sufficient to cover the secured indebtedness of PCAS estimated at \$334,525.11 plus interest (as reported by the Corporation on May 24, 2012) held by Royal Bank of Canada. The secured indebtedness provided by the DIP lender shall be compensated as outlined in Section titled "Process".

The Refundable Good faith Deposit shall be payable within two (2) business days of the acceptance of the Offer by PCAS. The Refundable Good Faith Deposit shall be held in trust by Knight Merchant's counsel, Mr. Mervyn Abramovitz, Barrister and Solicitor, pending final closing of the asset purchase and sale transaction. Upon expiry or termination

of this Offer, the Refundable Good Faith Deposit will be returned forthwith to Knight Merchant.

Expiry

This offer shall remain irrevocable until 1 p.m. on Tuesday May 29, 2012. Any extension of this Offer beyond the expiry date shall be at the sole and exclusive discretion of Knight Merchant.

Closing

Upon acceptance of the Offer of Knight Merchant by PCAS, DIP lenders and receipt of all corporate, legal and/or regulatory approvals and consents required to complete this transaction including the approval from the Honourable Court with the assistance of the Monitor, in form and substance acceptable to Knight Merchant's legal counsel; then, PCAS, the DIP lenders and Knight Merchant will cooperate to develop the final asset purchase and sale agreement within seven (7) business days following the receipt of all approvals and Court Orders. Failing to agree on the final agreement in the prescribed time frame shall make this Offer null and void. Any extensions to the prescribed time frame shall be at the sole and exclusive discretion of Knight Merchant.

Participants

Investment by Knight Merchant shall include investment from a corporation under the control of Mr. Neil Tabatznik (former Chairman and CEO of Arrow Pharmaceuticals Inc. and Genpharm Inc.), who will serve as director for both the private and public corporation.

Expenses

Each party shall bear its own costs associated with negotiating and performing under this Offer.

Governing Law

The performance, construction and enforcement of this Offer shall be governed by the internal law and not the laws governing conflict of the Province of Ontario.

Counterpart

This Offer may be executed in counterpart and counterparts may be exchanged by email or facsimile.

Yours truly,

KNIGHT MERCHANT CAPITAL PARTNERS INC., IN TRUST

A handwritten signature in black ink, appearing to read "Ramin Modir". The signature is fluid and cursive, with a large loop on the left and a wavy line on the right.

Ramin Modir
President & CEO

Cc: Ms. Rozanne Kibel, PwC

APPENDIX F

Letter to Knight Merchant, dated May 25, 2012

AIRD & BERLIS LLP

Barristers and Solicitors

Sam Babe
Direct: 416.865.7718
E-mail: sbabe@airdberlis.com

May 25, 2012

BY EMAIL

Knight Merchant Capital Partners Inc.
Suite 214 – 220 Duncan Mill Road
Toronto, Ontario M3B 3J5

Dear Sirs,

Re: 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)

And Re: Knight Merchant Capital Partners Inc. offer to acquire assets of PCAS Patient Care Automation Services Inc. dated May 24, 2012

As you know, we are counsel to PCAS Patient Care Automation Services Inc. ("PCAS") and 2163279 Ontario Inc. ("Touchpoint", and together with PCAS, "PharmaTrust") in connection with their above-referenced CCAA proceedings (the "CCAA Proceedings"). On behalf of PharmaTrust we hereby acknowledge receipt of, and thank you for, the offer of Knight Merchant Capital Partners Inc. ("Knight Merchant") to acquire assets of PCAS dated May 24, 2012 (the "Offer"). The Offer was received at 6:52 pm on May 24, 2012, after the Bid Deadline, as defined in the sale and investor solicitation process (the "SISP") approved by order of the court in the CCAA Proceedings on May 14, 2012.

Upon review, the board of PCAS (the "Board") has concluded that the Offer does not meet the requirements for a Qualified Bid under the SISP. PharmaTrust is not prepared to waive those requirements, but if Knight Merchant wishes to proceed in the SISP and if it adequately addresses the Board's concerns about the Offer, PharmaTrust may be prepared to seek the consent of PricewaterhouseCoopers Inc. in its capacity as Monitor in the CCAA Proceedings (the "Monitor") to waive certain requirements for a Qualified Bid in the SISP. At a high level, the Board's issues with the SISP are as follows:

1. In an insolvency sale where the consideration being offered is shares, the offering party needs to provide a certain degree of specificity as to the valuation of such consideration. There is, however, no explanation in the Offer as to how Knight Merchant arrives at the valuation of \$19,656,000 for the consideration to be paid. Apart from the PharmaTrust assets that would be transferred to Private Co. and, eventually, Public Co. (as such terms are defined in the Offer, and, collectively, the "Purchaser"), there is no indication in the Offer of what value there will be in the

Offer. Knight Merchant should feel free to contact the DIP Lender or its counsel directly to seek their feedback.

Finally we would like to address the statement made on the first page of the Offer regarding the Monitor's responses to you. As you are aware, PharmaTrust was running the SISP with the assistance of the Monitor and PricewaterhouseCoopers Corporate Finance Inc. ("PwCCF"). Members of the Board the met with your representatives in person and talked on the phone on a regular basis for over a month. In addition you had numerous meetings and conversations with the Monitor, PwCCF and the Dip Lender. From the Board's perspective, Knight Merchant terminated its due diligence surprisingly early, both in terms of time and in terms of the amount of offered information Knight Merchant actually took advantage of. Most importantly, Rozanne Kibel of PwCCF did respond to your Sunday, May 20 letter in an email on May 22 which set out most of the high-level concerns we raise above. We would therefore ask that such comments be removed from any revision to your Offer as they are both inaccurate and unhelpful to the process.

Yours truly,

AIRD & BERLIS LLP


Sam Babe

cc. Mervyn Abramovitz
cc. Marc Wasserman

12507493.2

APPENDIX G

Letter from Mazsky, dated May 22, 2012

Boyd, Gemma

From: rozanne.kibel@ca.pwc.com
Sent: Monday, May 28, 2012 6:33 PM
To: Riesterer, Patrick
Subject: Yusuf Offer
Attachments: Scan 0042 (2).pdf

Rozanne Kibel

PwC | Managing Director, Consulting & Deals
T: +1 416 814 5849 | F: +1 416 814 3213
Email: rozanne.kibel@ca.pwc.com
Assistant: Nelly Amaral | T: +1 416 869 2478
PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2
<http://www.pwc.com/ca>

----- Forwarded by Rozanne Kibel/CA/FAS/PwC on 05/28/2012 06:32 PM -----

From: "Dr. Yusuf I. Qassim.,P.Eng.,IEEE.,IIE.,IAEI.,Cfmg" <yusuf@mazskygroup.com>
To: <kym.anthony@yahoo.com>
Cc: Rozanne Kibel/CA/FAS/PwC@Americas-CA
Date: 05/23/2012 09:45 AM
Subject: FW: Letter of acquisition for PCASINC

From: Dr. Yusuf I. Qassim.,P.Eng.,IEEE.,IIE.,IAEI.,Cfmg [<mailto:yusuf@mazskygroup.com>]
Sent: Wednesday, May 23, 2012 4:33 PM
To: 'lvilleneuve006@sympatico.ca'
Cc: 'Bob Ransom'
Subject: FW: Letter of acquisition for PCASINC

Dear Luc and Bob,

Please find attached the letter.

Best regards,

Dr. Yusuf

From: Luc Villeneuve [<mailto:lvilleneuve006@sympatico.ca>]
Sent: Tuesday, May 22, 2012 8:00 PM
To: yusuf@mazskygroup.com; Luc Villeneuve; bob.ransom@telemedicine.im
Subject: Letter of acquisition for PCASINC

Dr. Yusuf

Hope your doing well today,

Here the draft letter of acquisition for PCASINC. We should have this letter reviewed by your lawyer as soon as possible.

Here the two people that need to received this letter from you - Kym and Rozanne.
I also attach the court bid process in case you have not seen this document.

Kym Anthony kym.anthony@yahoo.com should received this letter from you and Rozanne Kibel from PWC rozanne.kibel@ca.pwc.com

This would need to be signed by you and put on your letter head.

I will call you to make sure you have received this email.

Time is running out to get the money to the legal trusty bank account.
I think this is the right acquisition for you if you can execute in the next few days.

Thanks

Luc

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MAZSKY CANADIAN INTERNATIONAL GROUP LTD

From : Dr Yusuf I. Qassim P.Eng. MIEE, IIE., Cfmg. IAEI.

May 22, 2012

Dear Mr. Kym Anthony (PCAS Chairman)

Re: PCAS Patient Care Automation Services - Letter of offer for \$80 Million

Mazsky International wishes to make an offer to acquire 100% of PCASINC for \$80 million. A deposit of a minimum of \$2 Million will be provided by May 24th 2012.

We recognize that such transaction would be subject to PWC and court approval. Assuming Mazsky International is successful in acquiring PCASINC, will need 3 weeks to complete the financial aspect of the transaction.

Mazsky will expect all debts and liabilities are to be paid prior to disbursement of funds to shareholders. If there are any lawsuits or pending lawsuits, an appropriate reserve should be held and when the legal actions are settled, the remaining balance should be dispersed to shareholders. All liabilities should be paid prior to the acquisition from the existing shareholders equity including any fees (commission or brokerage fees) incurred to complete the transaction. All communications about this bid be restricted to PCASINC board, executives team and PWC.

We hope that these terms will meet the Court and PWC requirements and look forward to hearing from you concerning our interest. As a result, your formal reply to this letter of acquisition would be appreciated within 24 hours.

Thank you again for the opportunity to acquire 100% of PCASINC.

Yours sincerely

Dr. Yusuf Qassim, P. Eng
CEO/ President
Mazsky Canadian International Group Inc.

www.mazskygroup.com

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APPENDIX H

Letter from Mazsky, dated May 26, 2012



MAZSKY CANADIAN INTERNATIONAL GROUP LTD

From : Dr Yusuf Qassim P.Eng. MIEE, IIE, Cfmg, IAEI.

May 26th, 2012

Dear Mr. Kym Anthony (PCAS Chairman)

Re: PCAS Patient Care Automation Services - Letter of offer for \$80 Million

Mazsky Canadian International Group Ltd. ("Mazsky International") offer to purchase 100% for \$80 million of PCAS Patient Care Automation Services Inc. ("PCAS") in the context of the sale and investor solicitation process (the "SISP") being conducted in PCAS' *Companies' Creditors Arrangement Act* (Canada) proceedings (the "CCAA Proceedings"). Mazsky International is making a formal offer to acquire 100% of PCASINC for \$80 million. If the offer is accepted by PCAS and the Monitor as the Successful Bid and approved by the court, the deposit can be used by PCAS to fund operations until closing (in accordance with PCAS' most recent cash flow forecasts filed with the court).

A deposit of \$5 million will be provided within the next 3-4 weeks as well as the final amount totaling \$80 million. The attach letter is a bank guarantee letter that the money has been set aside to complete this transaction.

We recognize that such transaction would be subject to PWC and court approval. Assuming Mazsky International is successful in acquiring PCASINC.

The total purchase price \$80 million will be paid within 3 weeks to the Monitor in trust.

Mazsky will expect all debts and liabilities are to be paid prior to disbursement of funds to shareholders. If there are any lawsuits or pending lawsuits, an appropriate reserve should be held and when the legal actions are settled, the remaining balance should be dispersed to share holders. All liabilities should be paid prior to the acquisition from the existing shareholders equity including any fees (commission or brokerage fees) incurred to complete the transaction. All communications about this bid be restricted to PCASINC board, executives team and PWC.

We hope that these terms will meet the Court and PWC requirements and look forward to hearing from you concerning our interest.

Thank you again for the opportunity to acquire 100% of PCASINC.

Yours sincerely

Dr. Yusuf Qassim, P. Eng

CEO/President

Mazsky Canadian International Group Inc

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APPENDIX I

Company's email to Mazsky, dated May 23, 2012

Boyd, Gemma

From: rozanne.kibel@ca.pwc.com
Sent: Monday, May 28, 2012 6:34 PM
To: Riesterer, Patrick
Subject: Yusuf Offer
Attachments: Order of Justice Brown dated May 14, 2012.pdf

Rozanne Kibel

PwC | Managing Director, Consulting & Deals

T: +1 416 814 5849 | F: +1 416 814 3213

Email: rozanne.kibel@ca.pwc.com

Assistant: Nelly Amaral | T: +1 416 869 2478

PricewaterhouseCoopers LLP

PwC Tower, 18 York Street, Suite 2600, Toronto ON M5J 0B2

<http://www.pwc.com/ca>

----- Forwarded by Rozanne Kibel/CA/FAS/PwC on 05/28/2012 06:33 PM -----

From: Kym Anthony <kym.anthony@yahoo.com>
To: ["yusuf@mazskygroup.com"](mailto:yusuf@mazskygroup.com) <yusuf@mazskygroup.com>
Cc: Rozanne Kibel/CA/FAS/PwC@Americas-CA, Sam Babe <sbabe@airdbelis.com>
Date: 05/23/2012 06:17 PM
Subject: PCAS Offer to Purchase

Dear Dr. Yusuf,

Thank you for your letter dated May 22, 2012, received today, concerning a Mazsky Canadian International Group Ltd. ("Mazsky International") offer to purchase 100% of PCAS Patient Care Automation Services Inc. ("PCAS") in the context of the sale and investor solicitation process (the "SISP") being conducted in PCAS' *Companies' Creditors Arrangement Act* (Canada) proceedings (the "CCAA Proceedings"). For your reference I have attached the May 14, 2012 court order which (on Schedule "A") sets out the terms of the SISP. We look forward to working with you on this exciting transaction.

Upon review of your offer letter, there are a number of points that PCAS and the court-appointed monitor in the CCAA Proceedings, PricewaterhouseCoopers Inc. (the "Monitor"), would like to see addressed or clarified in Mazsky International's offer:

(1) At the outset, where you state "Mazsky International wishes to make an offer . . . ", for the sake of clarity we would prefer it to state: "Mazsky Canadian International Group Ltd. ("Mazsky International") hereby makes an offer to acquire 100% of the issued and outstanding shares of PCAS Patient Care Automation Services Inc. ("PCAS") in accordance with the terms of the sale and investor solicitation process approved by order of the court made on May 14, 2012 in PCAS' *Companies' Creditors Arrangement Act* (Canada) proceedings".

(2) The offer must conform to the requirements of the SISP, in particular Section 12 (which sets out the features of a Qualified Bid).

(3) Pursuant to Section 11(b) of the SISP, the deposit should be 10% of the purchase price. PCAS and the Monitor are prepared to be flexible on this, but anything less than 10% will reduce the attractiveness of the bid relative to competitive bids.

(4) The offer should state that, if the offer is accepted by PCAS and the Monitor as the Successful Bid and approved by the court, the deposit can be used by PCAS to fund operations until closing (in accordance with PCAS' most recent cash flow forecasts filed with the court).

(5) The offer should detail what the "financial aspects of the transaction" are that will take 3 weeks to complete.

(6) The offer needs to specify that the balance of purchase price will be paid on closing to the Monitor in trust.

To reccommend your offer, we would also have to have evidence of the \$2 million deposit by Friday at noon, Toronto time. As we have discussed, we would feel better if you were properly represented by Canadian Counsel (Heenan Blaikie).

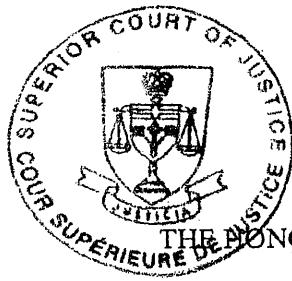
I will call you on Thursday morning (Toronto Time) with Paul van Eyk of the Monitor to discuss these points.

Best regards,

Kym Anthony
Chair, PCAS

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE BROWN

)
)
)

MONDAY, THE 14th DAY
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.

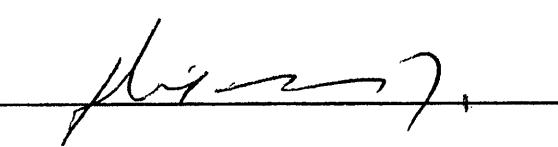
7. **THIS COURT ORDERS** that, in connection with the SISP and pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicants shall disclose personal information of identifiable individuals to prospective investors, financiers, purchasers or bidders 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.~~

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

7-8 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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Lawyers for the Applicants

APPENDIX J

Company's email to Mazsky, dated May 25, 2012

From: Kym Anthony <kym.anthony@yahoo.com>
To: "yusuf@mazskygroup.com" <yusuf@mazskygroup.com>
Cc: Rozanne Kibel <rozanne.kibel@ca.pwc.com>; Sam Babe <sbabe@airdbelis.com>
Sent: Friday, May 25, 2012 11:18:50 PM
Subject:

Dear Dr. Yusuf,

Further to my last email to you dated May 23 and our more recent telephone conversations I confirm that you have advised that: (a) Mazsky Canadian International Group Ltd. ("Mazsky International") is revising its offer dated May 22, 2012 (the "Offer") to address the concerns I set out below; and (b) Mazsky International continues its efforts to remit deposit funds in connection with the Offer.

Because of the STATE the Offer was in as at the Bid Deadline (as defined in the sale and investor solicitation process (the "SISP")), PCAS Patient Care Automation Services Inc. ("PCAS") cannot presently treat the Offer as a Qualified Bid (as defined in the SISP). PCAS is, however, engaging in discussions with a number of other bidders with the aim to obtaining improvements to their respective bids, and PCAS is happy to engage with Mazsky International on the same basis with respect to the Offer. However, because the Offer did not satisfy the requirements of a Qualified Bid as at the Bid Deadline, PCAS cannot give any assurance that the Offer, even if revised, will be treated as a Qualified Bid in the SISP or that PCAS, in consultation with the court appointed Monitor, will waive the requirements set out in the SISP for Qualified Bids.

In my email below I indicated that PCAS and the Monitor were prepared to be flexible on the deposit amount. To be more specific, PCAS would like to see a deposit of at least \$5 million, which is half way between the \$2 million the Offer contemplates and the \$8 million (or 10% of the purchase price) that would be required under the terms of the SISP.

In terms of how the deposit requirement can be satisfied, you have explained the difficulties Maszky International is having moving funds internationally. I suggested to you over the phone that a bank-issued letter of credit or guaranty in favour of PCAS might be an acceptable substitute. You, in turn, provided two examples of correspondences from banks to an intended recipient of funds confirming either that funds had been wired from the bank to the recipient or that funds or assets were being held by the bank for the exclusive benefit of the recipient. If such a letter came from a reputable bank (such as Barclays, CITI or HSBC, being banks you have indicated Mazsky International may deal with) and confirmed that a wire transfer had been sent, that would satisfy PCAS. To be clear, in the event that the deposit funds are received in accordance with the SISP, there is no guarantee that Maszky International will be treated as a qualified bidder. PCAS and the court appointed monitor will review any further correspondence or clarification provided by Mazsky International.

I mentioned in my last email that the Offer should conform to the requirements of Section 12 of the SISP. Among other things, that section requires that a bidder, in order to be considered a Qualified Bidder, show PCAS that it has the financing to be able to close the intended transaction. In that regard we would also like to receive confirmation from Mazsky International's bank that Maszky International has the balance of the purchase price in immediately available funds.

Thank you again for the Offer and we look forward to receiving a revised Offer and the deposit. Please feel free to contact me if you have any questions.

Best regards,
Kym Anthony

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APPENDIX K

Letter from counsel to DashRx LLC, dated May 24, 2012

Bennett Jones

Bennett Jones LLP
3400 One First Canadian Place, PO Box 130
Toronto, Ontario, Canada M5X 1A4
Tel: 416.863.1200 Fax: 416.863.1716

Mark S. Laugesen
Partner
Direct Line: 416.777.4802
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Our File No. 69405-1

24 May 2012

Via E-mail and Courier

PRICEWATERHOUSECOOPERS INC.
Suite 2600
18 York Street
Toronto, Ontario
M5J 0B2

Attention: Mr. Paul van Eyk

Dear Mr. van Eyk:

Re: PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

In accordance with the Sale and Investor Solicitation Process ("SISP") Summary approved by The Honourable Mr. Justice Brown pursuant to an Order date 14 May 2012, we are pleased to submit the attached Asset Purchase Agreement (the "APA") setting out the terms and conditions of a bid (the "Bid") by DashRx, LLC (the "Purchaser") to acquire substantially all of the assets, property, and undertaking of PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc. (together, the "Vendors"). We understand that the Purchaser has already sent you a wire in the amount of CAD\$800,000 which is the deposit required to accompany the Bid under the SISP.

While the Bid is self-explanatory, the SISP calls for some additional information which we provide below.

We are advised that: (1) the Purchaser is a Delaware company, which has (or will have on or before closing) the requisite corporate authority to fulfill its obligations on closing under the Bid; (2) the Purchaser has been and will be capitalized by the pooled investment vehicles (i.e. investment funds) for which our client serves as the investment manager (the "Investment Manager"); and (3) the Investment Manager has approximately U.S.\$500 million in assets under management. Furthermore, Walgreen Co. ("Walgreens"), or an affiliate, will be participating in the bid as a substantial investor in the Purchaser. As you know, Walgreens is the leading national pharmacy chain operator in the United States.

We are further advised that the Investment Manager, certain of the pooled investment vehicles it manages, and Walgreens have collectively agreed to commit as much as CAD\$19 million for the initial capitalization and operating expenses of the Purchaser (funds which may be drawn down from time to time by the Purchaser), and, therefore, that the funding available to the Purchaser is more than sufficient to satisfy the Purchaser's obligations on and after closing under the Bid. In that regard, you will note that the Bid is not conditional on financing. Substantial additional operating financing may be provided to the Purchaser by the Investment Manager and

please remember that the Purchaser is seeking only to purchase assets and to secure the services of certain employees and has no interest in ensuring that the business continues to operate as such during the Interim Period. The Purchaser will provide funding on the terms referred to above, but, aside from basic protection of the assets and the premises and continuing payments to desired employees, it is certainly not seeking to provide funding for any other uses.

If we have misunderstood the nature and terms of the likely required financing during the Interim Period, then, as discussed yesterday, the Purchaser is prepared to consider any reasonable requests in that regard. However, the Purchaser would have to understand (including with verification from the Monitor) the extent of the need, the proposed uses and the lack of alternative sources of funding as starting points for any such discussion.

We are available if you wish to discuss the foregoing or attached, and look forward to hearing from you.

Yours very truly,
BENNETT JONES LLP


Mark S. Laugesen

c. Oslers LLP (M. Wasserman)

MSL:ak
Attachment

PCAS PATIENT CARE AUTOMATION SERVICES INC.

- and -

2163279 ONTARIO INC.

- and -

DASHRX, LLC

ASSET PURCHASE AGREEMENT

MAY •, 2012

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ASSET PURCHASE AGREEMENT

This Agreement made this • day of May, 2012.

A M O N G:

PCAS PATIENT CARE AUTOMATION SERVICES INC., a corporation incorporated under the laws of the Province of Ontario, (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 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) **"Administrative Charge"** has the meaning given to it in the Initial Order;
- (2) **"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;
- (3) **"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;
- (4) **"Approval and Vesting Order"** has the meaning given in Section 6.2;
- (5) **"Assumed Liabilities"** means only the following Liabilities of the Vendor:
 - (a) the lesser of \$334,074 and the amount owing by PCAS to Royal Bank of Canada at the Closing Time pursuant to a letter agreement dated October 12, 2011;
 - (b) the lesser of \$791,384 and the amount 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; and
 - (c) 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;
- (6) **"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;
- (7) **"Business"** means the business carried on by the Vendor which primarily involves the design, manufacture, operation and commercialization of automated pharmacy dispensing platforms;
- (8) **"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;

- (9) "**Closing**" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;
- (10) "**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;
- (11) "**Closing Time**" means the time of closing on the Closing Date provided for in Section 3.1;
- (12) "**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(12);
- (13) "**Court**" has the meaning given in the recitals above;
- (14) "**Deposit**" has the meaning given in Section 2.2;
- (15) "**DIP Lender**" means 2320714 Ontario Inc;
- (16) "**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;
- (17) "**Excluded Assets**" means only the following assets, property, or undertaking of the Vendor:
 - (a) all prescription pharmaceutical drugs; and
 - (b) any other assets that the Purchaser elects to exclude prior to Closing pursuant to Section 2.6;
- (18) "**Excluded Liabilities**" means all Liabilities of the Vendor other than the Assumed Liabilities;
- (19) "**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;
- (20) "**GST**" means the goods and services tax/harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);
- (21) "**Initial Order**" has the meaning given in the recitals above;
- (22) "**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(22);
- (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;

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

(24) **"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);

(25) **"Leased Premises"** means the premises located at 2440 Brighton Road, Oakville, Ontario;

(26) **"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;

- (27) "**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;
- (28) "**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;
- (29) "**Monitor**" has the meaning given in the recitals above;
- (30) "**Party**" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; "**Parties**" means every Party;
- (31) "**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;
- (32) "**Personal Property**" means all machinery, equipment, furniture, motor vehicles and other chattels of the Vendor (including those in possession of third parties);
- (33) "**Prepaid Amounts**" means all prepayments, prepaid charges, deposits, security deposits, sums and fees of the Vendor;
- (34) "**Promissory Note**" has the meaning given in Section 2.3(2);
- (35) "**Prospective Employees**" has the meaning given in Section 7.1(1);
- (36) "**Purchase Price**" has the meaning given in Section 2.3;
- (37) "**Purchased Assets**" means all properties, assets, undertakings, interests and rights (including all choses in action, causes in action, claims 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 Liabilities 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;

- (38) "**Purchaser's Solicitors**" means Bennett Jones LLP;
- (39) "**Receivables**" means all accounts receivable, bills receivable, trade accounts, book debts and any present or future tax refunds and tax credits (including any Scientific Research and Experimental Development refundable tax credit entitlements, the Ontario Innovation Tax Credit entitlements and GST refunds) 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;
- (40) "**Rights**" has the meaning given in Section 3.5;
- (41) "**Sales Process Order**" has the meaning given in the recitals above;
- (42) "**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;
- (43) "**Transferred Employees**" has the meaning given in Section 7.1(1); and
- (44) "**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(12)	-	Contracts
1.1(22)	-	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 Liabilities, 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 Monitor has invested the Deposit in an interest-bearing account of a Canadian chartered bank or trust company, in trust, to 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 Two Million One Hundred Sixty-Eight Thousand Dollars \$(2,168,000.00) (such amount plus the Deposit and all interest earned thereon being the aggregate sum of):

- (a) the lesser of One Hundred Sixty-Eight Thousand Dollars (\$168,000.00) and such amounts owing by the Vendor at the Closing Time in respect of statutory priority claims; and
- (b) Two Million Dollars (\$2,000,000.00) to the DIP Lender on account of amounts then owed by the Vendor to the DIP Lender as of the Closing Date;

(2) a secured promissory note (the "Promissory Note") ranking subordinate only to the Assumed Liabilities in the principal amount of Four Million Dollars (\$4,000,000.00) with a term of three years and an eight percent (8%) payment-in-kind coupon with principal and interest to be paid in full on maturity or, at the option of the holder, convertible into common shares of the Purchaser at the series A share price (such promissory note to be in form and substance acceptable to the Purchaser and the DIP Lender, acting reasonably) to be executed and delivered by the Purchaser to the DIP Lender on Closing, which together with the amount paid to the DIP Lender pursuant to Section 2.3(1)(b), shall be in full satisfaction of all amounts owing by the Vendor to the DIP Lender; and

(3) the assumption of the Assumed Liabilities by the Purchaser.

2.4 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.

2.5 GST Election.

At the Closing, the Vendor and the Purchaser shall, if applicable, jointly execute an election 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.

2.6 Excluded Assets.

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets (other than those Contracts listed in Schedule 1.1(12)) 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.

2.7 Excluded Liabilities.

Except for the Assumed Liabilities, 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) directions to the applicable Governmental Entity to make payment of all refunds payable to the Vendor in respect of any Scientific Research and Experimental Development refundable tax credit entitlements, the Ontario Innovation Tax Credit entitlements and GST to the Purchaser, in form and substance satisfactory to the Purchaser;
- (3) if applicable, the election referred to in Section 2.5;
- (4) the Approval and Vesting Order and the vesting certificate relating thereto; and
- (5) all deeds of conveyance, bills of sale, assurances, transfers, assignments, releases of the Purchaser, its affiliates and each of their respective shareholders, directors, officers, employees and agents, 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.

- (1) At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:
 - (a) the payments referred to in Section 2.3(1); and
 - (b) 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.
- (2) At the Closing, the Purchaser shall deliver to the DIP Lender the Promissory Note duly executed by the Purchaser pursuant to Section 2.3(2).

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) maintain its existence and hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's cost and for the Purchaser's benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (d) 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.

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 each of Royal Bank of Canada, Castcan Investments Inc. and IBM Canada Limited, each 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 4, 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 seventy-five percent (75%) of the Prospective Employees shall have accepted the Purchaser's offer of employment.

- (8) *Delivery of Purchased Assets.* All Purchased Assets, including all automated pharmacy dispensing platforms, that are not currently located at the Leased Premises shall have been delivered 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.
- (10) *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 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.
- (11) *Satisfaction of Amounts Owing to the DIP Lender.* The Promissory Note, together with the amount paid to the DIP Lender pursuant to Section 2.3(1)(b) shall be in full satisfaction of all amounts owing by the Vendor to the DIP Lender as at the Closing Time and the Vendor shall provide the Purchaser with evidence of same to the satisfaction of the Purchaser.

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 4, 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, 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 • and •, 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 a "registrant" under Part IX of the *Excise Tax Act* (Canada) and its registration number is •.

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 Liabilities 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, 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 the Vendor, its affiliates, subsidiaries and each of their respective shareholders, directors, officers, employees and agents. 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.

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 seventy-five percent (75%) of the Prospective Employees must accept the Purchaser's 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, key employee retention plan compensation or other 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, key employee retention plan compensation or other incentive compensation, key employee retention plan 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, key employee retention plan compensation or other 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) 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.

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

Fax: •

Attention: •

Email: •

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: josh@remilegrp.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: Gerard van Havel
Authorized Signatory Gerard van Havel Platrich

Per: Robert W. Monahan
Authorized Signatory
Robert W. Monahan

Schedule 1.1(12)

Contracts

1. Letter agreement dated October 12, 2011 between Royal Bank of Canada and PCAS Patient Care Automation Services Inc.;
2. SR&ED/OITC/HST purchase agreement dated as of March 6, 2012 among Castcan Investments Inc., in trust, PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc.;
3. General security agreement dated as of March 6, 2012 granted by PCAS Patient Care Automation Services Inc. in favour of Castcan Investments Inc., in trust;
4. General security agreement dated as of March 6, 2012 granted by 2163279 Ontario Inc. in favour of Castcan Investments Inc., in trust;
5. Agreement dated as of March 6, 2012 among Royal Bank of Canada, Castcan Investments Inc., in trust, PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc.; and
6. 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(22)

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

APPENDIX L

Letter from counsel to DashRx LLC, dated May 26, 2012



Bennett Jones LLP
3400 One First Canadian Place, PO Box 130
Toronto, Ontario, Canada MSX 1A4
Tel: 416.863.1200 Fax: 416.863.1216

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Our File No. 69405-1

26 May 2012

Via E-mail and Courier

PRICEWATERHOUSECOOPERS INC.
Suite 2600
18 York Street
Toronto, Ontario
M5J 0B2

Attention: Mr. Paul van Eyk

Dear Mr. van Eyk:

Re: PCAS PATIENT CARE AUTOMATION SERVICES INC. and 2163279 ONTARIO INC.

We reference our letter to you dated 24 May 2012 and the attached Asset Purchase Agreement (the "APA") setting out the terms and conditions of a bid (the "Bid") by DashRx, LLC (the "Purchaser") to acquire substantially all of the assets, property, and undertaking of PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc. (together, the "Vendors"). We understand that the Bid was accepted as a "Qualified Bid" in accordance with the Sale and Investor Solicitation Process ("SISP") Summary approved by The Honourable Mr. Justice Brown pursuant to an Order dated 14 May 2012. We understand from discussions with you, counsel to the Vendors, and counsel to the DIP lenders (the "DIP Lenders") of the Vendors that the Vendors wish to continue negotiations with the Purchaser pursuant to s. 15(b) of the SISP to address several matters in the Bid.

The Purchaser is prepared to amend the Bid on the basis set out in this letter. If the proposed amendments are acceptable, we will amend the APA accordingly.

The Purchaser is prepared to lower the threshold for the condition precedent for the number of employees who are to have accepted employment from the Purchaser on or before Closing (as set out in s. 4.1(7) of the APA) from 75% to 50%. The Purchaser has also asked that we clarify that employment with the Purchaser will be offered in Ontario and that employees will not be required to move to the U.S.

The Purchaser is prepared to increase the consideration for the Bid, and values its increased bid at CAD\$10,239,176 in cash and "cash equivalents" (an effective increase of over CAD\$2.7 million), comprising the following:

- (1) CAD\$168,000 in cash for priority claims;

- The Purchaser believes that the Vendors should focus on the 'credit quality' underpinning the Purchaser's Bid. The combined resources of the Investment Manager and Walgreens are substantial and will, in the Purchaser's opinion, significantly improve the value of the business going forward. This should have the effect of substantially increasing the probability of a successful outcome for those existing stakeholders that choose to share in the value upside of the business when compared to bids made by organizations with less robust financial and business resources. The Purchaser also believes that future outside investors, which will be necessary for a successful outcome, are likely to be very interested in co-investing with the Investment Manager and Walgreens. This may not be the case for less well capitalized bidding entities, thus making these bids less likely to achieve beneficial outcomes for existing stakeholders.

In summary, the Purchaser believes that it is providing a structured bid that properly accounts for (a) the requirement for significant future capital investment, and (b) the requirement for high quality investors, which is fundamental to the future success of the enterprise. The Purchaser believes that without accounting for these two essential requirements, competing bids will likely fail in their plans to build the business from Closing onward, with highly deleterious effects on future value for all stakeholders.

We have been told that the Vendors require access to additional funds to cover the period after acceptance of a Successful Bid until Closing, which under the Purchaser's APA is to occur no later than 6 June 2012 (the "Interim Period"). Provided that the Purchaser is selected as the Successful Bidder, the Purchaser is prepared to advance funding in tranches on an as-needed basis in a combined amount not to exceed CAD\$250,000 to the extent strictly necessary (as verified by the Monitor) during the Interim Period. This amount will not be credited against the Purchase Price (as defined in the APA) on Closing (i.e. it will not operate to reduce amounts payable to the DIP Lenders through cash and "cash equivalents"), and will not be secured by any court order or other charge against the assets of the Vendors. It will remain up to the Vendors and the Monitor as to the extent of the expenditures incurred during the Interim Period, but with a hard cap of CAD\$250,000. Given that the Purchaser desires to ensure that the business continues to operate in a reasonable manner to maintain the assets and the services of certain employees, it will be necessary for the Vendors, the Monitor, and the Purchaser to settle a reasonable budget for such funding if the Purchaser is selected as the Successful Bidder.

We are available if you wish to discuss the foregoing, and look forward to hearing from you.

Yours very truly,
BENNETT JONES LLP

"Original signed by Mark S. Laugesen"

Mark S. Laugesen

c. Oslers LLP (M. Wasserman)
Aird & Berlis LLP (S. Babe)

MSL:ak

APPENDIX M

Executed, unredacted purchase agreement between
DashRx LLC and the Company, dated May 31, 2012

PCAS PATIENT CARE AUTOMATION SERVICES INC.

- and -

2163279 ONTARIO INC.

- and -

DASHRX, LLC

ASSET PURCHASE AGREEMENT

JUNE 1, 2012

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ASSET PURCHASE AGREEMENT

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

A M O N G:

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: _____

DASERX, LLC

Per: Mark Haner, P.W.
Authorized Signatory General Manager
Per: Robert W. Monahan
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

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PCAS PATIENT CARE AUTOMATION SERVICES INC. AND 2163279 ONTARIO INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

CONFIDENTIAL APPENDIX B TO THE
SEVENTH REPORT OF THE MONITOR OF
PCAS PATIENT CARE AUTOMATION
SERVICES INC. AND 2163279 ONTARIO INC.
DATED JUNE 1, 2012

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