Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

MOTION RECORD

(Motion returnable Tuesday, August 21, 2012 at 10:00 a.m.)

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TAB 1

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF S. 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, AND S. 101 OF *THE COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

B E T W E E N:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

NOTICE OF MOTION

A. FARBER & PARTNERS INC. (the "**Receiver**"), in its capacity as receiver of the assets, undertakings and properties (the "**Assets**") of the Respondent Austin Pharma Drugs Ltd. (the "**Debtor**") will make a Motion to a Judge of the Commercial List on Tuesday, August 21, 2012, at 10:00 a.m., or as soon after that time as the Motion can be heard at 330 University Avenue, in Toronto, Ontario.

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

THE MOTION IS FOR:

(a) an Order abridging the time for service and validating service of this Notice of Motion and Motion Record, and dispensing with further service hereof such that this Motion is properly returnable on August 21, 2012;

(b) an Order approving the actions and proposed actions of the Receiver as set out in its Fifth Report dated August 16, 2012 (the "**Fifth Report**") and approving the Receiver's Fifth Report;

(c) an Order approving the Receiver's statement of receipts and disbursements contained in the Fifth Report;

(d) an Order approving a proposed sale of the Assets to Shoppers Drug Mart Ltd. (the "**Purchaser**") pursuant to an agreement of purchase and sale between the Receiver and the Purchaser dated August 10, 2012 (the "**APS**");

(e) an Order vesting all right, title and interest, if any, in and to the Assets to the Purchaser free and clear of any encumbrances on closing;

(f) an Order sealing the APS and the confidential appendices referred to in the Fifth Report, pending the completion of the sale of the Assets to the Purchaser, as evidenced by the filing of the Receiver's Certificate, or further Order of this Honourable Court;

(g) an Order authorizing the Receiver to assign the Debtor into bankruptcy following the completion of the transaction contemplated under the APS;

(h) an Order approving the fees and disbursements of the Receiver and its counsel as set out in the Fifth Report; and

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

THE GROUNDS FOR THE MOTION ARE:

1. Pursuant to a sales process approval Order of Campbell J. dated July 6, 2012, the Receiver initiated a sales and marketing process for the Assets in accordance with a prescribed timeline;

2. Nine (9) going concern offers were submitted on or before the offer deadline of 4:00 pm on on July 26, 2012;

3. The Purchaser's offer was the highest and best offer for the Assets;

4. CIT Financial Ltd., the Debtor's primary secured creditor, who stands to suffer a significant shortfall upon the completion of the APS, is supportive of the proposed transaction with the Purchaser;

5. The Receiver has become aware of certain significant pre-filing disbursements of funds from Austin, which would appear to constitute preferences within the meaning of the BIA and seeks authorization it to assign the Debtor into bankruptcy in order that such claims may be pursued either by the Receiver *qua* trustee or by one or more of the estate's creditors pursuant to s. 68 of the BIA;

6. Rule 1.04, 2.01, 3.02 and 16.08 of the *Rules of Civil Procedure*; and

7. Such further and other grounds as counsel may advise and this Honourable Court permit.

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

1. The Fifth Report of A. Farber & Partners Inc. dated August 16, 2012;

2. Such further and other material as counsel may advise and this Honourable Court may permit.

August 16, 2012

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CIT FINANCIAL LTD.
Applicant

-and-

AUSTIN PHARMA DRUGS LTD.
Respondent

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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TAB 2

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

A. FARBER & PARTNERS INC.

FIFTH REPORT OF THE RECEIVER
AUGUST 16, 2012

PURPOSE OF THE REPORT

1. This purpose of this fifth report (the **"Fifth Report"**) of A. Farber & Partners Inc. in its capacity as Court-appointed receiver (the **"Receiver"**) of all of the assets, property and undertaking (the "**Assets**") of Austin Pharma Drugs Ltd. ("**Austin**" or the "**Debtor**") is to:

(a) report on the outcome of the Sales Process (as defined below) undertaken by the Receiver which culminated in the acceptance an offer, subject to this Honourable Court's approval;

(b) request approval of a proposed sale of the Assets to Shoppers Drug Mart Inc. (the "**Purchaser**"), pursuant to the terms of a definitive agreement of purchase and sale dated August 10, 2012 (the **"APS"**);

(c) request an order vesting of all right, title and interest, if any, in and to the Assets to the Purchaser free and clear of any encumbrances;

(d) request an order sealing the APS and several other documents, pending the completion of the sale of the Assets to the Purchaser, as evidenced by the filing of the Receiver's Certificate, or further Order of this Honourable Court;

(e) request an order authorizing the Receiver to assign the Debtor into bankruptcy following the completion of the transaction contemplated under the APS;

(f) seek approval of the fees and disbursements of the Receiver and its legal counsel for the periods identified in the fee Affidavits (attached hereto as Appendices "L" and "M");

(g) seek approval the Receiver's R&D (as defined below) and the activities of the Receiver as set out in this Fifth Report.

DISCLAIMER

2. The Receiver assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this Fifth Report. Any use which any person or entity, other than the Ontario Superior Court of Justice (Commercial List), makes of this Fifth Report, or any reliance on or a decision made based upon this Fifth Report is at such person's or entity's own risk.

BACKGROUND

3. The Receiver was appointed pursuant to the Order of the Honourable Mr. Justice Morawetz dated April 17, 2012 (the "**Appointment Order**"). A copy of the Appointment Order is attached hereto as **Appendix "A"**.

4. The Debtor carries on business as an independent, full service pharmacy and methadone dispensary (the "**Pharmacy**"), on the main floor of a multi-story medical building located at 1525 Albion Road in Toronto, Ontario (the "**Premises**").

5. Prior to the Receiver's appointment, a dispute arose between Austin and its landlord, Albion Kipling Medical Building Corp. (the **"Landlord"**), with respect to whether Austin had exercised its right to renew its lease of the Premises. The Landlord took the position that the lease had expired. Austin thereupon initiated an action in Court File No. CV-11-431612, and within that action a motion (the "**RFF Motion**"), against the Landlord for relief from forfeiture.

6. The Receiver previously reported upon the progress of the RFF Motion in its First Report dated May 1, 2012 (the "**First Report**"), its Second Report dated June 11, 2012 (the "**Second Report**"), and its Third Report dated June 14, 2012 (the "**Third Report**"). Copies of the First Report, Second Report and Third Report are attached hereto (without exhibits) as **Appendices "B"**, **"C"** and **"D"** respectively.

7. On June 15, 2012, the RFF Motion was heard by the Honourable Mr. Justice Newbould. The Receiver, supported by CIT Financial Ltd. ("**CIT**"), the Debtor's primary secured creditor, succeeded in obtaining a declaration that Austin's lease of the Premises had been effectively renewed for a second term of five years effective August 1, 2011. A true copy of the decision of the Honourable Mr. Justice Newbould, reported at 2012 CarswellOnt 8997 (the "**RFF Decision**"), is attached hereto as **Appendix "E"**.

8. On June 29, 2012, the Receiver submitted its Fourth Report in support of a motion to, *inter alia*, approve a proposed sales and marketing process (the "**Sales Process**") in respect of the Assets. A copy of the Fourth Report, without appendices, is attached as **Appendix "F"**.

9. On July 6, 2012, the Honourable Mr. Justice Campbell granted an order approving, *inter alia*, the Sales Process as outlined in the Fourth Report (the "**Sales Process Approval Order**"). A copy of the Sales Process Approval Order is attached as **Appendix "G"**.

10. On July 16, 2012, the Landlord served a notice of appeal (the "**Notice of Appeal**") of the RFF Decision. A true copy of the Notice of Appeal is attached as **Appendix "H"**.

MINUTES OF SETTLEMENT

11. Notwithstanding their view that the Landlord's appeal lacked merit, to the extent the

Premises are leased and the value of the Pharmacy is tied to the lease, both CIT and the Receiver were conscious that the assistance and co-operation of the Landlord would be helpful in maximizing a realization for the Assets.

12. Accordingly, on July 24, 2012, the Landlord, CIT and the Receiver entered into minutes of settlement (the "**Minutes of Settlement** ") whereby, *inter alia*:

(a) the Landlord agreed to abandon its appeal of the RFF Decision;

(b) the Landlord agreed to assist the Receiver by negotiating as a commercially reasonable Landlord would with prospective purchasers;

(c) the Landlord agreed to offer prospective qualified purchasers a new lease for a term of twenty (20) years, as opposed to an assignment of the existing lease which is due to expire in approximately fourteen (14) years; and

(d) in exchange for the Landlord's co-operation, CIT agreed to pay the Landlord a modest share of the proceeds from the sale of Assets according to a prescribed formula.

13. A true copy of the Minutes Settlement will be filed with the Court as a confidential appendix to this Fifth Report (the **"Confidential Appendix A"**), subject to a request that it be sealed, pending completion of the sale, or a further Order of the Court. The sealing request is sought as the formula contained in the Minutes of Settlement is sensitive. In the event that the transaction contemplated under the APS fails to close, knowledge of the formula on the part of a prospective purchaser could negatively impact a realization.

14. The Receiver believed (and continues to believe) that the terms of the Minutes of Settlement are reasonable insofar as they are intended to: (a) assist in maximizing a realization from the sale of the Assets; (b) avoid delay in implementing the Sales Process associated with the Landlord's appeal; and (c) avoid a potential motion to compel an assignment of the lease to a purchaser.

THE SALES PROCESS

15. Under the Sales Process Approval Order the Receiver was authorised to initiate a sales and marketing process for the Assets in accordance with a prescribed timeline. The Sales Process itself was intended to solicit interest from qualified purchasers with experience in operating a retail pharmacy as a going concern.

16. The Receiver identified a list of potentially interested parties in discussions with CIT, with the Debtor's suppliers and based on its own investigations and contacts in its database. On July 6, 2012 the Receiver initiated the Sales Process in accordance with the Sales Process Approval Order. The Receiver's activities in this regard are set out below:

(a) information pertaining to the acquisition opportunity was posted on the Receiver's website at www.farberfinancialgroup.com including an overview of the investment opportunity (the **"Teaser"**) and sales process, and a form of non-disclosure agreement (**"NDA"**);

(b) in total, the Receiver made contact with 37 interested parties (the **"Interested Parties"**) and provided them (via email or fax) with details of the opportunity, including the Teaser and NDA;

(c) an advertisement was posted in the National Edition of the Globe & Mail newspaper on Wednesday, July 11, 2012. A copy of the advertisement is attached as **Appendix "I"**;

(d) twenty seven (27) Interested Parties executed the NDA;

(e) the Receiver provided access to an electronic data room to all Interested Parties that signed and returned the NDA. The data room included financial, technical, leasing and other pertinent information regarding the Pharmacy and its operations for Interested Parties to review;

(f) a confidential information memorandum (the "**CIM**") was prepared by the Receiver which set out confidential details regarding the Assets. The CIM was posted to the data room for access by the Interested Parties;

(g) a template form of the Agreement of Purchase and Sale was prepared and posted to the secured electronic data room, to be used by potential purchasers as the form of offer to be submitted;

(h) the Receiver updated the data room with the latest information and advised all Interested Parties when new information had been posted;

(i) five (5) Interested Parties completed site visits of the business with the assistance of the Receiver and several other interested parties attended the premises on their own to observe the operation. The Receiver also responded to numerous inquiries from the Interested Parties.

17. Offers from Interested Parties were requested for receipt on or before 4:00pm E.S.T. on July 26, 2012 (the "**Offer Deadline**").

18. Nine (9) going concern offers (the "**Offers**") were submitted on or before the Offer Deadline

19. The Receiver has prepared a chart which compares the salient terms of the Offers received. A copy of that chart will be filed with the Court in a confidential appendix to this Fifth Report (the "**Confidential Appendix B**"), subject to a request that it be sealed, pending completion of the sale, or a further Order of the Court.

20. The Receiver is of the view that the solicitation process has been administered fairly and in good faith, in a manner consistent with other approved solicitation processes in insolvency filings, and that it was designed and executed in a manner that exposed the opportunity to a broad range of prospective purchasers with a view to securing the highest and best offers from potentially interested purchasers.

21. The level of interest, and bids received, demonstrate that the objective of the process to obtain an offer capable of acceptance has been achieved. The Receiver reviewed the Offers with CIT, and CIT is supportive of the Receiver's recommendation. As noted in the Second Report, the secured debt of Austin exceeds $16 million.[1]

[1] The Receiver understands that there may be a claim on the part of Maxium Financial Services Inc. ("Maxium") that the security held by CIT and the underlying indebtedness was assigned to Maxium. As of the date hereof, neither Maxium nor CIT have sought to involve the Receiver in such claim. Maxium's counsel Pallett Valo is on the Receiver's service list.

SALE PROCESS RESULTS

22. Following clarification of certain points and conditions from four Interested Parties who submitted Offers, and assisting in the successful negotiation of a new lease between the Landlord and the Purchaser, the Receiver considered the Purchaser's offer to be the highest and best offer for the Assets.

23. The Receiver entered into the APS with the Purchaser on August 10, 2012. A copy of the APS, which is subject to Court approval, is attached as **Appendix "J"** with the purchase price, deposit amount and other confidential information redacted.

24. A true copy of the APS will be filed with the Court as a confidential appendix to this Fifth Report (the **"Confidential Appendix C"**), subject to a request that it be sealed, pending completion of the sale, or a further Order of the Court.

AGREEMENT WITH KOHL & FRISCH

25. CIT is the first registrant against Austin under the PPSA. Kohl & Frisch Limited (**"Kohl"**), who was the primary supplier of inventory to the Pharmacy at the time of the Receiver's appointment, holds a PPSA registration immediately subsequent in time to CIT. Kohl claims a PMSI in respect of inventory supplied and accounts receivable generated by the Kohl inventory.

26. The Receiver anticipates that Kohl and CIT will agree, subject to the sale of the Assets to the Purchaser being approved by the Court and completed, that an agreed upon sum will be directed to Kohl when the net sale proceeds are distributed by the Receiver. Insofar as the Debtor's indebtedness under the CIT loan materially exceeds the recovery that will be achieved upon the completion of the sale to the Purchaser, and Kohl and CIT will likely agree on the sum to be paid to

Kohl in satisfaction of its claims against the Debtor, the Receiver considers it unnecessary (at this stage) to obtain an opinion regarding the validity and enforceability of Kohl's security and underlying loan documents.

BANKRUPTCY OF AUSTIN FOLLOWING COMPLETION OF APS

27. The Receiver has become aware of certain significant pre-filing disbursements of funds from Austin, which would appear to constitute preferences within the meaning of the BIA. In the circumstances, the Receiver is seeking an Order authorizing it to assign the Debtor into bankruptcy in order that such claims may be pursued either by the Receiver *qua* trustee or by one or more of the estate's creditors pursuant to s. 68 of the BIA. Insofar as the Pharmacy is sought to be sold under the APS on a going concern basis, the Receiver proposes that any assignment into bankruptcy of the Debtor not take place until the sale of the Assets to the Purchaser is completed.

ACTIVITIES OF THE RECEIVER

28. The following is a summary of the Receiver's activities to date:

(a) the Receiver has continuously operated the Pharmacy from the date of its appointment until the present time;

(b) the Receiver has continued to attend at the Pharmacy to ensure operations continue on an uninterrupted basis, and to closely monitor the daily sales, cash receipts, inventory requirements and other business needs of the Pharmacy

(c) the Receiver has continued to ensure that the Debtor's employees have been paid all wages and applicable vacation pay;

(d) the Receiver has continued to advise and keep up to date all stakeholders of the Pharmacy, including the Ontario College of Pharmacists; Ontario Drug Benefit Plan and other drug benefit providers, the Landlord and other suppliers;

(e) the Receiver has continued to transfer funds from the bank accounts held at the TD Canada Trust to the estate bank account;

(f) the Receiver has continued to purchase inventory from Kohl, and has kept its post-filing account up to date;

(g) the Receiver has continued to maintain contact with the brand and generic drug manufacturers that supply product through K&F to the Pharmacy. The Receiver has continued to follow up with these manufacturers to ensure that all amounts owing to the Pharmacy are accounted for and paid;

(h) The Receiver has released the Debtor's interest in a vehicle to BMW Financial Services Canada.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

29. In accordance with the Appointment Order, the Receiver received funding from CIT and recorded the advances of $103,903.08 by way of two Receiver's Certificates. A copy of the redacted Receiver's interim Statement of Receipts and Disbursements as at August 16, 2012 (the **"R&D"**), excluding the deposit received under the APS, is attached as **Appendix "K"**. A copy of the unredacted Receiver's R&D will be filed with the Court as a confidential appendix to this Fifth Report (the **"Confidential Appendix D"**), subject to a request that it be sealed, pending completion

of the sale, or a further Order of the Court.

FEES AND DISBURSEMENTS OF THE RECEIVER AND ITS COUNSEL

30. Pursuant to paragraph 18 of the Appointment Order, the fees and disbursements of the Receiver and its legal counsel form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person.

31. The total fees and disbursements of the Receiver for the period April 9, 2012 to August 3, 2012 amounts to $255,436.04 (including HST), of which $145,646.40 has been paid, subject to the approval of those fees by this Honourable Court.

32. Full particulars of the fees and disbursements of the Receiver are set out in the Affidavit of Hylton Levy, sworn August 16, 2012, which is attached hereto **Appendix "L"** (the **"Farber Affidavit"**). The Farber Affidavit also contains particulars of hours spent, hourly rates, average hourly rates, total fees and disbursements of the Receiver.

33. The Receiver engaged Dickinson Wright LLP (**"DW"**) as independent counsel to the Receiver. The total fees and disbursements of the DW for the period April 10, 2012 to August 16, 2012 amounts to $108,494.10 (including HST).

34. Full particulars of the fees and disbursements of DWLLP are set out in the Affidavit of David Preger, sworn August 16, which is attached hereto **Appendix "M"** (the **"DW Affidavit"**). The accounts of DW annexed to DW Affidavit also contain particulars of hours spent, hourly rates, and total fees and disbursements of DW.

35. The Receiver has reviewed the accounts of DW and, given DW's involvement in this

matter, is of the view that all the work set out in the accounts of DW was necessary. The hourly rates of the lawyers at DW who worked on this matter are reasonable in light of the services required, and the services were carried out by lawyers with the appropriate level of experience.

RECOMMENDATIONS

36. The Receiver respectfully requests that this Honourable Court grant an Order:

(a) approving the actions and proposed actions of the Receiver as set out in this Fifth Report, and approving the Receiver's Fifth Report;

(b) approving the R&D;

(c) approving of the proposed sale of the Assets to Shoppers pursuant to the APS;

(d) vesting all right, title and interest, if any, in and to the Assets to the Purchaser free and clear of any encumbrances on closing;

(e) sealing the APS and the confidential appendices referred to herein, pending the completion of the sale of the Assets to the Purchaser, as evidenced by the filing of the Receiver's Certificate, or further Order of this Honourable Court;

(f) authorizing the Receiver to assign the Debtor into bankruptcy following the completion of the transaction contemplated under the APS;

(g) approving the fees and disbursements of the Receiver and its counsel.

All of which is respectfully submitted this 16th of August, 2012.

A. FARBER & PARTNERS INC.,
IN ITS CAPACITY AS THE COURT APPOINTED RECEIVER OF AUSTIN PHARMA DRUGS LTD. and not in its personal or other capacity

A. Farber & Partners Inc.

This is Appendix **"A"** referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF s. 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985 and s. 101 of the *Courts of Justice Act*, R.S.O., 1990, c. C-43, as amended

THE HONOURABLE MR.	)	TUESDAY, THE 17th
JUSTICE MORAWETZ	)	DAY OF APRIL, 2012

B E T W E E N:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondents

ORDER

THIS APPLICATION made by the Applicant, CIT Financial Ltd. ("**CIT**" or the "**Applicant**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing A. Farber & Partners Inc. ("**Farber**") as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Austin Pharma Drugs Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jack Pietropaolo, sworn April 10, 2012 and the Exhibits thereto, and on hearing the submissions of counsel for CIT, Kohl & Frisch Limited, the Ministry of Health and Long Term Care and the proposed Receiver, no one appearing for the Debtor although duly served as appears from the affidavit of service of

Laura DiPronio, sworn April 11, 2012, and on reading the consent of Farber to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Farber is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage pharmacists, consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts, including rental payments, now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $50,000.00, provided that the aggregate consideration for all such transactions does not exceed $100,000.00; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or

purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;

(s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

(t) to contact, make any necessary inquiries and obtain information pertaining to the Debtor from the Ontario College of Pharmacists, the Ministry of Health and Long Term Care, the Ontario Drug Benefit Program and any insurance company; and

(u) to participate in and instruct counsel for and, if necessary, in the name of the Debtor with respect to the proceedings commenced by

the Debtor (the "**Relief from Forfeiture Proceedings**") in the Ontario Superior Court of Justice (bearing Court File No. CV-11-431612) in which it is seeking, *inter alia*, an order for relief from forfeiture permitting the Debtor to continue to occupy Units 103 and 104 at 1525 Albion Road in Toronto, Ontario and, if necessary, to take all steps necessary to transmit the Relief from Forfeiture Proceedings to the Receiver;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, including Sherif Ghattas ("**Ghattas**") and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including the Ontario College of Pharmacists, the Ministry of Health and Long Term Care, the Ontario Drug Benefit Program and any insurance company (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, licences, entitlements, billing privileges, subscription agreement, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively,

the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

6A. THIS COURT ORDERS AND DIRECTS that in furtherance of Paragraph 5, the Debtor and Ghattas shall promptly provide to the Receiver such information and documents as may be requested from time to time by the Receiver and which are reasonably necessary for the Receiver to prosecute the Relief from Forfeiture Proceedings and the Debtor and Ghattas shall provide such assistance to the Receiver as may be reasonably necessary for the prosecution of the Relief from Forfeiture Proceedings including, but not limited to, attending to be cross-examined on his

affidavits sworn in support of the Relief from Forfeiture Proceedings and attending with the Receiver's counsel to prepare for the cross-examinations.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, (iv) prevent the registration of a claim for lien, or (v) exempt the Receiver or the Debtor from inspection pursuant to section 14 of the Ontario *Drug Benefit Act*.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract,

agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

12A. ~~THIS COURT ORDERS that, to the extent reasonably practicable, the Receiver shall segregate all proceeds received on account of the sale of any inventory supplied~~

~~by Kohl & Frisch Limited to the Debtor in a separate Post Receivership Account, subject to distribution on further Order of this Court.~~

~~12.~~ THIS COURT ORDERS THAT the Receiver shall pay from the Post Receivership Accounts the sum of $1,500 per month on the first day of each month to Torkin Manes LLP pursuant to the Order of Mr. Justice Brown dated July 29, 2011 in the Relief from Forfeiture Proceedings, or as may be ordered by this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act.*

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective 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 Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. 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 Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

PHIPA (ONTARIO)

15. THIS COURT ORDERS that, pursuant to clause 42 of the *Ontario Personal Health Information Protection Act* ("**PHIPA**"), the Receiver shall only disclose personal health information to prospective purchasers or bidders who are potential successor(s) to the pharmacy business of the Debtor (the "**Pharmacy**") as Health Information Custodian(s) (as defined in the PHIPA) for the purposes of allowing the potential successor to assess and evaluate the operations of the Pharmacy. Each potential successor to whom such personal health information is disclosed is required in advance of such disclosure to review and sign an acknowledgement of this Order indicating that it agrees to keep the information confidential and secure and not to retain any of the information longer than is necessary for the purposes of the assessment or evaluation, and if such potential successor does not complete a Sale, such potential successor shall return all such information to the Receiver, or in the alternative shall destroy all such information. Such acknowledgement shall be deemed to be an agreement between the Receiver and the potential successor for the purposes of clause 42 of PHIPA.

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property ~~of the Debtor~~, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such

amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $250,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

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

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

29. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor' estate with such priority and at such time as this Court may determine.

30. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

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SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT $_____

1. THIS IS TO CERTIFY that A. Farber & Partners Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Austin Pharma Drugs Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the __ day of April, 2012 (the "**Order**") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $_____, being part of the total principal sum of $250,000.00 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ___ day of April, 2012.

A. Farber & Partners Inc., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Hylton Levy
Vice-President

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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Lawyers for the Applicant, CIT Financial Ltd.

This is Appendix **"B"** referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF S. 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, AND S. 101 OF *THE COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

BETWEEN:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

FIRST REPORT OF THE RECEIVER

May 1, 2012

PURPOSE OF THIS REPORT

1. This First Report of A. Farber & Partners Inc. in its capacity as receiver ("Receiver") of the assets, undertakings and properties of Austin Pharma Drugs Ltd. (the "Debtor") is filed in support of a motion by the Receiver for directions in respect to the RFF Proceeding (hereinafter defined) and, more specifically, for an Order:

(a) transferring the RFF Proceeding to the Commercial List;

(b) compelling Mr. Sherif Ghattas ("Ghattas"), a director and the President of the Debtor, to: (i) meet with the Receiver's counsel to prepare for cross-examination; and (ii) attend to be cross-examined on his affidavits filed in support of the RFF Proceeding; and

(c) scheduling the hearing of a motion for relief from forfeiture in the RFF Proceeding.

2. The purpose of this First Report is limited to the matters hereinabove described. The Receiver will file a separate report in due course to report on its general activities since its recent appointment.

DISCLAIMER

3. The Receiver assumes no responsibility or liability for loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this First Report. Any use which any party, other than the Court, makes of this First Report or any reliance on or a decision to be made based upon it, is the responsibility of such party.

INTRODUCTION AND BACKGROUND

4. By Order of Morawetz J. dated April 17, 2012 (the "Appointment Order"), the Receiver was appointed receiver of the assets, undertakings and properties of the Debtor. A copy of the Appointment Order is attached as **Appendix "A"**.

5. The Debtor carries on business as an independent, full service pharmacy and methadone dispensary (the "Pharmacy"). The Pharmacy is located in units 103 and 104 on the main

floor of a multi-story medical building located at 1525 Albion Road in Toronto, Ontario (the "Premises").

6. The Debtor's landlord of the Premises is Albion Kipling Medical Building Corp. (the "Landlord"). The Debtor obtained its leasehold interest in the Premises, as assignee of a former tenant, pursuant to a Lease Agreement dated August 23, 1996, as amended by an Extension Agreement dated November 24, 1999, and a Lease Assignment/Amending Agreement dated October 29, 2008 (collectively, the "Lease"). The Lease is a significant asset of the Debtor.

THE RFF PROCEEDING

7. In July of 2011, a dispute arose between the Debtor and the Landlord regarding whether the Debtor had given notice of its intention to renew the Lease. The Lease gave the Debtor the right to renew and extend the Lease provided that it "*delivered notice of intent to renew the existing lease to the landlord at least ninety (90) days prior to the expiry of the term...*". The existing term of the lease was due to expire on July 31, 2011.

8. In December 2010 the Landlord requested, in writing, that the Debtor deliver to it twelve monthly rent cheques for 2011 including cheques for the months of August 2011 to December 2011, which months fall within the next five year renewal term of the Lease (the "Renewal Term").

9. Monthly rent for the Renewal Term is higher than the rent that was payable during the term which expired on July 31, 2011.

10. On January 4, 2011 the Debtor provided to the Landlord twelve (12) cheques for the monthly rent for 2011. The monthly rent cheques delivered to the Landlord for the Renewal Term were consistent with the rent payable during the Renewal Term.

11. The Debtor contends that delivering the cheques, and in particular the cheques for the Renewal Term, in response to the Landlord's request, constitutes notice of its intention to renew. The Landlord takes the position that delivery of the rent cheques does not constitute effective notice.

12. The dispute prompted the Debtor to initiate an action against the Landlord for relief from forfeiture in Toronto, in Court File No. CV-11431612 (the "RFF Proceeding"). The successful conclusion of the RFF Proceeding will be critical to the outcome of the Receiver's realization efforts.

13. Copies of the Debtor's Notice of Motion, the Affidavits of Ghattas (without exhibits) filed in support of the Motion, and the Responding Affidavits (without exhibits) filed on behalf of the Landlord, are attached **Appendix "B"**.

14. Onofrio Lorusso, the Landlord's principal, deposes that he believes that if the Premises are exposed to the market, another pharmacist or pharmacy will pay at least $4 million [in key money] for the right to enter into a long term lease of the Premises.

15. On July 29, 2011, D. Brown J., on consent, enjoined the Landlord from re-entering the Premises or terminating the Debtor's tenancy. His Honour further ordered the Debtor to continue to make payments to the Landlord for its occupation of the Premises on a without prejudice basis. A copy of the Order of D. Brown J. is attached as **Appendix "C"**. The Receiver understands that all payments to the Landlord required under the Order were paid. The Receiver has made payment and intends to continue to make such payments to the Landlord in accordance with the Order of D. Brown J. until the RFF Proceeding is concluded.

16. On November 2, 2011, Pollak J. established a schedule for the filing of further materials, for conducting cross-examinations, for filing facta and fixed the hearing of the relief from

forfeiture motion for May 29, 2012. A copy of the endorsement of Pollak J. is attached as Appendix "D".

17. In March of 2012, the Landlord served a cross motion returnable on May 29, 2012 to dismiss the RFF Proceeding for the failure of Ghattas to attend for cross-examination on his affidavits. A copy of the Landlord's notice of cross motion is attached as Appendix "E".

18. The Receiver understands that Ghattas refused to attend for cross-examination because he was unable to agree to terms settling his personal indebtedness to CIT Financial Ltd. ("CIT"), the appointing creditor in the within proceeding.

19. Paragraph 6A of the Appointment requires Ghattas to co-operate with the Receiver in the RFF Proceeding:

> "6A. THIS COURT ORDER AND DIRECTS that in furtherance of Paragraph 5, the Debtor and Ghattas shall promptly provide to the Receiver such information and documents as may be requested from time to time by the Receiver and which are reasonably necessary for the Receiver to prosecute the Relief from Forfeiture Proceedings and the Debtor and Ghattas shall provide such assistance to the Receiver as may be reasonably necessary for the prosecution of the Relief from Forfeiture Proceedings including, but not limited to, attending to be cross-examined on his affidavits sworn in support of the Relief from Forfeiture Proceedings and attending with the Receiver's counsel to prepare for the cross-examinations.

RECOMMENDATIONS

20. Given the critical import of the Lease to a successful realization, the Receiver recommends that the RFF Proceeding be transferred to the Commercial List to be dealt with in parallel to the within receivership proceeding.

21. In order to avoid a dismissal of the RFF Proceeding, and without admitting that the RFF Proceeding should *ipso facto* be dismissed in the event that Ghattas fails to attend for cross-examination, the Receiver further recommends that an Order be made compelling Ghattas to: (i) meet with the Receiver's counsel to prepare for cross-examination; and (ii) attend to be cross-examined on his affidavits filed in support of the RFF Proceedings on a date to be fixed which is convenient to the Receiver's and Landlord's counsel.

22. Subject to the outcome of the cross-examinations in the RFF Proceeding, the Receiver may consider it necessary to seek further directions from this Honourable Court at a later date.

All of which is respectfully submitted, this 1st day of May, 2012.

A. Farber & Partners Inc.

A. FARBER & PARTNERS INC., in its capacity as the Court-appointed Receiver the assets, undertakings and properties of Austin Pharma Drugs Ltd.

This is Appendix "C" referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

A. FARBER & PARTNERS INC.

SECOND REPORT OF THE RECEIVER
JUNE 11, 2012

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INTRODUCTION

1. By Order of the Honourable Mr. Justice Morawetz dated April 17, 2012 (the "**Appointment Order**"), A. Farber & Partners Inc. (**"Farber"** or the **"Receiver"**) was appointed as Receiver of all of the assets, undertakings and properties of Austin Pharma Drugs Ltd. (**"Austin"** or the **"Debtor"**). The Appointment Order is attached hereto as **Appendix "A"**.

2. The Debtor carries on business as an independent, full service pharmacy and methadone dispensary (the **"Pharmacy"**). The Pharmacy is located in units 103 and 104 on the main floor of a multi-story medical building located at 1525 Albion Road in Toronto, Ontario (the **"Premises"**).

3. Mr. Sheriff Ghattas (**"Ghattas"**) is the principal and majority shareholder of the Debtor. The Debtor employs 8 full time employees who perform pharmacy technician duties. In addition, two licensed pharmacists are retained on a subcontracted basis.

4. The appointment of the Receiver was sought by CIT Financial Ltd. (**"CIT"**). CIT is the primary secured lender of Austin, having advanced funds for the purchase of the Pharmacy in October 2008.

5. The Debtor's landlord of the Premises is Albion Kipling Medical Building Corp. (the **"Landlord"**). The Debtor obtained its leasehold interest in the Premises, as assignee of a former tenant, pursuant to a Lease Agreement dated August 23, 1996, as amended by an Extension Agreement dated November 24, 1999, and a Lease Assignment/Amending Agreement dated October 29, 2008 (collectively, the "**Lease**"). The Lease is a significant asset of Austin.

6. In July of 2011, well prior to the Receiver's appointment, a dispute arose between the Debtor and the Landlord regarding whether the Debtor had exercised its right to renew the Lease. The dispute prompted the Debtor to initiate an action against the Landlord for relief from forfeiture in Toronto, in Court File No. CV-11431612 (the **"RFF Proceeding"**).

7. On July 29, 2011, the Honourable Mr. Justice Brown, on consent, enjoined the Landlord from re-entering the Premises or terminating the Debtor's tenancy (the **"July 29 Order"**). The Court further ordered the Debtor to continue to make payments to the Landlord for its occupation of

the Premises on a without prejudice basis. A copy of the July 29 Order is attached as **Appendix "B"**.

8. On November 2, 2011, the Court established a schedule for the filing of further materials, for conducting cross-examinations, for filing facta and fixed the hearing of a motion for relief from forfeiture in the RFF Proceeding (the "**RFF Motion**") for May 29, 2012.

9. In March of 2012, the Landlord served a cross motion returnable on May 29, 2012 to dismiss the RFF Proceeding for the failure of Ghattas to attend for cross-examination on his affidavits.

10. Shortly following the Receiver's appointment, by Order of the Honourable Mr. Justice Brown dated May 3, 2012 (the "**May 3 Order**"), on a motion brought by the Receiver, the RFF Proceeding was transferred to the Commercial List and the RFF Motion was fixed for hearing on June 15, 2012. A copy of the May 3 Order is attached as **Appendix "C"**.

11. By further Order of the Honourable Mr. Justice Brown dated May 8, 2012, by (the "**May 8 Order**"), the Court, *inter alia*, ordered Ghattas to attend on May 14, 2012 at the offices of the Receiver's independent counsel, Dickinson Wright LLP ("**DWLLP**"), to prepare for cross examination, and to attend on May 15, 2012 to be cross-examined on his affidavits filed in support of the RFF Motion. A copy of the May 8 Order is attached as **Appendix "D"**.

PURPOSE OF THIS REPORT

12. The purpose of this Second Report of the Receiver (the "**Second Report**") is to:

(a) report on the activities of the Receiver since its appointment and seek approval of the Receiver's activities to date; and

(b) report on the Receiver's unsuccessful efforts to produce Ghattas for cross-examination to date.

DISCLAIMER

13. Farber has relied upon the financial records and information provided by the Debtor, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and Farber has not independently reviewed or verified such information. Farber assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this Second Report. Any use which any person or entity, other than the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), makes of this Second Report, or any reliance on or a decision made based upon this Second Report is at such person's or entity's own risk.

ACTIVITIES OF THE RECEIVER

14. Upon its appointment, the Receiver took possession of the Premises. Since that time the Pharmacy has continued to provide pharmacy services with no significant service interruptions.

15. The Receiver notified Pharmacy employees that, in accordance with the Appointment Order, their employment would continue with the Debtor. The services of sub-contracted pharmacists were also secured to ensure continuity of service delivery.

16. The Receiver contacted the Debtor's former managing pharmacist, Fady Suliman (**"Suliman"**), to obtain the books and records and other information regarding the business and affairs of the Debtor. Suliman is a minority shareholder of the Debtor. The Receiver elected not to continue Suliman's services as the managing pharmacist.

17. The Receiver was advised by Suliman that the books and records of the Debtor were held off-site by Magdy Yany (**"Yany"**), the bookkeeper of the Debtor. The Receiver contacted Yany and requested the financial information of the Debtor, including the most recent financial statements, payroll information, accounts payable information and bank statements and cancelled cheques. Yany is assisting the Receiver in processing payroll information and other bookkeeping functions, as required.

18. The Receiver also advised the Ontario College of Pharmacists of its appointment and made certain requisite changes to Austin's registration to enable the Pharmacy to operate while in

receivership.

19. The Receiver contacted the Debtor's insurer and had the Receiver added to the insurance policy as a named insured.

20. The Receiver also contacted drug benefit insurance providers to direct all future receivable payments to the Receiver's trust account.

21. The Receiver took possession of the Debtor's bank account held at the TD Canada Trust to ensure the continued receipt of automatic deposits, generally from insurance and benefit providers, and to suspend outstanding cheques and automatic withdrawals. The Receiver continues to monitor the bank account balance and periodically transfers funds to the Receiver's estate trust account.

22. The Receiver prepared a cash flow projection for the period ended June 30, 2012 (the **"Cash Flow"**). Insofar as the Receiver intends to sell the Pharmacy, subject to the outcome of the RFF Proceeding, the Cash Flow is not being filed herewith.

23. Prior to the Receiver's appointment, Austin had been placed on C.O.D. status with Kohl & Frisch Limited (**"K&F"**), Austin's primary comprehensive drug supplier, which severely hampered Austin's ability to purchase product. Upon the Receiver's appointment, inventory levels needed to be restored. The Receiver has gradually been restoring inventory levels primarily based on sales levels.

24. The Receiver understands that K&F holds a registered purchase money security interest in the inventory at the Pharmacy. Western Inventory Services (**"WIS"**) was engaged, with K&F's knowledge, to conduct a financial count of the inventory at the Pharmacy. WIS attended on April 21, 2012 to count the inventory and provided a report to the Receiver.

25. An initial advance of $50,000 was funded by CIT to the Receiver by way of Receiver's Certificate CIT-001, secured by the Receiver's Borrowing Charge in accordance with paragraph 21 of the Appointment Order. A copy of the Receiver's Certificate CIT-001 is attached hereto as **Appendix "E"**.

26. The Receiver also secured an initial $250,000 credit limit with K&F. The credit limit has

since been increased to $400,000 based on the current operating requirements of the Pharmacy. The credit limit increase has been critical to the replenishment of inventory and the associated retention of customers and maintenance of the value of the business.

27. On April 27, 2012, the Receiver filed the Notice and Statement of Receiver for the Debtor in accordance with subsections 245(1) and 246(1) of the BIA, a copy of which is attached as **Appendix "F"**.

28. The Receiver is in the process of reviewing the Debtor's bank statements for the twelve months preceding its appointment. The Receiver has requested additional supporting documents for certain transactions from the Debtor's bank, TD Canada Trust. The Receiver will report back to the Court on its findings once the information has been received and reviewed.

29. The Receiver has made contact with the brand and generic drug manufacturers that supply product through K&F to the Pharmacy. K&F has advised that it is industry practice for the generic drug manufacturers to pay pharmacies a 'professional allowance' for sale of their product. The Receiver continues to follow up with these manufacturers to ensure that all amounts owing to the Pharmacy are accounted for and paid.

30. Numerous potential interested parties (the **"Interested Parties"**) have been in contact with the Receiver enquiring about the possibility of purchasing the Pharmacy. The Receiver has advised the Interested Parties that the Pharmacy is not for sale at the present time and that a possible sale of the Pharmacy is subject to the outcome of the RFF Proceedings. The Receiver has begun compiling a list of the Interested Parties in the event a sales process is approved by the Court. Notwithstanding the Receiver's advice, an Interested Party has provided the Receiver with a letter of intent to purchase the Pharmacy, subject to due diligence and reaching a reasonably commercial arrangement in respect to leasing the Premises.

31. Austin leased a vehicle from BMW Financial Services Canada (**"BMW Finance"**). The Receiver has determined that the value of the leased vehicle is below the liability owed to BMW Finance and, accordingly, has released its interest in the vehicle. The Receiver has requested that BMW Finance take possession of the vehicle, however, as of the date of the Second Report, the vehicle continues to remain in the Receiver's possession.

32. The Receiver continues to closely monitor the daily sales, cash receipts, inventory requirements and other business needs of the pharmacy.

SECURED CREDITORS

33. In October 2008, Austin executed a promissory note in favour of CIT in the principal amount of $14,500,000. Austin's obligations to CIT are secured by a general security agreement executed by Austin on October 29, 2008. On October 17, 2008, CIT registered its security interest as against Austin pursuant to the *Personal Property Security Act* (**"PPSA"**) for a term of 16 years.

34. The total indebtedness owed to the secured creditors as at the date of the Appointment Order was approximately $17,106,986. At the date of the Appointment Order, Austin was indebted to CIT in the principal and interest amount of $16,227,356.

35. In addition to the financing statements registered by CIT, there are also registrations in favour K&F, St. Abrahams Drugs Ltd., McKesson Canada Corporation and BMW Canada Inc.

36. DWLLP has conducted a review of the validity and enforceability of the security granted by Austin to CIT. DWLLP has advised Farber that, subject to certain usual qualifications and assumptions in opinions of this nature, the security granted by the Debtor to CIT pursuant to the security documents is a valid and perfected security interest in the personal property of the Debtor described in those security documents, respectively, in accordance with the terms of such security documents.

RFF PROCEEDING

37. As noted above, the May 8 Order required Ghattas to attend on May 14, 2012 at the offices DWLLP to prepare for cross examination and to attend on May 15, 2012 to be cross-examined on his affidavits filed in support of the RFF Motion.

38. Shortly following the granting of the May 8 Order, counsel for Ghattas wrote to DWLLP that Mr. Ghattas had advised that he was out of the country for an indefinite period of time and was unable to return to Canada.

39. DWLLP subsequently wrote to counsel for Ghattas to inquire whether Ghattas was prepared

to make himself available for cross-examination by video conference.

40. On May 25, 2012 counsel for Ghattas responded that Ghattas remained out of the country but was prepared to make himself available in front of his laptop at a mutually acceptable time. However, if Ghattas had to make himself available at a special location that would be difficult since his physical movement and country of location was both unpredictable and erratic. As an alternative, Ghattas anticipated he will back in Toronto on or after July 15, 2012.

41. In view of the current return date of the RFF Motion on June 15, 20102, counsel for the Landlord advised the Landlord does not wish to defer the RFF Motion.

42. On June 8, 2012, counsel for Ghattas confirmed to DWLLP that Ghattas would be available for cross-examination via skype on Thursday, June 14, 2012 at the earliest.

43. Although the Receiver intends to continue in its efforts to enable Ghattas to be cross-examined by the Landlord in relation to the RFF Motion, the Receiver will prepare a further report in relation to the RFF Motion prior to the hearing thereof.

RECOMMENDATIONS

44. The Receiver respectfully requests that this Honourable Court approve the Receiver's activities hereinabove described.

All of which is respectfully submitted this 11th day of June, 2012.

A. FARBER & PARTNERS INC.
IN ITS CAPACITY AS THE COURT APPOINTED RECEIVER
OF AUSTIN PHARMA DRUGS LTD.

A. Farber & Partners Inc.

This is Appendix **"D"** referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

A. FARBER & PARTNERS INC.

THIRD REPORT TO THE OF THE RECEIVER
JUNE 14, 2012

1. This Third Report of A. Farber & Partners Inc. ("Receiver") in its capacity as Receiver of all of the assets, undertakings and properties of Austin Pharma Drugs Ltd. should be read in conjunction with the Receiver's Second Report.

2. The Receiver confirms that Sheriff Ghattas was this morning (June 14, 2012) cross-examined by counsel for Albion Kipling Medical Building Corp. (the "Landlord") via skype on his Affidavits filed in the motion for relief from forfeiture (the "RFF Motion"). Mr. Ghattas testified that he is currently in Toronto.

3. In order to complete the record of filings made in the within receivership to date, a copy of an email from counsel for the Landlord to counsel for the Receiver dated May 1, 2012, enclosing an unsigned Affidavit of Onofrio Lorusso, is attached as Appendix "A". The Receiver understands that a sworn copy of the Affidavit was filed by counsel for the Landlord with Justice Brown in chambers on May 3, 2012.

All of which is respectfully submitted this 14th day of June, 2012.

A. FARBER & PARTNERS INC.,
IN ITS CAPACITY AS THE COURT APPOINTED RECEIVER OF
AUSTIN PHARMA DRUGS LTD.

A. Farber & Partners Inc.

This is Appendix "**E**" referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

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Albion Kipling Medical Building Corp. v. Austin Pharma Drugs Ltd.

Albion Kipling Medical Building Corp. v. Austin Pharma Drugs Ltd.

Ontario Superior Court of Justice

Newbould J.

Judgment: June 15, 2012
Docket: Toronto CV-12-9680-00CD

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Proceedings: Additional reasons, 1289946 2012 ONSC 4044 (Ont. S.C.J.)

Counsel: David Preger, for A. Farber & Partners Inc.

Craig Mills, for CIT Financial ltd.

Catherin Patterson, for Albion Kipling Medical Building Corp.

Subject: Corporate and Commercial; Insolvency; Property

Debtors and creditors.

Real property.

Newbould J.:

1 The receiver, supported by CIT Financial, moves for relief regarding the tenancy of the debtor of a drugstore premises at Albion Road in Toronto.

2 The original lease was renewed for five years. The issue is whether a second extension for five years took place, or whether if not, relief from forfeiture should be granted.

3 Schedule B to the original lease required that the tenant deliver notice of intent to renew at least 90 days prior to the expiry of the term to the landlord. The landlord says that the word "deliver" suggests that notice must be in writing.

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I disagree. One delivers a speech, or delivers a message orally. The renewal clause as originally drafted contained a sentence that referred to notice in writing. It was removed by an amendment understandably because it was a non sequiter. However, it indicated that the parties understood what notice in writing was, and it was removed. Also, Section 41 of the Lease contained a general notice provision. It provided notice *may* be given in writing. It did not provide that any notice must be in writing.

4 In this case, in issue is whether effective notice to renew was given by the delivery of cheques by the tenant to the landlord. In the circumstances, I find that it was.

5 On December 15, 2010 Mr. Lorruso, the principle of the landlord faxed a memo to the tenant stating that the rental payments for 2011 would be as follows. Separate calculations were made for the period January to July 2011 and for August to December 2011. The first extension of the lease expired July 31, 2011. The calculations for August to December 2011 reflected increases as provided for in the lease agreement for the next renewal period commencing August 1, 2011. Mr. Lorruso then requested the cheques for the upcoming year, and shortly afterwards had them picked up.

6 In my view, the deliver of the cheques by the tenant was a clear indication, or notice by the tenant that it intended to renew the lease starting August 1, 2011. This is hardly surprising, as Mr. Ghattas, the principal of the tenant, and Mr. Lorruso are shareholders in a medical clinic in the same building and Mr. Lorruso had to know that it would make no sense for Mr. Ghattas to invest in such clinic, which would provide prescriptions to be filled by the pharmacy, if Mr. Ghattas intended to leave the building and not renew the pharmacy lease.

7 The cheques were not equivocal. They were for the first five months of the renewal term of the lease in the amounts provided for in the lease for the renewal term. On July 20, 2011, Mr. Lorruso and the treasurer of the landlord delivered a letter to Mr. Ghattas saying that there was no notice given of an intent to renew the lease and they assumed that the tenant would be moving out at the end of July. This is a disingenuous statement. Mr. Lorruso could not have thought Mr. Ghattas intended to leave at the end of the month. There clearly would have been discussions between them if that were the case. On cross-examination, Mr. Lorruso acknowledged he had no such expectation. Notably, the post-dated cheques for August to December, 2011 were not returned to Mr. Ghattas.

8 I find that notice of intention to renew the lease was given by the request by the landlord for the cheques for part of the renewal period and by the delivery of those cheques by the tenant to the landlord.

9 Even if that were not the case, I would hold that by its conduct, the landlord should be estopped from insisting on the strict terms of the lease requiring notice of renewal to be given. Ms. Patterson acknowledges that it is open to me to find such estoppel, but asserts that the facts of this case do not support such a finding.

10 The grounds for estoppel are well known. See *Greenwood v. Martin Bank Ltd.* [1933] 1K.B. 371(h.l.). Here, the conduct of the landlord amounted to a representation that induced the tenant to think that the landlord wanted or was agreeable to the lease being renewed. That is the objective view that I take of the request for cheques for at least part of the renewal term. The tenant acted on that conduct by sending in those cheques and suffered a detriment by the landlord taking the position that the lease was terminated.

11 Ms. Patterson makes much of the evidence of Mr. Stobie, the lawyer for the tenant, who wrote on the tenant's behalf on July 20, 2011, the same date that Mr. Ghattas had been given the letter from Mr. Lorruso. In his letter, Mr. Stobie said that due to an oversight on the part of his client, the requisite notice was not provided under the lease, but that his client's intention had always been to exercise the option to renew. Mr. Stobie said on cross-examination that he imagined that he had an opportunity to review to the lease. He said that Mr. Ghattas had indicated to him that he had failed to provide the landlord with written notice. Mr. Ghattas is not a lawyer, and if he thought on July 20, 2011 when he received the letter from Mr. Lorruso that he had to send his notice in writing, he was mistaken. It is also important

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to consider Mr. Ghattas' evidence, which is that due to the urgency and stress, he did not discuss the matter in meaningful way with Mr. Stobie and that he never told him of the events in December 2010 and January 2011, i.e., that the request for and delivery of the cheques.

12 The fact that Mr. Ghattas in the stress of the moment failed to recall, let alone appreciate the significance of those events cannot be taken to be some admission that at the time he did not place any importance on those events. It is normal that he would, back at this time be lulled into thinking that the landlord was agreeable to renewing the lease without more.

13 The tenant also contends that the landlord has waived the right to notice by reason of its conduct in requesting the cheques for part of the renewal term and receiving them. There is authority such as *Petridis v. Shabinksy*, 25 O.R. (2d) 215 per Grange J. (as he then was) that where a party by its conduct leads another to believe that the strict rights arising under the contract will not be insisted upon, intending that the other should act on that behalf and he does act on it, then the first party will not afterwards be allowed to insist on its strict legal rights when it would be inequitable for him to do so. See also *Duarte v. 792786 Ontario Ltd.*, 1995 CarswellOnt 3033at para. 14 per Flinn J.

14 In my view, the facts support a waiver by the landlord and it would inequitable for the landlord to insist on its strict legal rights. It lulled the tenant by the request for cheques and receiving them into a "false sense of security" in the words of Chadwich J. in *Chateau Holdings Ltd. v. National Capital Commission* in his October 11, 1989 judgement.

15 I find that there was waiver of the requirement for any further notice of renewal to be required after the request for, and receipt of, the cheques for part of the renewal period.

16 In the event, the motion of the receiver is granted, it is declared that the lease has been effectively renewed for a second term of five years effective August 1, 2011 and that the landlord is estopped from taking a contrary position. It is not necessary to deal with relief from forfeiture.

17 The receiver and CIT are entitled to their costs. If costs cannot be agreed, the receiver and CIT may make brief written submission, along with proper costs, outlines, in ten days and the landlord shall have 10 days to provide with brief written submissions.

END OF DOCUMENT

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This is Appendix "F" referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

A. FARBER & PARTNERS INC.

FOURTH REPORT OF THE RECEIVER
JUNE 29, 2012

PURPOSE OF THE REPORT

1. This Fourth Report of A. Farber & Partners Inc. in its capacity as Receiver (the "Receiver") of all of the assets, undertakings and properties of Austin Pharma Drugs Ltd. ("**Austin**" or the "**Debtor**") is filed for the purpose of:

a) Updating the court on the Receiver's activities subsequent to the Receiver's Third Report; and

b) Seeking approval of (i) the Receiver's activities to date and (ii) a proposed sale process in respect of the Debtor's business and assets.

DISCLAIMER

2. The Receiver assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this Fourth Report. Any use which any person or entity, other than the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), makes of this Fourth Report, or any reliance on or a decision made based upon this Fourth Report is at such person's or entity's own risk.

BACKGROUND

3. The Receiver was appointed pursuant to the Order of the Honourable Mr. Justice Morawetz dated April 17, 2012 (the "**Appointment Order**"). A copy of the Appointment Order is attached hereto as **Appendix A**.

4. The Debtor carries on business as an independent, full service pharmacy and methadone dispensary (the "**Pharmacy**"), on the main floor of a multi-story medical building located at 1525 Albion Road in Toronto, Ontario (the "**Premises**").

5. Prior to the Receiver's appointment, a dispute arose between Austin and its landlord with respect to whether Austin had exercised its right to renew the lease of the Premises. When the landlord took the position that the lease had expired, Austin initiated an action against the landlord for relief from forfeiture in court file no. CV-11-431612 (the "RFF Proceeding"). The Receiver has previously reported upon the progress of the RFF Proceeding in its First Report dated May 1, 2012 (the "**First Report**"), its Second Report dated June 11, 2012 (the "**Second Report**"), and its Third Report dated June 14, 2012 (the "**Third Report**"). Copies of the Receiver's First Report, Second Report and Third Report are attached hereto (without exhibits) as **Appendices B, C** and **D** respectively.

6. On June 15, 2012, the hearing of the RFF Motion was held before the Honourable Mr. Justice Newbould. At that time, the Receiver, supported by CIT Financial Ltd. ("CIT"), the Debtor's primary secured creditor, was successful in obtaining a declaration that Austin's lease in respect of the Premises had been effectively renewed for a second term of five years effective August 1, 2011. A true copy of the Endorsement of the Honourable Mr. Justice Newbould dated June 15, 2012 in connection with RFF Proceeding, together with a typed transcription thereof, are attached hereto as **Appendix E**.

7. The Receiver has continuously operated the Pharmacy from the date of its appointment until the present time. The Receiver has obtained funding of $50,000.00 from CIT by way of Receiver's Certificate secured by the Receiver's Borrowing Charge in accordance with paragraph 21 of the

Appointment Order. Attached as **Appendix F** is a statement of the Receiver's receipts and disbursements for the period from April 17, 2012 through June 29, 2012.

PROPOSED SALE PROCESS

8. Several parties interested in potentially acquiring Austin's interests and assets have approached the Receiver. The Receiver has deferred any marketing of the Debtor's assets pending resolution of the RFF Motion and has therefore not entertained offers.

9. As the Court has recently declared that Austin has a right to occupy the Premises through the period ending July 31, 2016 in accordance with the renewal of the lease, the Receiver now wishes to proceed with a sale and marketing process in relation to the Debtor's business.

10. The Receiver believes that the market is fully aware of Austin's receivership and RFF Proceedings and, accordingly, has already been contacted by a number of prospective purchasers interested in acquiring the business and location.

11. The Receiver has consulted with CIT with respect to a proposed timeline and process for the marketing of Austin's business and assets. Subject to the approval of this Court, the Receiver recommends proceeding with a sale process in accordance with the steps and timeline outlined below:

6-Jul-12	• Approval of Sales Process (as detailed below)
6-Jul-12	• Teaser to be finalized and sent to interested parties list • Terms and conditions of sale to be finalized • Non-disclosure agreement to be finalized

6-Jul-12	• Newspaper ads to be drafted and sent for publishing
9-Jul-12	• CIM to be finalized • Information pertaining to this opportunity will be posted on IR's website, www.farberfinancial.com, which will include: o Invitation for offers to purchase the assets/shares on a going concern basis. o Terms and conditions of sale o Non-disclosure agreement
10-Jul-12	• Advertisement (in Globe and Mail)
9-25-Jul-12	• Parties given access to data room and an opportunity to conduct site visits
26-Jul-12	• 4:00 p.m. (E.S.T.) deadline for submissions of offers
26-Jul-12 – 28-Jul-12	• Receiver evaluates offer received • Possible run-off/second round which may include invitation to qualifying bidders to attend auction at Receiver offices
30-Jul-12	• Possible run-off/second round day
30-Jul-12	• Offer selection
1-Aug-12	• Receiver to notify rejected bidders
7-Aug-12	• Receiver to serve motion to obtain approval and vesting order
13-Aug-12	• Hearing of motion for approval and vesting order
14/15-Aug-12	• Receiver to complete sale to the successful bidder at the offices of its counsel
17-Aug-12	• Receiver to return deposits to unsuccessful bidders

RECOMMENDATIONS

12. The Receiver respectfully requests that this Honourable Court approve the Receiver's activities to date as described above in this report and in the First Report, Second Report and Third Report. The Receiver further respectfully requests that this Honourable Court approve the proposed sale process outlined above.

All of which is respectfully submitted this 29th day of June, 2012.

A. FARBER & PARTNERS INC.,
IN ITS CAPACITY AS THE COURT APPOINTED RECEIVER OF
AUSTIN PHARMA DRUGS LTD.

A. Farber & Partners Inc.

This is Appendix **"G"** referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	FRIDAY, THE 6TH
JUSTICE CAMPBELL	)	
	)	DAY OF JULY, 2012

IN THE MATTER OF S. 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, AND S. 101 OF *THE COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

BETWEEN:

CIT FINANCIAL LTD.

Applicant

- and -

AUSTIN PHARMA DRUGS LTD.

Respondent

ORDER

THIS MOTION made by A. Farber & Partners Inc. (the "Receiver"), in its capacity as the Court-appointed receiver of the assets, undertakings and properties of the Respondent, Austin Pharma Drugs Ltd. (the "Debtor"), for an Order approving a proposed sale process to be conducted by the Receiver with respect to the business and assets of the Debtor, and other relief as set out in the Notice of Motion was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report of the Receiver dated June 29, 2012 and the Appendices attached thereto (the "Fourth Report"), and on hearing the submissions of counsel for the Receiver, no one else appearing for any other party;

Service

1. **THIS COURT ORDERS** that the time for service of the Receiver's Notice of Motion and Motion Record be and are hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

Sale Process

2. **THIS COURT ORDERS** that the sale process with respect to the business and assets of the Debtor as described in the Fourth Report is hereby approved and the Receiver is hereby authorized to conduct a sale process in respect of the Debtor's business and assets in accordance therewith.

3. **THIS COURT ORDERS** and declares that the activities and proposed activities of the Receiver as described in its First Report dated May 1, 2012, Second Report dated June 11, 2012, Third Report dated June 14, 2012 and Fourth Report be and are hereby approved.

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

JUL 6 2012

CIT FINANCIAL LTD.
Applicant

-and-

AUSTIN PHARMA DRUGS LTD.
Respondent

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

ORDER

DICKINSON WRIGHT LLP
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Toronto-Dominion Centre
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222 Bay Street
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Lawyers for A. Farber & Partners Inc., Court-appointed Receiver of Austin Pharma Drugs Ltd.

This is Appendix "H" referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court of Appeal File No._____
Court File No. CV-12-9759-00CL

COURT OF APPEAL FOR ONTARIO

BETWEEN:

AUSTIN PHARMA DRUGS LTD.

Plaintiff
(Respondent)

and

ALBION KIPLING MEDICAL BUILDING CORP.

Defendant
(Appellant)

NOTICE OF APPEAL

THE APPELLANT, ALBION KIPLING MEDICAL BUILDING CORP., APPEALS to the Court of Appeal from the Judgment of the Honourable Mr. Justice Newbould dated June 15, 2012 made at Toronto, Ontario.

THE APPELLANT asks that the Judgment granting relief from forfeiture to the Plaintiff tenant, a Declaration that the Defendant landlord is, in equity, prevented from holding the Plaintiff to the strict terms of the Lease between them and an Order that the Defendant pay costs to the Plaintiff be set aside and that the Motion of the Plaintiff be dismissed with costs here and in the Motion below and such further and other relief as counsel may request and that seems just to this Honourable Court.

THE GROUNDS OF APPEAL are as follows:

1. The Motions Judge erred in holding that the Lease did not require the Tenant to deliver notice to the Landlord of its intention to renew the lease in writing;

2. The Motions Judge erred in holding that, regardless of the form of delivery, delivery by the tenant to the landlord of post-dated cheques was the explicit, express and unequivocal notice required to exercise a right of renewal;

3. The Motions Judge erred in failing to hold that equitable relief, such as would flow from a finding of waiver or estoppel, is only available to a tenant who has made diligent efforts to comply in circumstances in which the tenant admitted it did not renew the lease because he "forgot"; and

4. Such further and other grounds as counsel may submit and this Honourable Court accept.

THE BASIS OF THE APPELLATE COURT'S JURISDICTION IS the *Courts of Justice Act*, R.S.O. 1990, c. C43, s. 61 (1)(b); the fact that the Judgment appealed from is a final Order of a Judge of the Superior Court of Justice and leave to appeal is not required.

The Appellant requests that this appeal be heard at Toronto.

July 16, 2012

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Farber & Partners Inc.

AND TO: **MILLER THOMSON LLP**
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Lawyers for CIT Financial Ltd.

BETWEEN:

AUSTIN PHARMA DRUGS LTD. - and - ALBION KIPLING MEDICAL BUILDING CORP.

Court of Appeal File No._____
Court File No. CV-12-9759-00CL

COURT OF APPEAL FOR ONTARIO

Proceeding Commenced at Toronto

NOTICE OF APPEAL

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Lawyers for the Defendant/Appellant

2012-Jul-16 11:45 AM FP Law 519-963-0159

This is Appendix **"I"** referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

IN THE MATTER OF
AUSTIN PHARMA DRUGS LTD.
o/a BESTCARE AUSTIN PHARMACY

SALE OF FULL SERVICE RETAIL PHARMACY

INVITATION FOR OFFERS

A. Farber & Partners Inc., a member of Farber Financial Group, has been appointed as receiver ("**Receiver**") of **Austin Pharma Drugs Ltd.** ("**Austin**") pursuant to an Order of the Superior Court of Justice dated April 17, 2012 (the "**Order**"). The Order authorizes the Receiver to market and sell all the assets, undertakings and property of Austin, acquired or used in relation to its business.

Austin is a single location full service retail pharmacy located at 1525 Albion Road, North Etobicoke.

The deadline for submission of offers is 4:00 pm (E.S.T.) on July 26, 2012.

For more information, contact Hylton Levy at (416) 496-3070; e-mail hlevy@farberfinancial.com

Farber
Financial Group
150 York Street, Suite 1600, Toronto, Ontario M5H 3S5
www.farberfinancialgroup.com

This is Appendix **"J"** referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of the 10th day of August, 2012

BETWEEN:

A. FARBER & PARTNERS INC. solely in its capacity as court-appointed Receiver of the property and assets of Austin Pharma Drugs Ltd. ("**Austin**") and not in any other capacity and with no personal or corporate liability

(hereinafter called the "**Vendor**")

-and –

SHOPPERS DRUG MART INC.

(hereinafter called the "**Purchaser**")

RECITALS:

Whereas:

A. Pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") in Court file CV-12-9680-00 CL (the "**Proceedings**"), dated April 17, 2012 (the "**Appointment Order**"), the Vendor was appointed as Receiver of all the assets, property and undertaking (the "Assets") of Austin.

B. Pursuant to the paragraphs 3(k), (l) and (m) of the Appointment Order, the Vendor is authorized to sell the Assets and apply for an order of the Court approving the sale of the Assets and vesting title to the Assets in the Purchaser.

C. Subject to an order being issued by the Court approving the sale of the Purchased Assets (defined herein) and vesting all of Austin's right, title and interest, if any, in and to the Purchased Assets in the Purchaser, and pursuant to the terms of this Agreement, the Purchaser has offered to purchase all of Austin's right, title and interest, if any, in and to the Purchased Assets and the Vendor has accepted such an offer on the terms and conditions contained herein. The Purchaser acknowledges that the Vendor's acceptance of such offer and execution of this Agreement are subject to the terms and conditions contained herein and approval of the Court of such actions.

NOW THEREFORE IN CONSIDERATION of the premises and the mutual agreements in this Agreement, and for other consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties agree as follows.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement:

"Accounts Receivable" means all debts, accounts and claims for monetary amounts which are, or are accruing due or owing to Austin, on the Closing Date, including all cash on deposit with any bank;

"Agreement" means this asset purchase agreement resulting from the acceptance, by the Vendor, of the offer provided for in Section 6.9 and all Schedules attached hereto and the terms "hereof" and "hereto" refer to this Agreement as a whole and references to "Section" and "subsection" mean the relevant section or subsection of this Agreement unless the context specifically indicates otherwise;

"Applicable Law" means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, by-law (zoning, or otherwise), or Order, or any consent, exemption, approval or License of any Governmental Authority, that applies in whole or in part to the Transaction, the Vendor, the Purchaser, Austin, the Business, the manner in which the Business is carried on or to any of the Purchased Assets;

"Appointment Order" means the order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) dated April 17, 2012, appointing the Vendor as Receiver of all of the assets, property and undertaking of Austin including the Purchased Assets, pursuant to section 243 of the *Bankruptcy and Insolvency Act.* R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43;

"Approval and Vesting Order" means an order of the Court in form and substance satisfactory to the Purchaser (including with respect to the service and notice thereof), acting reasonably, authorizing and approving the Transaction contemplated under this Agreement and vesting all of the right, title and interest of if any, in and to the Purchased Assets free and clear of all Claims and Encumbrances;

"BIA" means the *Bankruptcy and Insolvency Act* of Canada as the same may be amended from time to time;

"Business" means the business of Austin including the operation of Best Care Austin Pharmacy operating at 1525 Albion Road, Toronto;

"Business Day" means a day other than a Saturday or Sunday, on which chartered banks are open for the transaction of domestic business in Toronto, Ontario;

"Claims" shall have the meaning ascribed thereto in the Approval and Vesting Order;

"Closing" means the completion of the sale to, and purchase by the Purchaser of, the Purchased Assets in accordance with the terms of this Agreement;

"Closing Date" means the date mutually agreed to by the Parties but in any event not sooner than the date on which the Vendor obtains the Approval and Vesting Order and not later than the earliest of 45 days following the obtaining of the Approval and Vesting Order and September 30, 2012.

"Closing Document" means any document delivered at or subsequent to the Closing Time as provided in or pursuant to this Agreement;

"Contracts" means the full benefit and advantage of all contracts, agreements and entitlements of Austin relating to the Business (excluding, for greater certainty, any contracts of employment) other than the interest of Austin in any accounts receivable;

"Closing Time" means 10:00 am Toronto time on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing shall take place;

"Court" means the Ontario Superior Court of Justice (Commercial List);

"Deposit" has the meaning, set out in Section 2.3;

"Encumbrances" shall have the meaning ascribed to thereto in the Approval and Vesting Order;

"Excluded Assets" means all assets except for the Purchased Assets. For greater certainty, all Accounts Receivable, professional allowances, bank accounts of Austin and any cash or cash equivalents on hand at Closing shall not be included in the Purchased Assets;

"Fixed Assets" means all of the assets and any and all other fixed assets, fixtures, shelving, racking, displays, machinery, equipment, computers, furniture, furnishings and vehicles owned by Austin and currently located at the Premises together with all operating manuals, maintenance logs, and equipment drawings and specifications in the possession of the Vendor;

"Goodwill" means the goodwill of Austin related to the Business, including the right to carry on the Business as successor to Austin and the use of all telephone numbers and facsimile numbers used by the Business, patient lists and related prescription lists, trade names and customer and supplier lists;

"Governmental Authority" means any domestic or foreign government whether federal, provincial, state or municipal and any governmental agency, governmental authority, governmental tribunal or governmental commission of any kind whatever;

"Including" means **"including without limitation"** and the term **"including"** shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;

"Intellectual Property" means in whatever format, all domain names, business names (including the names Austin Pharma Drugs and Best Care Austin Pharmacy), trademarks (whether registered or unregistered), registered trademarks and unregistered trade-marks, trade names, logos, commercial symbols, industrial designs, copyrights, patents, licenses, sublicenses, proprietary computer software rights, inventions, business plans, certifications, applications, registrations, trade secrets, patterns, drawings, formulas, specifications, technical information, merchandising information and materials, research and development data, concepts, methods, procedures, designs and all other intellectual and industrial property of Austin pertaining to or used in connection with the Business and/or the Purchased Assets existing as of the Closing Date and any goodwill associated therewith, together with all documents, drawings, and technical data in the possession of the Vendor;

"Inventory" means subject to the reconciliation provisions hereof (including Section 5.4) all saleable and non-obsolete inventories of every kind and nature and wheresoever situate, of raw materials, work-

in-progress, finished goods, operating supplies and packaging materials of or relating to the Business. For greater certainty, "Inventory" shall not include any items which have expired;

"License" means any license, permit, approval, right, privilege, concession or franchise in respect of the Business;

"Order" means any order (draft or otherwise), judgment, injunction, decree, award or writ of any court, tribunal, arbitrator, Governmental Authority, or other Person;

"Parties" means the Purchaser and the Vendor collectively, and "Party" means any one of them;

"Person" or **"person"** shall be broadly interpreted and includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any Governmental Authority or any other entity recognized by law;

"Premises" means the lands and premises located at Units 103 and 104 of the main floor of 1525 Albion Road, Toronto, from which Austin operates the Business;

"Purchase Price" means the purchase price payable for the Purchased Assets pursuant to Section 2.2;

"Purchased Assets" means, subject to the terms hereof (including the terms with respect to reconciliation of Inventory) all of the right, title and interest of Austin if any, in and to the Inventory, the Contracts, the Fixed Assets, the Intellectual Property, the leasehold interest of Austin in the Premises, the Goodwill, and the Records, all of which the Vendor has agreed to sell and the Purchaser has agreed to purchase on the terms and subject to the conditions of this Agreement and for greater certainty shall exclude the Excluded Assets;

"Records" means all of the operating data, files books and records relating to the Business or the Purchased Assets, including correspondence, materials and contract documents, sales documents, purchase, repair and warranty records, manuals, inventory records, bills of material, cost records, engineering information, payroll and personnel records, customer invoices, patient lists and related prescription lists, purchase orders, supplier lists and customer, patient, prescription, physician and supplier information, advertising and promotional materials, software programs (to the extent of Austin's interest therein), manuals and data, and other similar books, records, files and documents related to the Business or the Purchased Assets (whether in written, printed or electronic form) in the possession or control of the Vendor at the Closing Time; and

"Transaction" means the transaction of purchase and sale contemplated pursuant to this Agreement.

1.2 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute as it may be amended or to any restated or successor legislation of comparable effect.

1.3 Headings

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

1.4 Number and Gender

In this Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of or between the Parties.

1.6 Amendment

This Agreement may only be amended, modified or supplemented by a written agreement signed by each Party.

1.7 Waiver of Rights

Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

1.8 Applicable Law

This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in Ontario (excluding any conflict of laws, rule or principle which might refer such interpretation to the laws of another jurisdiction). Each Party irrevocably submits to the exclusive jurisdiction of the courts of Ontario with respect to any matter arising hereunder or related hereto. The parties exclude the application of the UN Convention on Contracts for the International Sale of Goods, and the International Sale of Goods Act (Ontario) as amended, replaced or re-enacted from time to time.

1.9 Currency

Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to Canadian dollars.

1.10 Third Party Beneficiaries

Nothing in this Agreement or in any Closing Document is intended expressly or by implication to, or shall, confer upon any Person other than the Parties, any rights or remedies of any kind.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets

(a) The Vendor shall sell, assign and transfer to the Purchaser and the Purchaser shall purchase the Purchased Assets on the Closing Date pursuant to the Approval and Vesting Order and the Purchaser shall pay the Purchase Price on the Closing Date, subject to the terms and conditions contained in this Agreement.

(b) The Purchaser hereby acknowledges to and in favour of the Vendor that the Purchaser has conducted its own investigations and inspections of the Purchased Assets and that the Purchaser is responsible to conduct its own inspections and investigations of all matters and things connected with or in any way related to the Purchased Assets, that the Purchaser has satisfied itself with respect to the Purchased Assets and all matters and things connected with or in any way related to the Purchased Assets, that the Purchaser has relied entirely upon its own investigation and inspections in entering into this Agreement, that the Purchaser is purchasing the Purchased Assets on an "as is, where is" basis as at the Closing Date, that the Purchaser will accept the Purchased Assets in their state, condition and location on Closing and that the Purchaser hereby acknowledges that the Vendor has made no representations, warranties, statements or promises, including as to the compliance with any Applicable Laws affecting the Transaction, save and except as are expressly contained in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply to the sale of the Purchased Assets and have been waived by the Purchaser. Except as expressly set out in this Agreement, no adjustment shall be allowed to the Purchaser for any changes in condition, quality or quantity of the Purchased Assets to and including the Closing Date. Except as specifically contemplated and provided for in this Agreement, the Purchaser acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Purchased Assets or any parts thereof and the Purchaser shall be deemed, at its own expense, to have relied entirely upon its own inspection and investigation of the Purchased Assets. Nothing contained herein shall require the Vendor, following Closing, to take possession of, protect, preserve. or otherwise safeguard any Purchased Assets.

(c) The Purchaser acknowledges and agrees that any and all information relating to the Purchased Assets (including any environmental report(s) or any information memorandum given by the Vendor, Austin, or any other person to the Purchaser) was delivered to the Purchaser solely for the Purchaser's convenience and there is no representation or warranty of any kind whatsoever made by the Vendor nor Austin or any other person with respect to the accuracy or completeness of any such information.

There is no representation whatsoever as to the absence of hazardous substances on the Premises including urea formaldehyde foam insulation and any "contaminant" within the meaning of the *Environmental Protection Act.* There is no representation or warranty, statement or promise concerning:

(i) the presence or absence of contaminants on, in or about the Purchased Assets;

2.3 Payment of Purchase Price

The Purchaser shall pay the Purchase Price to the Vendor as follows:

(a) An amount equal to ten percent of the Purchase Price, to be paid by cash, certified cheque, wire transfer or bank draft payable to the Vendor "in Trust", and shall be held by the Vendor as a deposit (the "**Deposit**") which shall be dealt with in accordance with Section 2.4; and

(b) the balance of the Purchase Price shall be delivered to the Vendor at Closing payable in cash, by certified cheque, bank draft or by wire transfer.

2.4 Deposit

(a) The Deposit shall be held in escrow by the Vendor, until the Closing Time, at which time the Deposit shall be applied on account of the Purchase Price or as otherwise provided for in this Agreement.

(b) If this Agreement:

(i) is terminated or the Closing otherwise fails to occur for any reason other than a breach by the Purchaser of its obligations under this Agreement, then the Purchaser shall be entitled forthwith and in any event within five (5) Business Days after the earlier of the termination date to the return of the Deposit without interest, and all the obligations of the Parties pursuant to this Agreement shall be at an end; or

(ii) is terminated or the Closing otherwise fails to occur as a result of the breach of the Purchaser of its obligations under this Agreement, then the Vendor shall be entitled to retain the Deposit as liquidated damages, and all the obligations of the Parties pursuant to this Agreement shall be at an end.

2.5 Taxes

The Purchaser shall be liable for and shall pay, in addition to the Purchase Price, all federal and provincial sales taxes and any other taxes or duties payable in connection with the conveyance and transfer of the right, title and interest, if any, of the Vendor in and to the Purchased Assets (collectively, the "Taxes") to the Purchaser and the Purchaser undertakes and agrees to pay all

such Taxes on Closing provided that, where applicable, the Purchaser shall have the option to furnish the Vendor with appropriate exemption certificates. The Purchaser shall indemnify and agrees to hold and save the Vendor harmless from and against any and all costs, expenses, liabilities and damages incurred or suffered by the Vendor as a result of the failure of the Purchaser to pay any of the Taxes exigible in connection with the Transaction.

2.6 No Assumption of Liabilities

The Purchaser shall not assume any of the Vendor's, Austin's or the Business' liabilities or obligations.

2.7 Time and Place of Closing

The Closing shall take place at the Closing Time at the offices of Dickinson Wright LLP, the solicitors of the Vendor, 222 Bay Street, Suite 1800, Toronto, ON, or at such other place as may be agreed upon by the Vendor and the Purchaser.

2.8 The Closing

2.8.1 Vendor's Deliveries

At Closing, the Vendor shall:

(a) execute and deliver to the Purchaser the Receiver's Certificate in the form appended as Schedule "A" to the Approval and Vesting Order confirming that (i) the Purchaser has paid and the Vendor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to this Agreement, (ii) the conditions to Closing as set out in Article 4 of this Agreement have been satisfied or waived by the Vendor and the Purchaser. and (iii) the Transaction has been completed to the satisfaction of the Vendor;

(b) deliver to the Purchaser a certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date with the same effect as though made on and as of the Closing Date;

(c) deliver to the Purchaser a copy of the issued and entered Approval and Vesting Order;

(d) execute and deliver to the Purchaser a bill of sale to convey, assign and transfer the Purchased Assets to the Purchaser; and

(e) execute and deliver or cause to be executed and delivered such other documents, instruments or certificates as the Purchaser may reasonably request.

2.8.2 Purchaser's Deliveries

At Closing, the Purchaser shall:

(a) deliver payment of the balance of the Purchase Price in accordance with Article 2;

(b) deliver to the Vendor a certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date with the same effect as though made on and as of the Closing Date;

(c) deliver to the Vendor an acknowledgement dated as of the Closing Date, that each of the conditions precedent in this Agreement in favour of the Purchaser have been fulfilled, performed. or waived by the Purchaser as of the Closing Date;

(d) if applicable, provide a direction to Vendor with respect to the transfer of title to any of the Purchased Assets; and

(e) execute and deliver or cause to be executed and delivered such other documents, instruments or certificates as the Vendor may reasonably request.

(ii) the discharge of contaminants from, on, or in relation to the Purchased Assets;

(iii) the existence, state, nature, identity, extent or effect of any administrative orders, control orders, stop orders, compliance orders or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), the *Ontario Water Resources Act* (Ontario) in relation to the Purchased Assets;

(iv) the existence, state, nature, kind, identity, extent or effect of any liability on the Purchaser to fulfill any obligations with respect to the environmental condition or quality of the Purchased Assets. The Purchaser acknowledges that it accepts each of the Purchased Assets subject to its environmental condition and any contamination, and acknowledges that the Purchaser will have no recourse against the Vendor for any such existing environmental condition or contamination.

(d) The Purchaser acknowledges that it shall be the Purchaser's sole responsibility to obtain, at its own expense, and the Purchaser shall use its best efforts to obtain, any consents, approvals or any further documentation or assurances which may be required to be obtained by Purchaser (but not Austin or Vendor) to carry out the terms of this Agreement. Notwithstanding the foregoing, the Vendor agrees, at Purchaser's expense, to do such acts and shall execute such further documents, conveyances, deeds, assignments, transfers and the like, and will cause the doing of such acts and will cause the execution of such further documents as are within its power and as the Purchaser may reasonably request be done and or executed, in order to carry out the terms of this Agreement. Without limiting the generality of the foregoing, the Purchaser acknowledges that the sale, assignment, or transfer by the Vendor of Austin's leasehold interest in the Premises is subject to the consent of the lessor to be obtained by the Purchaser. The Purchaser shall assume, at its own cost, complete responsibility for compliance
with all Applicable Laws in connection with the Purchased Assets, or the use thereof by the Purchaser, after the Closing Date.

2.2 Purchase Price

The Purchase Price for the Purchased Assets (not including all applicable taxes, for which the Purchaser shall also be liable in accordance with Section 2.5) shall be equal to the total of the following amounts (and the Purchase Price shall be allocated among the Purchased Assets as follows):

Assets of Best Care Austin Pharmacy	
Records, Contracts, Goodwill, Intellectual Property and Fixed Assets, leasehold interest in the Premises	[redacted]
Inventory	The purchase price of the Inventory shall be the actual cost of such Inventory as determined in accordance with Section 5.4.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying upon such representations and warranties in entering into this Agreement:

(a) the Vendor has been appointed Receiver of Austin pursuant to the Appointment Order with authority to exercise the powers of sale contained therein.,

(b) the Vendor has done no act to dispose of or encumber any of the Purchased Assets:,

(c) each of the Vendor and Austin is not a non-resident person of Canada within the meaning of the income *Tax Act* (Canada);

(d) Austin is registered for purposes of Part IX of the *Excise Tax Act* (Canada) having GST/HST Account Number 840384291 RT00001

(e) the Vendor (i) has duly executed this Agreement and (ii) has, or will have after obtaining the Approval and Vesting Order, all necessary power, authority and capacity to enter into this Agreement and the Closing Documents to which it will be a party and to carry out its obligations under this Agreement and the Closing Documents to which it is or will be party to in connection with the Transaction and to perform its obligations hereunder and thereunder;

(f) there are no outstanding options, agreements of purchase and sale or other agreements or commitments obligating the Vendor to sell any of the Purchased Assets other than this Agreement; and

(g) this Agreement has been, and each Closing Document to which the Vendor is a party will on Closing be, duly executed and delivered by the Vendor, and this Agreement constitutes, and each Closing Document to which the Vendor is a party will, on Closing, constitute a valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms.

3.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying upon such representations and warranties in entering into this Agreement:

(a) the Purchaser is a corporation duly incorporated, organized, and validly existing under the laws of its jurisdiction of incorporation. No proceedings have been taken or authorized by the Purchaser or, to the best of the Purchaser's knowledge, by any other Person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of the Purchaser;

(b) the Purchaser has all necessary corporate power, authority and capacity to enter into this

Agreement and to observe and perform its covenants and obligations under this Agreement, and the execution and delivery of this Agreement and the consummation of the Transaction contemplated have been duly authorized by all necessary corporate action on the part of the Purchaser;

(c) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Closing Time, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Closing Time, constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with the terms hereof or thereof; and

(d) the Purchaser is not a non-Canadian within the meaning of the *Investment Canada Act* , (Canada).

3.3 Interpretation

Each representation and warranty made by a Party in this Agreement shall be treated as a separate representation and warranty in respect of each statement made and the interpretation of

any statement made shall not be restricted by reference to, or inference from, any other statement made in a representation and warranty of such Party.

3.4 Commission

Each Party agrees with the other Party that such other Party will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated hereby because of any action taken by, or agreement or understanding reached by, that Party.

3.5 Survival of Representations and Warranties

The representations, warranties, covenants and agreements made by the Parties in this Agreement or any Closing Document shall survive the Closing.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions of Closing

The Purchaser and the Vendor shall be obliged to complete the Closing only if each of the conditions precedent in such Party's favour set out in Sections 4.1.1 through 4.1.3 inclusive, has been satisfied or waived by such Party in full at or before the Closing Time.

4.1.1 Conditions - Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed, at the Closing Time: (i) all of the representations and warranties of the Vendor made in or pursuant to this Agreement shall be true and correct as if

made at and as of the Closing Time (regardless of the date as of which the information in this Agreement or document made pursuant hereto is given), (ii) the Vendor shall have observed or performed in all respects all of the obligations, covenants and agreements which it must perform at or before the Closing Time, and (iii) the Purchaser shall have received from the Vendor all of the deliveries contemplated by section 2.8.1.

4.1.2 Conditions - Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed, at the Closing Time (i) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct as if made at and as of the Closing Time (regardless of the date as of which the information in this Agreement or

document made pursuant hereto is given), (ii) the Purchaser shall have observed or performed in all respects all of the obligations, covenants and agreements which it must perform at or before the Closing Time, and (iii) the Vendor shall have received from the Purchaser all of the deliveries contemplated by section 2.8.2.

4.1.3 Conditions - Mutual

The obligation of the Vendor and the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

(a) all consents, approvals, Orders and authorizations of any Person or Governmental Authority (or registrations, declarations, filings or recordings with any of them), required for the Closing (other than routine post-closing notifications or filings), shall have been obtained or made on or before the Closing Time;

(b) no Order shall have been entered that prohibits or restricts the Closing. Neither of the Parties, nor any of their respective directors, officers, employees, or agents, shall be a defendant or third party to or threatened with any litigation or proceedings, before any court or Governmental Authority which, in the opinion of either the Purchaser or the Vendor, acting reasonably, could prevent or restrict that Party from performing any of its obligations in this Agreement or any Closing Document, including the appeal or any threatened appeal of the Approval and Vesting Order;

(c) all documentation relating to the sale and purchase of the Purchased Assets and such other Closing Documents relating to the due authorization and completion of the sale and purchase and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Purchaser and the Vendor of their obligations under this Agreement shall be satisfactory to each of the Purchaser, the Vendor and their respective counsel, as applicable. Each of the Purchaser and the Vendor shall have received copies of the Closing Documents and all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated hereby and the taking of all corporate proceedings in connection therewith in form (as to certification and otherwise) and substance satisfactory to each of the Purchaser, the Vendor and their respective counsel; and

(d) the Vendor shall have obtained the Approval and Vesting Order. The Vendor shall not

have received notice of appeal in respect of the Approval and Vesting Order and the Approval and Vesting Order shall not have been stayed, varied or vacated, and no order shall have been issued to restrain or prohibit the completion of the Transaction.

The parties hereto acknowledge that the conditions specified in this section 4.1.3 are for the mutual benefit of the Vendor and the Purchaser.

4.2 **Waiver**

If any condition set out in this Article 4 is not satisfied or performed prior to the time specified

therefor, the Party for whose benefit the condition is provided may waive compliance with the condition in whole or in part in its sole discretion by written notice to the other Party. No waiver by a Party of any condition, in whole or in part, shall operate as a waiver of any other condition.

4.3 **Failure to Satisfy Conditions**

If any condition set forth *in* Article 4 is not satisfied by the Closing Date, or *if* it becomes apparent that any such condition cannot be satisfied by the Closing Date, the Party entitled to the benefit of such condition (the **"First Party"**) may terminate this Agreement by notice in writing to the other Party and in such event, unless the other Party can show that the condition or conditions which have not been satisfied and for which the First Party has terminated this Agreement are reasonably capable of being performed or caused to be performed by the First Party or have not been satisfied by reason of a default by the First Party hereunder, the Parties shall be released from all obligations hereunder save and except for the obligation of the Vendor to return the Deposit in accordance with Section 2.4(b)(i).

ARTICLE 5

5.1 Insurance

The Purchaser acknowledges and agrees that, except as expressly contemplated herein, all insurance maintained by the Vendor on behalf of Austin will be cancelled by the Vendor on the Closing Date and the Purchaser shall be responsible for placing its own insurance with respect to the Business after the Closing Date. Vendor agrees to keep in full force its current insurance policies until the Closing Date or without permitting any termination, cancellation or lapse thereof, enter into replacement policies providing coverage until the Closing Date in amounts equal to or greater than the coverage under those cancelled, terminated or lapsed for substantially similar premiums.

5.2 Access

The Vendor agrees to allow the Purchaser and the Purchaser's authorized representatives unrestricted access to the Purchased Assets for the purpose of conducting the Purchaser's due diligence on twenty-four (24) hours advance notice to the Vendor. The Purchaser covenants and agrees to (i) repair or pay the cost of repair of any damage occasioned during and resulting from the inspection of the Purchased Assets conducted by the Purchaser or its authorized representatives, as outlined above and to return the Purchased Assets to the same condition it was in prior to such inspections; and (ii) indemnify and save the Vendor harmless from and against all losses, costs, claims, third party claims, damages, expenses (including legal costs as between a solicitor and its own client) which the Vendor may suffer as a result of the inspection of the Purchased Assets conducted by the Purchaser or its authorized representatives, as outlined above or as a result of any unauthorized tests or inspections by a Government Authority save and except for any losses, costs, claims, damages and expenses arising out of the negligence of the Vendor or those for whom in law the Vendor is responsible. The provisions of this Section 5.2 shall survive Closing or other termination of this Agreement, notwithstanding any other

provisions hereof.

5.3 Non-Disclosure of Transaction

The Purchaser agrees that prior to the Closing it will not, and will cause its officers, directors, employees, representatives and advisors not to, disclose or permit to be disclosed to any Person, any information relating to the Purchase Price or any of the other terms of this Agreement, other than to the equity holders of the Purchaser and Persons solicited by the Purchaser to provide financing in connection with the Transaction (and the Purchaser shall ensure, for the benefit of the Vendor, that such parties shall treat all such information in the strictest confidence and the Purchaser shall indemnify the Vendor in that regard); provided that, notwithstanding the foregoing, the Purchaser shall be entitled to discuss the Transaction and this Agreement (but not the Purchase Price) with the Ontario College of Pharmacists and any Governmental Authority (including Ontario Ministry of Health) and their respective agents, representatives and employees for the purpose of obtaining any and all Licenses or consents necessary or desirable for the operation of the Business.

5.4 Inventory

The Purchaser agrees that the purchase price for the Inventory shall be determined pursuant to an Inventory count immediately following the close of business on the day immediately prior to the Closing Date (the "**Inventory Count**"). It is expressly acknowledged and agreed that both the Vendor and the Purchaser are entitled to participate in the Inventory Count. All narcotic and prescription drug inventory, including generic drugs, and all over the counter inventory (except for Excluded Inventory) shall be valued at the Net Cost to Austin.

"**Excluded Inventory**" means any inventory that is agreed by the Purchaser and the Vendor to be (i) obsolete, unmerchantable, shelfworn, damaged or defective; (ii) broken packages of liquids, ointments or powders in the dispensary save and excepting therefrom packages which are opened but contain otherwise merchantable goods; (iii) merchandise more than two (2) years old; (iv) generic drugs which are not listed in the applicable provincial drug index or formulary; (v) items with an expiry date less than six months from the Closing Date; (vi) seasonally outdated merchandise; (vii) imprint and private label lines.

"**Net Cost**" means the Austin's actual net cost for the Inventory, which in the case of all generic prescription drugs, shall be valued at Austin's current Kohl & Frisch Limited cost codes [redacted] and which in the case of all other Inventory shall be determined by cost codes with the intention that the cost codes shall reflect full credit for all special deals, discounts, free goods, commissions, rebates and allowances. Where cost codes are not available or do not reflect the Vendor's actual net cost as described above, the Net Cost shall be determined based on invoices after taking full credit for all special deals, discounts, free goods, commissions, rebates and allowances.

The Vendor hereby agrees, at the request of the Purchaser, to provide the Purchaser with a sample control batch of hard copy prescriptions reviewed by the dispensing pharmacists of the Business at the time of dispensing the prescription (it being acknowledged by the Purchaser that the name and address of the patient shall be removed from such sample control batch in order to protect the confidentiality of the patient);

5.5 Computers

Prior to the Closing, the Vendor may make a back up copy of any data or software stored on Austin's computers and related hardware (the "**Computers**") as the Vendor may reasonably require to complete its administration of the receivership of Austin. On Closing, the Vendor shall forthwith deliver up possession of the Computers to the Purchaser.

5.6 Risk of Loss

Up to the time of the Closing, the Purchased Assets shall be and remain at the risk of the Vendor. If, prior to the time of the Closing, all or any material part of the Purchased Assets are substantially destroyed or damaged by fire or any other casualty or shall be expropriated, the Purchaser shall have the option, exercisable by notice in writing given within ten (10) Business Days of the Purchaser receiving notice in writing from the Vendor of such destruction, damage or expropriation:

(a) to complete the purchase without reduction of the Purchase Price and all proceeds of insurance or compensation for expropriation shall be payable to the Purchaser and all

right and claim of the Vendor to any such amounts not paid by the time of the Closing shall be assigned by the Vendor to the Purchaser; or

(b) to terminate this Agreement and not complete the purchase, in which case all obligations of the Purchaser and the Vendor hereunder, other than those pursuant to Section 5.1, shall terminate and the Deposit shall be returned to the Purchaser,

For greater certainty, where any damage is not substantial, the Purchaser shall be obliged to complete this Agreement, without deduction, and shall be entitled to the proceeds of insurance in connection with such damage if such damage is insured or, otherwise, to an abatement.

5.7 Records

The Purchaser agrees to maintain the Records for a period of at least seven (7) years following the Closing and shall provide access to the Vendor to such records, as the Vendor may reasonably require during business hours to complete its administration of the receivership of Austin.

ARTICLE 6
GENERAL

6.1 Expenses

Each Party shall pay all expenses it incurs in authorizing, preparing, executing and performing any aspect of the Transaction contemplated by this Agreement, whether or not the Closing occurs, including all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants.

6.2 Time

Time is of the essence of each provision of this Agreement.

6.3 Notices

Any notice, demand or other communication (in this Section, a "notice") required or permitted to be given or made hereunder shall be given in writing and addressed as follows:

(a) In the case of a notice to the Vendor, addressed to it at:

A. Farber &Partners Inc.
150 York Street, Suite 1600
Toronto, ON M5H 3S5
Attention: Hylton Levy
hlevy@farberfinancial.com
T: 416-496-3070
F: 416-496-3839

and with a further copy to its counsel at:

Dickinson Wright LLP

Barristers & Solicitors
222 Yonge Street, Suite 1700

Toronto, ON M5K 1H1

Attention: Lisa Corne/David Preger
Tel.: (416) 777-0101
Fax: 1 800 (416) 865-1398
lcorne@dickinsonwright.com/ dpreger@dickinsonwright.com

(b) In the case of the Purchaser:

Shoppers Drug Mart Inc.
Legal Department
243 Consumers Road
Toronto, ON M2J 4W8

Attention: Conor Fitzpatrick, Corporate Counsel
T: 416-490-2660
F: 416-490-2700
E: cfitzpatrick@shoppersdrugmart.ca

and with a further copy to its counsel at:

Birenbaum Steinberg Landau Savin & Colraine LLP
1000-33 Bloor St. E.
Toronto, ON M4W 3H1

Attention: Howard Steinberg
T: 416-961-7636
F: 416-961-2531
E: hsteinberg@bslsc.com

Any such notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the Business Day of such delivery and if sent by telecopier or other electronic communication with confirmation of transmission, shall be deemed to have been validly and effectively given and received on the Business Day next following the day it was received.

6.4 Public Announcements / Confidentiality of Agreement

Before the Closing Date, no Party shall make any public statement or issue any press release concerning the transactions contemplated by this Agreement except as may be necessary, in the opinion of counsel to the Party making such disclosure, to comply with the requirements of all Applicable Law or in connection with the obtaining of Orders necessary for the performance of this Agreement. If any such public statement or release is so required, the Party making such disclosure shall consult with the other Party prior to making such statement or release, and the Parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such statement or release which is satisfactory to all Parties. This Section 6.4 shall not apply to the

report to be made by the Vendor to the Court in connection with seeking the Approval and Vesting Order. The Parties expressly acknowledge and agree that the Vendor shall seek a Sealing Order from the Court with respect to this Agreement and the Purchase Price such that certain of the terms of this Agreement shall not become public until after Closing has been fully completed.

6.5 Assignment

(a) The Purchaser may not assign any or all rights or benefits under this Agreement to any Person without the Vendor's written consent.

(b) Except as provided in Section 6.5(a), no assignment of benefits or arrangement for substituted performance by one Party shall be of any effect.

(c) This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation or statutory arrangement of any Party) and permitted assigns.

6.6 Further Assurances

Each Party shall do such acts and shall execute such further documents, conveyances, deeds, assignments, transfers and the like, and will cause the doing of such acts and will cause the execution of such further documents as are within its power as any other Party may in writing at any time and from time to time reasonably request be done and or executed, in order to give full effect to the provisions of this Agreement and each Closing Document.

6.7 Remedies Cumulative

The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Except as provided herein, any single or partial exercise by any Party hereto of any right or remedy' for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

6.8 Counterparts

This Agreement may be executed in any number of counterparts. Each executed counterpart shall be deemed to be an original. All executed counterparts taken together shall constitute one agreement.

6.9 Irrevocable Offer

This Agreement shall constitute an irrevocable offer to purchase by the Purchaser which will be open for acceptance by the Vendor until 5:00 p.m. (Eastern Daylight Time) on the 10th day of August, 2012. If this Agreement has not been fully accepted in accordance with its terms by 5:00 p.m. (Eastern Time) on the 10th day of August, 2012, such offer shall be null and void and the Purchaser shall have no obligation to the Vendor and vice versa save and except for the obligation of the Vendor to return the Deposit to the Purchaser forthwith.

[THE NEXT TWO PAGES ARE THE EXECUTION PAGES]

IN WITNESS WHEREOF this Agreement has been executed by the Purchaser on the 10th day of August, 2012

SHOPPERS DRUG MART INC.

Per: _____
Name:

Per: _____
Name:

We have authority to bind the Purchaser.

IN WITNESS WHEREOF this Agreement has been executed by A. Farber & Partners Inc. solely in its capacity as court-appointed Receiver of the property and assets of Austin Pharma Drugs Ltd. and not in any other capacity and with no personal or corporate liability on the 10th day of August, 2012

A. FARBER & PARTNERS INC. solely in its capacity as court-appointed Receiver of the property and assets of Austin Pharma Drugs Ltd.

Per: _____
Name: HILTON LEVY, V.P.
(I have authority to bind the corporation)

This is Appendix "**K**" referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

COURT FILE No. CV-12-9680-00CL

IN THE MATTER OF THE RECEIVERSHIP OF
AUSTIN PHARMA DRUGS LTD.
INTERIM STATEMENT OF RECEIPTS & DISBURSEMENTS - REDACTED
For the period April 17 to August 16, 2012

Receipts		
Advance from secured creditor	$	103,903.08
Cash in bank		210.00
H.S.T. collected		3,174.64
Payments from benefit providers (1)		1,864,266.58
Payments from customers (2)		83,537.51
Product Purchase Rebates		20,545.36
Prescription history report fees		1,350.00
Interest Earned		320.67
Total Receipts		2,077,307.84
Disbursements		
Advertising		2,045.40
Bank charges		819.33
Change of locks & security system		453.50
Delivery expense (3)		14,382.00
Employees, subcontractors, benefits (4)		201,366.87
Filing fee paid to Official Receiver		70.00
H.S.T. paid		47,108.70
Insurance		1,448.59
Inventory appraisal fee		1,393.31
Legal fees		1,077.93
Office supplies		796.17
Petty cash disbursements (5)		9,534.63
Purchase of goods for sale (6)		1,416,141.76
Receiver's expenses (copies, travel, phone)		4,285.63
Receiver's fees		127,213.00
Redirection of mail		140.00
Rent		59,956.92
Software license and support		1,608.00
Telephone		2,606.37
Total disbursements		1,892,448.11
Receipts over disbursements	$	184,859.73
Cash in receiver's trust account at August 16, 2012	$	164,592.33
Cash in Company's operating account at August 16, 2012		20,267.40
Total cash in bank	$	184,859.73

NOTES:

(1) The largest benefits provider to the pharmacy is the Ontario Drug Benefit Plan ("ODB"), which remits on the 15th and 30th of each month. The Receiver anticipates receiving approximately $125,000 from the ODB on August 31 2012.

(2) Payments from customers represent cash payments received from customers for over the counter products, for the portion of pharmaceuticals not covered by the customers drug plan and the dispensing fee charged by the pharmacy.

(3) Delivery expense relates to the service provided by the pharmacy to deliver orders to customers' residences.

(4) The pharmacy employs 2 contract pharmacists and 8 full and part time pharmacy technicians. Both the pharmacists and technicians operate on schedules to provide the most optimal coverage at the pharmacy.

(5) Petty cash disbursements include miscellaneous delivery charges paid in cash and miscellaneous incidental purchase requirements of the pharmacy.

(6) Kohl & Frisch Ltd. ("K&F") is the primary supplier of pharmaceutical products to the pharmacy. The pharmacy orders products from K&F on a daily basis. The Receiver has to date made payments to K&F in advance of its credit terms. The Receiver currently owes approximately $202,000 on account of recent purchases and anticipates that all future payments to K&F will be funded from operating cash flows.

This is Appendix "L" referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No.: CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

CIT FINANCIAL LTD.

Applicant

-and-

AUSTIN PHARMA DRUGS LTD.

Respondents

AFFIDAVIT OF HYLTON LEVY

(Sworn August 16th, 2012)

I, Hylton Levy, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Vice President with A. Farber & Partners Inc. ("**Farber**"). As such, I have knowledge of the matters to which I hereinafter depose.

2. Farber was appointed Receiver of the assets, undertaking and property of Austin Pharma Drugs Ltd. ("**Austin**") pursuant to an Order of this Court made on the 17th day of April 2012. The duties of Farber in its capacity as Receiver have included:

   - Taking possession of the premises;
   - Running the business; and
   - Conducting a marketing and sales process to sell the business.

3. Farber's Fifth Report to the Court (the "Fifth Report") outlines its activities with

respect to Austin as well as provides information with respect to its fees and disbursements in connection with the Receivership for the period from April 9, 2012 to August 3, 2012, which total the sum of $223,074.00 plus expenses of $3,362.40 and HST of $28,999.64 for a total sum of $255,436.04. Attached as Exhibit "A" to this Affidavit are copies of Farber's accounts for the periods indicated and confirm that these accounts accurately reflect the services provided by Farber in this matter and the fees and disbursements claimed by it.

4. Additionally, attached hereto and marked as Exhibit "B" is a summary of additional information with respect to all members of Farber who have worked on this matter and their hourly rates, and I hereby confirm that the list represents an accurate account of such information.

5. The hourly billing rates set out in the account are the normal hourly rates charged by the Receiver for services rendered in relation to similar proceedings. The average hourly charge out rate is $398.06.

6. I make this Affidavit in support of a motion to, *inter alia*, approve the receipts and disbursements of the Receiver and its accounts.

SWORN before me at the
City of Toronto, in the
Province of Ontario, on
August 16th, 2012

A Commissioner for taking affidavits

HYLTON LEVY

Diane Da Silva-Falcione, A Commissioner, etc.,
Province of Ontario, for A. Farber & Partners Inc.
Trustee in Bankruptcy.
Expires: January 16, 2015.

THIS IS EXHIBIT "A" TO
THE AFFIDAVIT OF HYLTON LEVY
SWORN BEFORE ME THIS 16th
DAY OF AUGUST, 2012

A Commissioner Etc.

Diane Da Silva-Falcione, A Commissioner, etc.,
Province of Ontario, for A. Farber & Partners Inc.
Trustee in Bankruptcy.
Expires: January 16, 2015.

Farber
Financial Group

May 4, 2012

Austin Pharma Drugs Ltd.
1525 Albion Road
Etobicoke, ON M9V 5G5

Invoice No. 9626

TO PROFESSIONAL SERVICES RENDERED BY A. FARBER & PARTNERS INC. for the period ended April 27, 2012

DATE	SERVICE	STAFF
04/09/2012	Consulting fees - Corporate Call with Craig Mills re: follow up on documentation request	Levy
04/10/2012	Consulting fees - Corporate Various calls and correspondence with Craig Mills; Discussion with Andrew Biderman	Levy
04/11/2012	Consulting fees - Corporate Call with David Preger regarding draft order and motion materials; Various emails and discussions with Craig Mills; Calls with potential pharmacist operators	Levy
04/13/2012	Consulting fees - Corporate Throughout the week, review and discuss background and strategy with H. Levy	Lifman
04/13/2012	Consulting fees - Corporate Review of motion materials; Meet with Steven Semelman re: pharmacist contract; Calls with other pharmacists re: opportunity; Meet with Allan Nackan and Peter Crawley re: planning	Levy
04/16/2012	Consulting fees - Corporate Prepare preliminary insurance survey form, discuss and send to A. Coluccio at FCA; planning discussions with H. Levy; correspond with pharmacist about a possible solution for provision of pharmacist	Crawley

services; draft taking possession planning memo

04/16/2012	Consulting fees - Corporate Review of Factum and Brief of Authorities; Planning meeting with Peter Crawley; Emails with Craig Mills and David Preger	Levy
04/16/2012	Accounting Office	Castillo
04/17/2012	Consulting fees - Corporate Prepare key delegate letters; prepare door notice; contact locksmith to make arrangements to change locks at premises upon appointment; prepare for taking possession; draft bank letter; review employment letter precedent; discuss status of motion with H. Levy; update locksmith; attend premises to meet staff, change locks, begin understanding operations	Crawley
04/17/2012	Consulting fees - Corporate Attend in Court re: receivership order; Attend at premises to take possession and control of pharmacy location; Numerous activities surrounding taking possession and control including talk to staff, arrange pharmacy shifts; Numerous discussions with David Preger and Miller Thomson; Numerous discussions with Kohl & Frisch re: receivership and process	Levy
04/18/2012	Consulting fees - Corporate Prepare draft website update for H. Levy review re: receivership; prepare draft Notice and Statement of Receiver for H. Levy review	Da Silva-Falcione
04/18/2012	Consulting fees - Corporate Meet with F. Sulimen to discuss the pharmacy operations; review purchase requirements with Tammy; obtain mail; send notice to TD Canada Trust and place follow-up call to branch; review recent banking activity; cashflow projections; meeting with prospective pharmacist service provider; review order prepared by Tammy; complete and send forms for new account to Kohl & Frisch; discussion with A. Mekhail, accountant	Crawley

04/18/2012	Consulting fees - Corporate Forward correspondence to company's banking institution regarding this Estate	Chopowick
04/18/2012	Consulting fees - Corporate Attend at Austin Pharmacy; Various calls and emails with David Preger re: operating issues; Various calls with Peter Auvinen, Craig Mills re: Ghattas, Sulemin, and other operating related issues; Conference call with Miller Thomson and CIT Financial; Calls with Martin Healey from CIT; Meeting with Ado and Sherif Gendy re: operating pharmacists; Various calls and emails with Shaun and Larry at K&F re: orders, inventory purchases, inventory counts and potential pharmacy contacts	Levy
04/18/2012	Banking - Corporate Prepare and forward to RBC back up documents and request to open new bank account	Samoilov
04/19/2012	Consulting fees - Corporate Creating contact subfile and entering all contacts into same	Antoniou
04/19/2012	Consulting fees - Corporate Attend premises to open for business; met with Medhat; call with Magdy; review daily sales report; contact TD Canada Trust to follow-up on account access; contact ADT to make necessary changes to security system; review daily close out report; review periodic sales summaries for cashflow projection purposes; repeated calls and emails to Magdy for information; daily lockup at close of business	Crawley
04/19/2012	Consulting fees - Corporate Various discussions and call with Kohl & Frisch - Shaun and Larry; Call with Peter Auvinen re: landlord details; Call and emails to Catherine Patterson re: landlord information; Various discussions with Peter Crawley re: operating issues and questions including WIS inventory, K&F orders, financial records, banking; Numerous discussions with David Preger; Calls with Andrew Biderman re: inventory and 30 day goods; Call to David Ullmann; Emails with Martin Healey; Call from Adel Tadros	Levy

04/19/2012	Banking - Corporate Banking, posting	Samoilov
04/20/2012	Consulting fees - Corporate Update website with receivership information and court order; update Notice and Statement of Receiver following discussion with H. Levy and email same to P. Crawley for further edits	Da Silva-Falcione
04/20/2012	Consulting fees - Corporate Throughout the week, discuss status and strategy with H. Levy	Lifman
04/20/2012	Consulting fees - Corporate Attend at premises to open for business; run revenue reports for cashflow; review payroll journals provided by Magdy; additional queries to Magdy for information; instruct D. Falcione in dealing with Bell phone account; continue cashflow projection	Crawley
04/20/2012	Consulting fees - Corporate Attend at Austin Pharmacy re: operations; Calls and correspondence with Kohl & Frish re: account setup; Discussions with Aird & Belris; Calls with David Preger; Call to Peter Auvinen re: landlord, other issues; Supervise Peter Crawley, numerous discussions and emails correspondence; Calls from interested parties; Discussions with Sherif Gendy re: pharmacy assistance	Levy
04/21/2012	Consulting fees - Corporate Onsite to supervise WIS inventory count; pharmacist scheduling	Crawley
04/21/2012	Consulting fees - Corporate Attend at Austin pharmacy for inventory count and operations	Levy
04/23/2012	Consulting fees - Corporate Update system with creditor information; prepare spreadsheet re: benefit providers to track progress on contacting each to advise of receivership, etc.; contact various benefit providers to notify them of Receivership and obtain further details; various emails/faxes to	Da Silva-Falcione

benefit providers; update creditor list for mailing of Notice and Statement of Receiver.

04/23/2012	Consulting fees - Corporate Onsite to open; meet with Medhat; calls to K and F and OCP to arrange for narcotics pharmacist of record; coordinate printer repair; review K&F order with S. Gendy; discussions with H. Levy; call to TD Bank; attend premises to close the day with staff, arrange pharmacist coverage; review orders placed with K&F; test new alarm codes; obtain mail and lock premises for the evening	Crawley
04/23/2012	Consulting fees - Corporate Various calls and correspondence with Service providers advising of the receivership and requesting to amend the banking arrangements to receiver bank account; Review of various emails and numerous discussions with Peter Crawley re: operations, TD Bank update, inventory count information, financial records; Attend at pharmacy	Levy
04/23/2012	Banking - Corporate Banking, posting	Samoilov
04/24/2012	Consulting fees - Corporate Review emails from benefit providers with banking information change forms, complete forms, discuss with P. Crawley and issue forms to various providers to update banking information; coordinate mail re-direction; discussions with benefit providers throughout the day; email to P. Crawley re: missing/incomplete creditor addresses and update system with new information	Da Silva-Falcione
04/24/2012	Consulting fees - Corporate Prepare inventory roll forward estimate for H. Levy; correspond with S. Hassan at WIS on inventory price list used and request copy of same; correspond with Magdy on payroll processing; review cashflow projection with H. Levy; calls to K&F and Tammy to discuss ability to order narcotics; call to BMW Financial and fax court order re: leased X5; review PPSA for relevant secured parties; discuss daily order with Tammy and approve; correspond with Magdy for additional creditor	Crawley

addresses; correspond with L. Thorn at K&F re: unapproved order being placed by Todd at Roche

04/24/2012 Consulting fees - Corporate Levy
Various calls and correspondence with Kohl & Frisch; Review of cash flow forecast and discussions with peter Crawley; Review of funding request to CIT; Email update to CIT, Miller Thomson and David Preger; Various discussions regarding K&F narcotics form; Call with Sherif Gendy re: working shifts

04/25/2012 Consulting fees - Corporate Da Silva-Falcione
Review emails from benefit providers re: banking information changes; discussion with Green Shield re: direct deposit

04/25/2012 Consulting fees - Corporate Crawley
Attend premises to open for business, obtain Apr 24 sales reports, collect cash and arrange deposit; call to OCP to enquire on status of request to add additional pharmacists as approved narcotics signers; review K&F orders; call from Tammy re: K&F order required; discuss cashflow projection with H. Levy; call to S. Wahl at TD Bank re: access to bank account; review cashflow projection worksheets and amend to reflect final version sent to CIT

04/25/2012 Consulting fees - Corporate Levy
Numerous calls and correspondence with Kohl & Frisch; Calls from staff at Austin re: operational items; Correspondence with Magdy Yany; Emails and calls with landlords re: meeting set up; Review of daily sales; Supervise Diane Falcione re: benefit providers; Discussions with David Preger re: landlord action; Call with Peter Auvinen re: update; Correspondence with CIT re: funding request, update

04/26/2012 Consulting fees - Corporate Da Silva-Falcione
Review emails from benefit providers and update tracking spreadsheet re: same; follow up with benefit providers who have not yet confirmed that banking changes have taken effect; update website

04/26/2012 Consulting fees - Corporate Crawley
Review K&F purchases *vis-a-vis* sales levels; review

WIS inventory price variance sample; update statistics schedule; update purchases schedule; provide brief update to H. Levy

04/26/2012 Consulting fees - Corporate Crawley
Attend at premises to obtain daily cash deposit; finalize narcotics ordering with K&F; call to Akram for financial statements; obtain certificate of insurance; arrange deposit of funds; send wire transfer request to TD Canada Trust; review financial statements provided by Magdy

04/26/2012 Consulting fees - Corporate Levy
Meeting with Austin landlords to discuss the receivership, introductions and advise; Various calls with Peter Auvinen and Craig Mills re: update; Numerous calls and emails with Peter Crawley regarding inventory, ordering; Call to O.C.P re: Austin receivership

04/26/2012 Banking - Corporate Samoilov
Banking. Prepare and forward to P. Crawley and H. Levy wire instruction

04/27/2012 Consulting fees - Corporate Da Silva-Falcione
Update creditors list; file Notice and Statement of Receiver with Official Receiver; complete mailing of Notice and Statement of Receiver to creditors

04/27/2012 Consulting fees - Corporate Lifman
Throughout the week, reviewed emails and discussed status with H. Levy

04/27/2012 Consulting fees - Corporate Crawley
Attend premises; obtain daily sales reports and cash deposit; mail; review and revise cashflow projection for actual receipts based on sales data by drug plan; review recent K&F purchases and evaluate account balance; contact K&F to discuss increasing credit limit and how Moneris funds are being treated in the account; call with T. Lewis of Roche re: supply arrangements; discussions with H. Levy; review petty cash disbursements with Kash; review purchasing requirements with Tammy; prepare s245/246 Notice and Statement of Receiver

04/27/2012	Consulting fees - Corporate Review and finalize notice and statement of receiver; Calls with Peter Crawley re: K&F purchases, inventory; Calls with Lidia Samoilov re: CIT funding	Levy
04/27/2012	Banking - Corporate Banking. Phone call to RBC re account activity and incoming wire transfer. Prepare and forward to P. Crawley Sales report	Samoilov

	Total for Services	$54,344.00
Expenses: Photocopies, faxes, courier, etc.		
	Total for Expenses	762.60
	Total	$55,106.60
	HST	7,064.72
	Current Amount Due	$62,171.32

HST#136800752RT

A. FARBER & PARTNERS INC.

AUSTIN PHARMA DRUGS LTD.

SUMMARY OF TIME INCURRED
APRIL 9, 2012 TO APRIL 27, 2012

Name	Total Hours	Rate Per Hour	Billing
G. Lifman	3.50	$575.00	$2,012.50
H. Levy	56.50	$500.00	$28,250.00
P. Crawley	54.50	$405.00	$22,072.50
M. Castillo	1.00	$175.00	$175.00
L. Samoilov	3.60	$165.00	$594.00
D. Falcione	7.40	$155.00	$1,147.00
C. Antoniou	0.50	$155.00	$77.50
A. Chopowick	0.10	$155.00	$15.50
Total	127.10		$54,344.00

Farber
Financial Group

May 16, 2012

Austin Pharma Drugs Ltd.
1525 Albion Road
Etobicoke, ON M9V 5G5

Invoice No. *9650*

TO PROFESSIONAL SERVICES RENDERED BY A. FARBER & PARTNERS INC. for the period ended May 11, 2012

DATE	SERVICE	STAFF
04/13/2012	Consulting fees - Corporate Meeting with H. Levy and P. Crawley to discuss strategy; send email to H. Levy and P. Crawley regarding action plan items.	Nackan
04/29/2012	Consulting fees - Corporate Revisit purchasing assumptions in cash flow with revised actual activity.	Crawley
04/30/2012	Consulting fees - Corporate Process cheque requisition for May rent; email Ontario Drug Benefit notification of change form requesting change of information; follow up with Official Receiver for Estate Number; delegate administration to C. Antoniou in my absence for balance of week; update benefit provider information re: payment schedule for Express Script.	Da Silva-Falcione
04/30/2012	Consulting fees - Corporate Attend at pharmacy to meet with Peter Crawley, staff; Calls from Peter Auvinen; Calls with Adel Tadros; Arrange banking for May cheque to landlord and Torkin Manes; Review of daily reporting and banking.	Levy
04/30/2012	Consulting fees - Corporate Attend premises; obtain daily sales reports and update statistics; obtain daily cash deposits for Friday and Saturday; discuss payroll/timesheets with staff; discuss	Crawley

contract requirements with H. Samy to be designated manager of pharmacy; meet with realtor representing interested buyer; meet with Roche sales representative; contact ODB re: current payment that is due; call from creditor; review K&F purchase requirements with staff and anticipated future purchasing level targets; arrange for deposit of funds; review K&F request for narcotics signoff re: pre-receivership shipments and forward to F. Suliman; review, approve and request payment of pharmacist and delivery invoices.

04/30/2012 Banking - Corporate Samoilov
Set up bank account in system. Phone call to bank re: account activity. Banking, posting.

05/01/2012 Consulting fees - Corporate Antoniou
Various file matters; receipt and review of receivership certificate and forwarding same to M Wengle for system update.

05/01/2012 Consulting fees - Corporate Levy
Attend at landlord to deliver cheque; Attend at pharmacy re: meet with staff; Conference call with Peter Auvinen and CIT to discuss landlord meeting; Various emails and discussions with Peter Crawley; Calls with David Preger re: update on call with CIT; review of letter agreement re: employment arrangement; Email of daily sales to Martin Healy and response; Call with Adel Tadros; Finalize First Report of Receiver and send back to David Preger for service.

05/01/2012 Consulting fees - Corporate Crawley
Attend premises to collect daily cash, arrange deposit of same; review daily sales reports; review purchasing requirements with staff; meet with Magdy Yani to obtain employee time records and calculate current payroll amounts; review hours worked with staff; conduct several staff update sessions; discuss use of external pharmacists with M. Halawa and H. Many; coordinate payroll processing through M. Yani and Telepay; contact Telepay to make changes to account; call from creditor; review pharmacist subcontractor agreement; verify ODB funds received and request wire transfer from TD account to Receiver's trust account.

05/01/2012	Banking - Corporate Banking, posting.	Samoilov
05/02/2012	Consulting fees - Corporate Preparation of documentation for review by H Levy.	Antoniou
05/02/2012	Consulting fees - Corporate Calls and correspondence with benefit providers re: professional allowances queries; Various discussions with Peter Crawley re: inventory analysis; Review daily sales report; Review Kohl & Frisch statement; Review affidavit from Lorusso; Call from McKesson; Call from Ontario College of Pharmacists.	Levy
05/02/2012	Consulting fees - Corporate Document preparation; correspondence to Torkin Manes.	Chopowick
05/02/2012	Consulting fees - Corporate Attend premises; obtain daily cash and arrange deposit; call from Cobalt Pharmaceutical re: rebates; coordinate payroll with Telepay; correspond with TD Bank re: pending wire transfer; review inventory purchases with Tammy.	Crawley
05/02/2012	Banking - Corporate Banking, posting. Phone call to bank following up on incoming wire transfer.	Samoilov
05/03/2012	Consulting fees - Corporate Preparation of documentation and forwarding same to H Levy for review.	Antoniou
05/03/2012	Consulting fees - Corporate Attend in Court and discussions with David Preger and Craig Mills; Review of daily report and various discussions with Peter Crawley.	Levy
05/03/2012	Consulting fees - Corporate Update website.	Chopowick
05/03/2012	Consulting fees - Corporate Attend premises; discuss ongoing purchasing with staff; obtain daily cash deposit and reports; arrange deposits; update Kohl & Frisch purchases schedule; review cash	Crawley

	position with H. Levy; contact Telepay to confirm receipt of funds and discuss same with L. Samoilov; correspond with Ola at Telepay about misplaced deposit; discuss and approve K&F order with Tammy.	
05/03/2012	Banking - Corporate Banking, posting.	Samoilov
05/04/2012	Consulting fees - Corporate Finalizing documentation and forwarding to H Levy.	Antoniou
05/04/2012	Consulting fees - Corporate Various discussions with OCP; Emails to David Preger; Meet with Peter Crawley re: cash flow forecast and other administrative items.	Levy
05/04/2012	Consulting fees - Corporate Throughout the week, review emails and discuss status and strategy with H. Levy.	Lifman
05/04/2012	Consulting fees - Corporate Attend premises; obtain daily sales report and cash; arrange deposit; update K&F account tracking; update daily sales statistics report; meet with H. Levy to discuss next week's management issues; prepare payment to K&F for first orders; review daily K&F order with Tammy and approve; modify cash flow projection for updated K&F purchases and circulate to H. Levy.	Crawley
05/04/2012	Banking - Corporate Banking posting.	Samoilov
05/07/2012	Consulting fees - Corporate Respond to insurance broker inquiry and forward same to H. Levy; process returned mail and update system.	Da Silva-Falcione
05/07/2012	Consulting fees - Corporate Attend at the pharmacy; Review K&F purchase orders; Update daily reporting to CIT; Emails with Peter Auvinen re: insurance;	Levy
05/07/2012	Banking - Corporate Banking, posting.	Samoilov

05/08/2012	Consulting fees - Corporate Update website.	Da Silva-Falcione
05/08/2012	Consulting fees - Corporate Attend at the pharmacy; Review of purchase orders to Kohl & Frisch; Numerous calls with staff; call from Peter Auvinen re: billings, cash flow; Finalize cash flow forecast and correspondence with Martin Healy, Peter Auvinen, Craig Mills and Receiver counsel; Call to OCP re: accreditation process.	Levy
05/08/2012	Banking - Corporate Banking, posting.	Samoilov
05/09/2012	Consulting fees - Corporate Attend at the pharmacy; Confirm with OCP that payment has been received re: accreditation; Call with Peter Auvinen regarding email from CIT, landlord issues; Review of cases from Peter Auvinen; Discussion with Martin Healey regarding cash flow, fees, funding; Review of K&F order with Tammy and approval; Discussions with Lidia Samoilov re: banking administration.	Levy
05/09/2012	Banking - Corporate Banking, posting. Phone call to bank re account activity and incoming wire payment. Review and reconcile system account.	Samoilov
05/10/2012	Consulting fees - Corporate Update benefit provider list with details of next payment date; review re-directed mail.	Da Silva-Falcione
05/10/2012	Consulting fees - Corporate Review of purchase orders with Tammy and approval of same; Emails with Taro Pharmaceuticals, Apotex; Call with Shaun McDonnel from K&F; Update daily sales reports; Review of cash flow and banking details; Emails with TD Bank.	Levy
05/10/2012	Banking - Corporate Banking, posting, phone call to bank re account activity and current balance.	Samoilov

05/11/2012	Consulting fees - Corporate Attend at meeting with Miller Thomson, Dickinson Wright re: relief from forfeiture case law; Attend at pharmacy re: operations, staff meeting, Adel Tadros; Review of K&F Interac adjustments; Consider purchase order for todays buy; Call with Adel Tadros; Emails with Shaun McDonnell.	Levy
05/11/2012	Consulting fees - Corporate Throughout the week, review emails and discuss status with H. Levy.	Lifman
05/11/2012	Banking - Corporate Banking, posting.	Samoilov

	Total for Services	$ 25,820.00
Expenses: Photocopies, faxes, etc.		
	Total for Expenses	395.40
	Subtotal	26,215.40
	HST	3,356.60
	Current Amount Due	$ 29,572.00

HST#136800752RT

A. FARBER & PARTNERS INC.

AUSTIN PHARMA DRUGS LTD.

SUMMARY OF TIME INCURRED
APRIL 28, 2012 TO MAY 11, 2012

Name	Total Hours	Rate Per Hour	Billing
G. Lifman	2.50	$575.00	$1,437.50
A. Nackan	1.00	$575.00	$575.00
H. Levy	26.50	$500.00	$13,250.00
P. Crawley	19.50	$405.00	$7,897.50
L. Samoilov	11.80	$165.00	$1,947.00
D. Falcione	2.10	$155.00	$325.50
C. Antoniou	2.00	$155.00	$310.00
A. Chopowick	0.50	$155.00	$77.50
Total	65.90		$25,820.00

Farber
Financial Group

May 30, 2012

CIT Financial Limited
305 Fellowship Road, Suite 300
Mount Laurel, NJ 08054

Invoice No. 9698

TO PROFESSIONAL SERVICES RENDERED BY A. FARBER & PARTNERS INC. for the period ended May 25, 2012

DATE	SERVICE	STAFF
01/16/2012	Consulting fees - Corporate Follow up with Peter Auvinen.	Levy
04/03/2012	Consulting fees - Corporate Call with Craig Mills re: engagement.	Levy
04/04/2012	Consulting fees - Corporate Various emails with Craig Mills re: engagement.	Levy
04/11/2012	Consulting fees - Corporate Review update from H.Levy and draft Order; familiarize myself with the file; email B.Clements for prospective pharmacists.	Crawley
04/13/2012	Consulting fees - Corporate Receivership planning meeting with H.Levy and A.Nackan.	Crawley
05/14/2012	Consulting fees - Corporate Update interested party list.	Da Silva-Falcione
05/14/2012	Consulting fees - Corporate Attend premises to obtain daily cash deposits and sales reports; discuss obtaining and calculating payroll data with Magdy; discuss purchasing requirements vis-a-vis cash flow constraints with H. Levy; prepare and fax funds transfer request to S. Wahl at TD Canada Trust; review K&F invoices and Moneris deposits; arrange for payment of insurance premium; review daily purchase	Crawley

orders with Tammy.

05/14/2012	Consulting fees - Corporate Attend at pharmacy and various calls and correspondence regarding operations, supplier payments, staff issues, cash flow forecasting.	Levy
05/14/2012	Banking - Corporate Banking, posting.	Samoilov
05/15/2012	Consulting fees - Corporate Update interested party list.	Da Silva-Falcione
05/15/2012	Consulting fees - Corporate Update K&F purchases summary for week of invoices.	Crawley
05/15/2012	Consulting fees - Corporate Review 5 months of bank statements for reviewable transactions; request additional bank statements from M. Yany; review purchase order with Tammy; review TD bank account balance; update daily sales statistics report.	Crawley
05/15/2012	Consulting fees - Corporate Review of emails regarding landlord situation; Discussions with Peter Crawley re: TD Bank, cash flow forecast, update of sales data, payment of K&F account; Call with Peter Auvinen re: landlord issues; Call from Jeff Mandelsohn regarding meeting.	Levy
05/15/2012	Banking - Corporate Banking, posting.	Samoilov
05/16/2012	Consulting fees - Corporate Email to McKesson re: new account per H. Levy instructions; document preparation.	Da Silva-Falcione
05/16/2012	Consulting fees - Corporate Review TD bank account balance and request transfer; arrange payment of K&F invoices; coordinate payroll with M. Yany; call to O. Beaulieu at Telpay; correspond with H. Levy; attend to paying H. Samy's invoice; paying of various service invoices; review payroll calculations; calls to Telpay to resolve frozen account situation; print and review TD Visa statements for cash transactions.	Crawley

05/16/2012	Consulting fees - Corporate Attend at the pharmacy to meet with employees; Review of purchase orders; Various discussions with Lidia Samoilov and Peter Crawley re: banking, payment of K&F, receipts; Call to Martin Healey re: landlord discussion; Call to David Preger re: filing bankruptcy and/or BIA proposal; Calls and emails with McKesson Canada re: opening of account.	Levy
05/16/2012	Banking - Corporate Banking, posting. Phone call to RBC re account activity and current balance. Update H. Levy on funds in bank.	Samoilov
05/17/2012	Consulting fees - Corporate Coordinate pay stubs for P. Crawley.	Da Silva-Falcione
05/17/2012	Consulting fees - Corporate Coordinate wire transfer of funds to Telpay; forward wire confirm to O. Beaulieu at Telpay; arrange for payment of M. Halawa's fees; discuss banking with H. Levy; instruct staff in preparation of paystub package for employees; revise K&F weekly payment; numerous calls with Telpay to clear payroll and address service charges.	Crawley
05/17/2012	Consulting fees - Corporate Various discussions with Hany Samy, Peter Crawley re: purchases; Call with Adel Tadros; Call to David Preger; Emails with Apotex, Taro and other manufacturers re: allowances.	Levy
05/17/2012	Banking - Corporate Banking, posting. Phone call to RBC re request for account activity history. Review and post incoming electronic transfers. Prepare and process outgoing wire transfer in RBC branch.	Samoilov
05/17/2012	Banking - Corporate Bank reconciliation for April 2012.	Lloyd-Key
05/18/2012	Consulting fees - Corporate Follow up phone call/emails with Ontario Drug Benefit Plan re: banking change request status; emails to P. Crawley and H. Levy with update.	Da Silva-Falcione

05/18/2012	Consulting fees - Corporate	Crawley
	Attend premises to obtain sales reports, cash deposits and K&F invoices; update K&F accounting; discuss credit limit with K&F; discuss cash flow with H. Levy; review purchase with Tammy; deliver pay stubs; discuss punctuality with several staff members; pay Fillware invoices; provide bank account to Telpay; review ODB receivable amounts; obtain current cash balances; prepare next K&F payment.	
05/18/2012	Consulting fees - Corporate	Lifman
	Throughout the week, discussions, emails and status updates with H. Levy.	
05/18/2012	Consulting fees - Corporate	Levy
	Meeting with Jeff Mandelsohn regarding landlord issues; Review of email from K&F and follow up discussions with Peter Crawley; Meet with Peter Crawley re: cash flows; Call to Peter Auvinen re: landlord discussions.	
05/18/2012	Banking - Corporate	Samoilov
	Banking.	
05/22/2012	Consulting fees - Corporate	Crawley
	Attend to payment of invoices; call from Tammy re: time off; calls to H. Levy and M. Halawa to advise of Tammy's absence; review and arrange payment of delivery expenses; prepare source deduction remittance for May payrolls; query from Telpay about account setup and logins; phone call with O. Beaulieu; email M. Yany to assist with Telpay; review order with Kash.	
05/22/2012	Consulting fees - Corporate	Levy
	Attend at the pharmacy; Various discussions with Peter Crawley and the staff; Correspondence with Adel Tadros; Call with Jeff Mandelsohn.	
05/22/2012	Banking - Corporate	Samoilov
	Banking, posting. Phone call to bank re account activity. Review account activity and posting adjustments.	
05/23/2012	Consulting fees - Corporate	Crawley
	Attend premises to obtain daily sales reports and cash deposit; review K&F deliveries; update K&F and daily	

sales statistics reports; review K&F order with Tammy; arrange for next K&F payment; discuss payroll variance with employee; order print supplies; call with D. Preger to discuss contents of First Report.

05/23/2012 Consulting fees - Corporate Levy
Attend at Austin pharmacy; Conference call with Peter Auvinen, Martin Healy regarding landlord issues, cash flow, other matters; Review of the K&F purchases account; Discussions with Peter Crawley; call with David Preger re: update and download of discussion with CIT.

05/23/2012 Banking - Corporate Samoilov
Banking, posting. Phone call to RBC re account activity history. Review bank account activity re incoming funds.

05/24/2012 Consulting fees - Corporate Da Silva-Falcione
Follow up with ODB re: status of bank account change for direct deposit.

05/24/2012 Consulting fees - Corporate Crawley
Complete review of bank statements and request copies of various cheques from TD Bank; meeting with Adel Tadros to discuss interest in acquiring business and potentially being a stalking horse bidder; begin preparing Receiver's First Report; call to BMW, obtain and review lease agreement; review purchase requirements with Tammy; prepare cash flow comparison of budget to actual and adjust go forward projection accordingly.

05/24/2012 Consulting fees - Corporate Levy
Various discussions with Peter Crawley and Diane Falcione; Review of banking from Lidia Samoilov and consider cash flow implications; Meet with Adel Tadros, Peter Crawley re: offer; Call with Peter Auvinen.

05/24/2012 Banking - Corporate Samoilov
Banking, posting. Phone call to RBC re account activity. Review account activity re incoming transfers.

05/25/2012 Consulting fees - Corporate Crawley
Attend premises; collect sales reports, purchase invoices and cash deposits; discuss operations and customer satisfaction improvements with M. Halawa;

discuss sales promotions with Kash for slow moving food inventory; request transfer of funds from TD Bank; call Shred-It; arrange payment of K&F invoice batch; Receiver's First Report; letter to Shred-It requesting continued service.

05/25/2012 Consulting fees - Corporate Levy
Review of updated cash flow and consideration of K&F payment; Discussions with Peter Crawley regarding pharmacists; Calls with Adel Tadros re: possible offer.

05/25/2012 Banking - Corporate Samoilov
Phone call to RBC re account activity. Banking, posting.

	Total for Services	$ 24,912.50
Expenses: Photocopies, faxes, etc.		
	Total for Expenses	386.40
	Subtotal	25,298.90
	HST	3,238.63
	Current Amount Due	$ 28,537.53

HST#136800752RT

A. FARBER & PARTNERS INC.

AUSTIN PHARMA DRUGS LTD.

SUMMARY OF TIME INCURRED
MAY 12, 2012 TO MAY 25, 2012

Name	Total Hours	Rate Per Hour	Billing
G. Lifman	1.00	$575.00	$575.00
H. Levy	21.50	$500.00	$10,750.00
P. Crawley	27.90	$405.00	$11,299.50
L. Samoilov	11.80	$165.00	$1,947.00
D. Falcione	2.00	$155.00	$310.00
L. Lloyd-Key	0.20	$155.00	$31.00
Total	64.40		$24,912.50

Farber
Financial Group

June 13, 2012

CIT Financial Limited
305 Fellowship Road, Suite 300
Mount Laurel, NJ 08054

Invoice No. 9711

TO PROFESSIONAL SERVICES RENDERED BY A. FARBER & PARTNERS INC. regarding the Receivership of Austin Pharma Drugs Ltd. for the period ended June 8, 2012

DATE	SERVICE	STAFF
05/28/2012	Consulting fees - Corporate Revise and send First Report to H. Levy; review R&D and request amendments by L. Samoilov; review and respond to email from S. Wahl at TD Canada Trust concerning the Receiver's access to banking documents; discuss purchases with Tammy; search for mailed in prescription which has not been received; calls from interested parties; calls from creditors; review K&F order with Tammy.	Crawley
05/28/2012	Consulting fees - Corporate Call with Tammy regarding purchase order; review of emails re: TD Bank and discussions with Peter Crawley.	Levy
05/28/2012	Banking - Corporate Banking, review bank account activity, posting adjustments.	Samoilov
05/29/2012	Consulting fees - Corporate Update interested party list.	Da Silva-Falcione
05/29/2012	Consulting fees - Corporate Attend premises; obtain three days cash, arrange deposit; update daily sales statistics report and K&F purchases; discuss wage rate with employee; call to Shred-it to arrange destruction of sensitive waste paper; instruct M. Yany to prepare payroll; follow up call to Shred It; review payroll calculated by M. Yany and request corrections; discuss sick pay policy with H. Levy;	Crawley

review K&F statement of account and reconcile merchant services sales report, identifying credit deficiencies and communicating same to K&F credit department; call with Tammy to discuss required K&F order.

05/29/2012 Consulting fees - Corporate Levy
Attend at the pharmacy; Emails from Peter Auvinen; Discussions with Martin Healey; Discussions with Peter Crawley re: Telpay, K&F statement, other cash flow matters.

05/29/2012 Banking - Corporate Samoilov
Banking, posting. Phone call to RBC re account activity.

05/30/2012 Consulting fees - Corporate Da Silva-Falcione
Document preparation.

05/30/2012 Consulting fees - Corporate Crawley
Verify current TD bank balance; prepare accounting entry for L. Samoilov re: incoming wire transfer; review letter of intent received for business; email M. Yany re: access to Telpay account and court ordered access to records; prepare CRA remittance; review and arrange payment of pharmacist invoices; correspond with Shred-It on scheduling a service call to destroy confidential documents.

05/30/2012 Consulting fees - Corporate Levy
Review of cash flow and bank account status; Discussions with Peter Crawley re: K&F credits; Review of draft LOI document from Adel Tadros for the purchase of pharmacy and emails with Peter Auvinen and David Preger.

05/30/2012 Banking - Corporate Samoilov
Banking, posting. Phone call to RBC re request for account activity history. Prepare and process wire payment in RBC branch. Prepare and forward to CRA request to open divisional HST number.

05/31/2012 Consulting fees - Corporate Da Silva-Falcione
Follow up with P. Crawley re: ODB payment to confirm it is now going to the Receiver's account; telephone call with Heather of ODB re: May 31st payment.

05/31/2012	Consulting fees - Corporate	Crawley
	Review banking to verify receipt of ODB funds; query D. Falcione re same; call from CRA to arrange trust examination and correspond with M. Yany re same; discuss mid-day K&F drug order with Tammy; attend premises to deliver paystubs and pharmacist payments.	
05/31/2012	Consulting fees - Corporate	Levy
	Call with Pharmascience regarding professional allowances; Arrange Austin billing and send to CIT; Calls to Allan Lipman regarding Ghattas - left voicemail; Discussions with Peter Crawley re: K&F balance, cash flow items, TD Bank status.	
05/31/2012	Banking - Corporate	Samoilov
	Banking, posting, phone call to RBC following up incoming wire transfer.	
06/01/2012	Consulting fees - Corporate	Lifman
	Throughout the week, emails and discussions with H. Levy re: status; sign cheques.	
06/01/2012	Consulting fees - Corporate	Crawley
	Review K&F purchasing requirements with Tammy.	
06/01/2012	Consulting fees - Corporate	Levy
	Review of draft Second Report and preparation of additions and amendments to Report; Call to Peter Auvinen; Call to Allan Lipman re: Ghattas attendance; Emails to David Preger regarding Second Report and information regarding Ghattas affidavits to include in report; Review of emails from K&F re: statement and POS information; calls with Hany regarding pharmacy operation update.	
06/01/2012	Banking - Corporate	Samoilov
	Banking, posting.	
06/04/2012	Consulting fees - Corporate	Levy
	Various discussions with Peter Crawley; Review of daily sales; Emails with Peter Auvinen, David Preger; Emails to Allan Lipman re: Ghattas whereabouts; Review of banking general ledger; Arrange for rent cheque payment.	

06/04/2012	Consulting fees - Corporate Attend premises to obtain cash deposits and daily sales reports; review K&F invoices and update spreadsheet; call from Bell Canada, email appointment order to Bell and request revised billings; discuss with H. Levy; reconcile K&F April and May statements to receiver's records.	Crawley
06/04/2012	Banking - Corporate Review bank account activity. Banking, posting journal entry adjustments.	Samoilov
06/05/2012	Consulting fees - Corporate Various calls and emails to Allan Lipman; Discussions with David Preger; Review of emails from Peter Crawley, and discussions re: payment of accounts.	Levy
06/05/2012	Consulting fees - Corporate Prepare and send transaction review findings to H. Levy; request funds transfer from TD Bank; begin preparing K&F payment request; call Lifescan re: automatic order that arrived which will be returned; instruct Tammy to return product; discuss order with Tammy; call BMW to arrange return of vehicle and issue release letter.	Crawley
06/05/2012	Banking - Corporate Phone call to RBC re request for transaction history report. Review account activity. Banking, posting.	Samoilov
06/06/2012	Consulting fees - Corporate Various calls and emails to Allan Lipman; Emails to David Preger; Discussions with Peter Crawley re: payments.	Levy
06/06/2012	Consulting fees - Corporate Arrange K&F payment; discuss with H. Levy; call from ODB; return calls from BMW; correspond with credit manager at K&F about shipments received but not requested; discuss daily orders with Tammy.	Crawley
06/06/2012	Banking - Corporate Banking, posting.	Samoilov

06/07/2012	Consulting fees - Corporate Various calls to David Preger, Allan Lipman; Calls with Peter Crawley regarding K&F payments and account.	Levy
06/07/2012	Consulting fees - Corporate Attend premises; update K&F purchases schedule; review sales volumes; discuss operations with M. Halawa and H. Samy; contact BMW and make firm arrangements for them to pickup leased vehicle on-site; review daily purchase requirements with Tammy and discuss use of McKesson account.	Crawley
06/07/2012	Banking - Corporate Banking, posting.	Samoilov
06/08/2012	Consulting fees - Corporate Attend at pharmacy; Call with Peter Auvinen, David Preger, Martin Healey; Review of draft receiver report; Discussions with Peter Crawley re: K&F account, other disbursements.	Levy
06/08/2012	Consulting fees - Corporate Revise K&F payment; revisit cash flow projection with H. Levy and discuss planning for June 15th outcome; pay other suppliers; prepare accounting for TD bank transfers; request TD transfer of funds; prepare reconciliation of revenues to receipts and receivables.	Crawley
06/08/2012	Banking - Corporate Phone call to RBC re account activity report. Review bank account activity and post electronic incoming transfers. Banking, posting.	Samoilov

	Total for Services	$ 22,136.50
Expenses: Photocopies, faxes, etc.		
	Total for Expenses	351.30
	Subtotal	22,487.80
	HST	2,877.75
	Current Amount Due	$ 25,365.55

HST#136800752RT

AUSTIN PHARMA DRUGS LTD.

SUMMARY OF TIME INCURRED
MAY 26, 2012 TO JUNE 8, 2012

Name	Total Hours	Rate Per Hour	Billing
G. Lifman	1.20	$575.00	$690.00
H. Levy	16.25	$500.00	$8,125.00
P. Crawley	27.30	$405.00	$11,056.50
L. Samoilov	12.60	$165.00	$2,079.00
D. Falcione	1.20	$155.00	$186.00
Total	58.55		$22,136.50

Farber
Financial Group

June 27, 2012

Austin Pharma Drugs Ltd.
1525 Albion Road
Etobicoke, ON M9V 5G5

Invoice No. *9731*

TO PROFESSIONAL SERVICES RENDERED BY A. FARBER & PARTNERS INC. regarding the Receivership of Austin Pharma Drugs Ltd. for the period ended June 22, 2012

DATE	SERVICE	STAFF
06/08/2012	Consulting fees - Corporate Throughout the week, discussions/status updates with H. Levy.	Lifman
06/10/2012	Consulting fees - Corporate Amendments to Second Report and emails to David Preger.	Levy
06/11/2012	Consulting fees - Corporate Review Second Report of Receiver and email H. Levy re: issues and missing appendices; receive and save copies of May 3 and May 8 Orders.	Da Silva-Falcione
06/11/2012	Consulting fees - Corporate Attend premises; obtain sales reports and cash deposits; discuss purchasing with staff; review receivable positions for key benefits payors; update cash flow projections with actual to Jun 9; review draft Second Report and provide comments to H.Levy.	Crawley
06/11/2012	Consulting fees - Corporate Amendments to Second Receiver Report; Discussions with David Preger re: report and Lorusso cross examination; Review of Legal opinion from Dickinson Wright.	Levy
06/11/2012	Banking - Corporate Phone call to RBC following up incoming wire transfer. Banking, posting.	Samoilov

150 York Street, Suite 1600
Toronto, ON M5H 3S5

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06/12/2012	Consulting fees - Corporate Review daily orders with Tammy; prepare K&F payment; review biweekly payroll prepared by M.Yany; follow up with TD Canada Trust for outstanding funds transfer; request cheques to pay suppliers; review cash flow per H.Levy's query about K&F payments.	Crawley
06/12/2012	Banking - Corporate Banking. Phone call to RBC re account activity and incoming wire transfer.	Samoilov
06/13/2012	Consulting fees - Corporate Document preparation/coordination.	Da Silva-Falcione
06/13/2012	Consulting fees - Corporate Coordinate wire transfer for payroll; review purchase order with Tammy; call to BMW re: vehicle return; arrange paystubs for delivery to employees; coordinate K&F payment for Jun 15 with L.Samoilov.	Crawley
06/13/2012	Consulting fees - Corporate Various calls and correspondence with David Preger, Craig Mills re: motion materials; Updates with Peter Crawley re: operations, payment of K&F funds.	Levy
06/13/2012	Banking - Corporate Phone call to RBC re account activity and incoming wire transfer. Banking, posting. Prepare and process outgoing wire transfer in RBC branch.	Samoilov
06/14/2012	Consulting fees - Corporate Attend premises to collect cash, sales reports and deliver paystubs to employees; arrange deposit of cash; update K&F account report and daily sales statistics; review daily orders with Tammy; arrange payment of vendor invoices.	Crawley
06/14/2012	Consulting fees - Corporate Review of motion materials in preparation of court hearing.	Levy
06/14/2012	Banking - Corporate Banking.	Samoilov

06/15/2012	Consulting fees - Corporate Review TD cash position; query L.Samoilov for incoming wire transfer from ODB; correspond with H.Levy about court hearing; discussion with M.Halawa, pharmacist; discuss purchase requirements with Tammy.	Crawley
06/15/2012	Consulting fees - Corporate Attend at Court on hearing of relief from forfeiture Application.	Levy
06/15/2012	Consulting fees - Corporate Throughout the week, discussions/status updates with H. Levy.	Lifman
06/15/2012	Banking - Corporate Banking, posting.	Samoilov
06/18/2012	Consulting fees - Corporate Request TD funds transfer; discuss opportunity with M.Middlemore of Rexall; review order with Tammy; begin preparation of sale documents including confidential information memorandum.	Crawley
06/18/2012	Consulting fees - Corporate Various emails and discussion with Peter Crawley re: operations.	Levy
06/18/2012	Banking - Corporate Phone call to RBC re account activity and incoming wire transfer. Banking, posting.	Samoilov
06/19/2012	Consulting fees - Corporate Update website.	Da Silva-Falcione
06/19/2012	Consulting fees - Corporate Attend premises to collect reports, cash and K&F invoices; status update to staff; update daily sales statistics report and K&F purchases schedule; discuss K&F order with Tammy; review product return authorizations; discuss opportunity with interested party; prepare K&F payment; discuss K&F order with Kash.	Crawley
06/19/2012	Consulting fees - Corporate Review of endorsement from Justice Neubold; Various	Levy

	discussions with Diane Falcione re: website posts; Discussions with Peter Crawley re: operations; Call from David Preger re: sales process; Emails to CIT and Miller Thomson re: insurance.	
06/20/2012	Consulting fees - Corporate CIM; discuss K&F purchases with Tammy; call from Medhat to discuss drug promotion; discuss delivery payments with Kash.	Crawley
06/20/2012	Consulting fees - Corporate Review of various emails from Torkin Manes; Correspondence with Fred Lorusso re: rent cheques payable.	Levy
06/20/2012	Banking - Corporate Banking, posting.	Samoilov
06/21/2012	Consulting fees - Corporate Attend premises; obtain daily cash for deposit and sales reports; update sales and purchasing schedules; investigate payroll deficiency for employee; obtain sales reports from Fillware for CIM; arrange deposit of funds; review purchases with Tammy.	Crawley
06/21/2012	Consulting fees - Corporate Meet with Peter Auvinen and David Preger re: sales process; Discussions with Peter Crawley re: operations, sales process, interested parties; Update of the interested parties list; Various discussions with Diane Falcione; Call from Adel Tadros; Prepare sales process timeline and emails to David Preger and Peter Crawley.	Levy
06/22/2012	Consulting fees - Corporate Discuss printer replacement with M.Halawa; discuss ordering with Tammy.	Crawley
06/22/2012	Banking - Corporate Banking, posting. Review bank statement for May 2012 and post adjustments. Assist L. Lloyd-Key with bank reconciliations for the month of May 2012.	Samoilov

Expenses: Photocopies, faxes, etc.	Total for Services	$ 17,973.50
	Total for Expenses	279.00
	Subtotal	18,252.50
	HST	2,336.56
HST#136800752RT	Current Amount Due	$ 20,589.06

A. FARBER & PARTNERS INC.

AUSTIN PHARMA DRUGS LTD.

SUMMARY OF TIME INCURRED
JUNE 9, 2012 TO JUNE 22, 2012

Name	Total Hours	Rate Per Hour	Billing
G. Lifman	1.50	$575.00	$862.50
H. Levy	17.00	$500.00	$8,500.00
P. Crawley	16.70	$405.00	$6,763.50
L. Samoilov	9.60	$165.00	$1,584.00
D. Falcione	1.70	$155.00	$263.50
Total	46.50		$17,973.50

Farber Financial Group

July 26, 2012

Austin Pharma Drugs Ltd.
1525 Albion Road
Etobicoke, ON M9V 5G5

Invoice No. 9758

TO PROFESSIONAL SERVICES RENDERED BY A. FARBER & PARTNERS INC. regarding the Receivership of Austin Pharma Drugs Ltd. for the period ended July 20, 2012

DATE	SERVICE	STAFF
04/23/2012	Consulting fees - Corporate Update from H Levy re inventory count and related matters.	Nackan
06/25/2012	Consulting fees - Corporate Attend premises, collect cash and sales reports; update K&F accounts; update daily sales stats; inquire about credit note on short shipment with K&F; request funds from TD; respond to TD query about Visa account payment; review cash flow projection to actual to Jun 23rd.	Crawley
06/25/2012	Banking - Corporate Phone call to RBC re request for account activity report. Review account activity and posting incoming transfers.	Samoilov
06/26/2012	Consulting fees - Corporate Respond to interested party inquiry.	Da Silva-Falcione
06/26/2012	Consulting fees - Corporate Attend premises; met with Anju; call to absent employee; met with A.Tadros re: CIM content; collect daily cash; update sales and purchasing reports; review payroll calculations from M.Yany; discuss sick pay policy with Anju and Tammy; amend Tammy's pay for two medical appointments.	Crawley
06/26/2012	Consulting fees - Corporate Attend at landlord to deliver rent cheque for July; Attend pharmacy to meet with pharmacists and technicians.	Levy

06/26/2012	Banking - Corporate Banking, posting.	Samoilov
06/27/2012	Consulting fees - Corporate Document preparation.	Da Silva-Falcione
06/27/2012	Consulting fees - Corporate Arrange for wire transfer of payroll funds to Telpay; prepare K&F payment; review cash position for funds recently received; update discussion with H.Levy; pay bookkeeper for payroll processing.	Crawley
06/27/2012	Consulting fees - Corporate Various administrative and banking issue with Lidia Samoilov.	Levy
06/27/2012	Banking - Corporate Banking, posting. Prepare and process wire payment in RBC branch.	Samoilov
06/28/2012	Consulting fees - Corporate Attend premises to deliver pay stubs; collect cash and sales reports; discuss holiday schedule; discuss adjusted work hours with Queenie; discuss sick pay policy with Billinda; review purchase requirements with Tammy; arrange deposit of funds received; arrange next K&F payment; continue preparing CIM.	Crawley
06/28/2012	Consulting fees - Corporate Attend at pharmacy; Emails with Miller Thomson, David Preger; Calls with Peter Crawley re: operations; Call to Kohl & Frisch re: account.	Levy
06/29/2012	Consulting fees - Corporate Prepare updated statement of receipts & disbursements; collect additional petty cash information from Kash; discuss ODB receivable balance with H.Samy; review current cash positions in RBC and TD CT; call from employee about absence; amend R&D; discuss purchases with Tammy; calculate source deductions owing to CRA.	Crawley
06/29/2012	Consulting fees - Corporate Call with David Preger; Conference call with David	Levy

Preger, Lisa Corne; various discussions with Peter Crawley; review of Receiver R&D and comment and notes to Peter Crawley; Review and amendments to Receiver report and finalization of report and R&D.

06/29/2012 Banking - Corporate Samoilov
Banking, posting. Phone call to RBC following up incoming wire transfer. Filing HST return for April, May 2012.

07/03/2012 Consulting fees - Corporate Crawley
Onsite to collect cash, sales reports, discuss staffing issues with M.Halawa; review purchase requirements with Tammy; approve and arrange payment of supplier invoices.

07/03/2012 Banking - Corporate Samoilov
Banking, posting. Phone call to RBC re request for account activity. Review bank account activity and post incoming electronic payments.

07/04/2012 Consulting fees - Corporate Da Silva-Falcione
Discussion with H. Levy and P. Crawley re: upcoming court attendance to obtain Order to start Sales Process; draft Disclaimer wording for Data Room and await further instructions from H. Levy/P. Crawley; update website.

07/04/2012 Consulting fees - Corporate Crawley
Update sales stats report; update K&F; prepare K&F payment; discuss sales process with H.Levy and D.Falcione; request funds transfer from TDCT; prepare CIM.

07/04/2012 Consulting fees - Corporate Levy
Meet with Peter Crawley regarding update and prepare for next week; Review of daily cash flow activities; Review of K&F account; Call to Shaun MacDonnell re: inventory valuation; Email from Magdy Yany re: payroll information; Prepare NDA agreement and email to David Preger; Commencement review of CIM and related documents.

07/04/2012 Banking - Corporate Samoilov
Banking, posting.

07/05/2012	Consulting fees - Corporate	Da Silva-Falcione
	Call from interested party; update interested party list.	
07/05/2012	Consulting fees - Corporate	Crawley
	Prepare newspaper advertisement and information teaser for H.Levy's review; discuss purchases with Tammy; discuss sales process with H.Levy and arrange data room documents; prepare K&F payment for the following week.	
07/05/2012	Consulting fees - Corporate	Levy
	Attend at the pharmacy; prepare teaser letter; Prepare advertisement; call with Shaun MacDonnell and Larry Thorn at Kohl & Frisch; Various discussions with Peter Crawley; Emails to Martin Healey; Update daily sales; Finalize NDA with Lisa Corne.	
07/05/2012	Banking - Corporate	Samoilov
	Banking, posting.	
07/06/2012	Consulting fees - Corporate	Da Silva-Falcione
	Discussion with H. Levy re: sales process; draft website update for H. Levy review; email Globe & Mail with Ad request for Invitation for Offers; update website; email interested parties with Teaser and Non-Disclosure Agreement; contact two interested parties where we do not have an email address and advise them by phone that they are available online or by contacting me.	
07/06/2012	Consulting fees - Corporate	Levy
	Attendance at Court for sales process timeline; Review and various amendments to the Confidential Information Memorandum; Supervise Diane Falcione re: email of the teaser and confidentiality agreements; Various emails with Peter Auvinen, David Preger and Lisa Corne; Review of lease agreement and arrange for lease agreements to be presented in data room; calls with interested parties advising of the sales process.	
07/06/2012	Consulting fees - Corporate	Lifman
	Throughout the week, reviewed emails and discussed status with H. Levy.	

07/09/2012	Consulting fees - Corporate	Da Silva-Falcione

Review/file signed Non-Disclosure Agreements; update interested party list; set up Data Room and begin providing access to interested parties; respond to inquiries and provide access to interested parties throughout the day; update website with Order awarding costs.

07/09/2012	Consulting fees - Corporate	Levy

Finalize CIM and related schedules and discussions with Lisa Corne; Review of cost endorsement from Justice Neubold; Various discussions/supervision re: data room access and emails to interested parties; Call from interested parties re: sales process; Emails to Dickinson Wright regarding asset purchase agreement.

07/09/2012	Banking - Corporate	Samoilov

Phone call to RBC re request of transaction history report. Review bank account activity. Posting incoming electronic transfers.

07/10/2012	Consulting fees - Corporate	Da Silva-Falcione

Provide data room access to interested parties; respond to interested party inquiries.

07/10/2012	Consulting fees - Corporate	Levy

Review of asset purchase agreement; Review of employee wages calculations and discussions with Magdy Yany; Various calls and correspondence with interested parties including Shoppers, Rexall, Remedys and others re: sales process; Various discussions and supervision of Diane Falcione regarding data room, sales process, confidentiality agreements.

07/10/2012	Banking - Corporate	Samoilov

Filing HST return for the period ending June 30 2012.

07/11/2012	Consulting fees - Corporate	Da Silva-Falcione

Provide data room access to interested parties; respond to and forward inquiries for additional information; prepare cheque requisitions.

07/11/2012	Consulting fees - Corporate	Levy

Attend at the pharmacy re: operations; Calls from interested parties re: sales process, information

requests; Call to David Ku regarding information request; Meet with Fred Lorusso regarding appeal, CIT issues; Various calls with Craig Mills, Peter Auvinen; Conference call with David Preger, peter Auvinen; Call wit Lisa Corne regarding APA review; Arrange for payroll wire transfer; Cheques to the pharmacists; Call with Kohl & Frisch regarding generic and brand product purchases information.

07/11/2012 Banking - Corporate Samoilov
Banking, posting. Review account activity. Posting journal entry adjustments. Prepare and process wire payment in RBC branch.

07/11/2012 Banking - Corporate Lloyd-Key
Bank reconciliation for June 2012.

07/12/2012 Consulting fees - Corporate Da Silva-Falcione
Respond to interested party inquiries and forward Non-Disclosure Agreements as necessary; provide data room access to interested parties; review/update Asset Purchase Agreement; post additional documentation and email parties with access to notify of same.

07/12/2012 Consulting fees - Corporate Levy
Attend at the pharmacy re: operations, due diligence materials for the sales process; Review of K&F purchases; Numerous discussions and emails with Peter Auvinen and David Preger regarding CIT and Landlord issues; Numerous calls with Fred Lorusso and Jeff Mandelsohn regarding landlord arrangements, new lease agreement and other pertinent sales process issues; call to Martin Healey; prepare calculations regarding leases; Various calls and emails from interested parties including Shoppers Drugmart, RemedysX regarding the opportunity, additional information requests; Review of final APA and discussions with Lisa Corne.

07/12/2012 Banking - Corporate Samoilov
CIBC GTA - banking, posting.

07/13/2012 Consulting fees - Corporate Da Silva-Falcione
Forward Word version of APA to interested party upon request; upload additional documents to data room and

notify parties with access; provide data room access to interested parties; document preparation.

07/13/2012 Consulting fees - Corporate Levy
Attend at the pharmacy re: additional information requests from interested parties; Various calls and correspondence with Peter Auvinen regarding CIT and landlord issues; Calls with David Preger re: same; Conference call with Fred Lorusso, CIT, and counsel to finalize an arrangement between CIT and landlord; Numerous emails and calls from interested parties regarding the sales process, offers; Prepare amended calculation and discussions re: same.

07/13/2012 Consulting fees - Corporate Lifman
Throughout the week, discuss developments, status and strategy with H. Levy.

07/13/2012 Banking - Corporate Samoilov
Banking, posting. Phone call to CRA following up incoming electronic funds transfer.

07/16/2012 Consulting fees - Corporate Da Silva-Falcione
Provide data room access to interested parties; email NDA and Teaser.

07/16/2012 Consulting fees - Corporate Crawley
Review and organize Austin PO's and mail; discuss status of sales process with H.Levy; query L.Samoilov on ODB transfer received; request funds transfer from TD; review purchase requirements with Tammy.

07/16/2012 Consulting fees - Corporate Levy
Attend at the pharmacy re: operations, meeting with staff; Various calls with Diane Falcione and Peter Crawley regarding ODB, sales process; Calls and emails with interested parties regarding additional information; Call with Ontario College of Pharmacies re: designated manager and timeframe to transfer ownership; Call with Peter Auvinen re: landlord issue; Email to Fred Lorusso; Review information from Kohl and Frisch.

07/16/2012 Banking - Corporate Samoilov
Phone call to RBC re account activity. Review bank

account activity. Banking, posting incoming transfers.

07/17/2012	Consulting fees - Corporate Review daily purchase requirements with Tammy; reconcile K&F June statement; prepare K&F payment request for L.Samoilov; review current cash position.	Crawley
07/17/2012	Consulting fees - Corporate Call with Peter Austin; Discussions with Fred Lorusso; Various calls and emails from interested parties re: additional information; Emails to various interested parties re: purchase information; Review of K&F spreadsheets and request for additional information; Review of doctor reports from Raj.	Levy
07/17/2012	Banking - Corporate Posting journal entry adjustments.	Samoilov
07/18/2012	Consulting fees - Corporate Respond to interested party request for word version of APA; post new documents to data room and notify all parties with access of same; receive signed confidentiality agreement and grant access to data room accordingly; respond to inquiry from Airway Surgical re: payment and receivership appointment.	Da Silva-Falcione
07/18/2012	Consulting fees - Corporate Onsite to meet with prospective purchaser conducting due diligence; update daily sales stats; daily cash; update K&F schedule; prepare extended cashflow projection; review draft minutes of settlement with the landlord and provide comments to H.Levy.	Crawley
07/18/2012	Consulting fees - Corporate Attend at Austin for due diligence meeting with Shoppers Drugmart team.	Levy
07/18/2012	Banking - Corporate Banking, posting. Phone call to RBC re transaction history report. Review account activity and posting incoming electronic transfers.	Samoilov
07/19/2012	Consulting fees - Corporate Pay phone bills.	Crawley

07/19/2012	Consulting fees - Corporate Attend at Austin for due diligence meeting with Katz Group	Levy
07/20/2012	Consulting fees - Corporate Review and respond to various email inquiries from interested parties; grant data room access to various interested parties.	Da Silva-Falcione
07/20/2012	Consulting fees - Corporate Call from OMG supplier; update cashflow to Aug 15th; review cheques received and electronic transfer advices from benefits providers; discuss daily order requirements with Tammy; discuss due diligence requests with H.Levy; attend premises to collect cash, reports and purchase invoices; discuss operations with pharmacists.	Crawley
07/20/2012	Consulting fees - Corporate Various calls and correspondence with Fred Lorusso; Calls and emails to/from interested parties regarding the sale; Various discussions with Peter Auvinen; Call with David Preger; Review of cash flow information with Peter Crawley.	Levy

Expenses: Photocopies, faxes, etc.	Total for Services	$ 47,847.50
	Total for Expenses	742.50
	Subtotal	48,590.00
	HST	6,220.18
	Current Amount Due	$ 54,810.18

HST#136800752RT

A. FARBER & PARTNERS INC.

AUSTIN PHARMA DRUGS LTD.

SUMMARY OF TIME INCURRED
JUNE 23, 2012 TO JULY 20, 2012

Name	Total Hours	Rate Per Hour	Billing
A. Nackan	0.80	$575.00	$460.00
G. Lifman	1.50	$575.00	$862.50
H. Levy	58.25	$500.00	$29,125.00
P. Crawley	29.60	$405.00	$11,988.00
L. Samoilov	20.40	$165.00	$3,366.00
L. Lloyd-Key	0.40	$155.00	$62.00
D. Falcione	12.80	$155.00	$1,984.00
Total	123.75		$47,847.50

Farber
Financial Group

August 9, 2012

Austin Pharma Drugs Ltd.
1525 Albion Road
Etobicoke, ON M9V 5G5

Invoice No. 9804

TO PROFESSIONAL SERVICES RENDERED BY A. FARBER & PARTNERS INC. regarding the Receivership of Austin Pharma Drugs Ltd. for the period ended August 3, 2012

DATE	SERVICE	STAFF
07/20/2012	Consulting fees - Corporate Throughout the week, review emails and discuss status and strategy with H. Levy.	Lifman
07/20/2012	Banking - Corporate Banking, posting. Phone call to RBC re account activity and posting electronic transfers.	Samoilov
07/21/2012	Consulting fees - Corporate Attend at pharmacy.	Levy
07/23/2012	Consulting fees - Corporate Various discussions and calls with interested parties; Numerous calls and emails to James McKeon, Jim Ferguson, Peter Auvinen regarding finalizing the minutes of settlement and proposed lease agreement; Update calls with Fred Lorusso; Discussions with Peter Crawley re: ODB payments; Call to Ontario College of Pharmacies.	Levy
07/23/2012	Consulting fees - Corporate Arrange deposit of cash and cheques; discuss daily purchase requirements with Tammy/Kash; update K&F schedule and prepare weekly payment request; update daily sales statistics; call from Kash re: fridge problems; review McKesson invoices; arrange for payment of pharmacist services.	Crawley
07/23/2012	Banking - Corporate Banking - cheques requests and several deposits.	Lloyd-Key

07/23/2012	Banking - Corporate Banking.	Blunda
07/24/2012	Consulting fees - Corporate Prepare doctors RX list/summary for doctors in 1525 Albion Road.	Da Silva-Falcione
07/24/2012	Consulting fees - Corporate Attend due diligence at pharmacy; Review final minutes of settlement and lease agreements; Numerous calls and emails with Jeff Mandelsohn, Jim Ferguson, Jim McKeon; Call to Fred Lorusso; Numerous calls and emails with interested parties regarding due diligence, questions, other sales process issues.	Levy
07/24/2012	Consulting fees - Corporate Attend premises with prospective purchaser to facilitate due diligence; obtain sales reports and cash; K&F purchasing update; request M.Yany to process payroll; respond to due diligence questions; arrange for reversal of Airways payment; review biweekly payroll time cards and advise M.Yany of required corrections.	Crawley
07/24/2012	Banking - Corporate Banking - Deposit cash to account.	Lloyd-Key
07/25/2012	Consulting fees - Corporate Receipt and review of offers; saving same and forwarding to P Crawley for review; preparation of paystubs to be delivered to employees; providing same to P Crawley.	Antoniou
07/25/2012	Consulting fees - Corporate Various discussions and emails with interested parties; calls with Jeff Mandelsohn, Stuart Muir; Email to David Preger re: Shoppers offer; Various calls with Genesis Financial; Call with Peter Auvinen; Arrange for distribution of lease agreement and emails with Diane Falcione.	Levy
07/25/2012	Consulting fees - Corporate Review final paystubs and approve payroll; instruct L.Blunda to wire funds to Telpay; prepare CRA source deduction remittance for July; review daily purchasing	Crawley

requirements with Tammy; review employee benefits account status and query Wawanesa on status of outstanding adjustments; review offer received and instruct C.Antoniou on scanning of offers; correspond with interested parties re: due diligence requests.

07/25/2012 Consulting fees - Corporate Blunda
Banking - prepare bank wire instructions for payroll, obtain partners approval, deliver instructions to the bank and obtain confirmation.

07/26/2012 Consulting fees - Corporate Da Silva-Falcione
Document preparation; review and scan offers received throughout the day; update interested party list; terminate all access to data room.

07/26/2012 Consulting fees - Corporate Levy
Attend at pharmacy re: updates; Various calls and correspondence with interested parties regarding the offer deadline process and accepting offers, information requests to support offers; Review of the offers received; Preparation of analysis of offers and email to stakeholders; Calls with Peter Auvinen, David Preger and Martin Healey; Various other administrative matters.

07/26/2012 Consulting fees - Corporate Crawley
Review insurance policy certificate for basis of paying claims and request confirmation from insurance broker; update daily stats and K&F schedules; sales process matters as bid deadline approaches; begin preparing Receiver's Fifth Report in support of motion to approve sale and issue vesting order; attend to paying supplier invoices; review response from Wawanesa regarding status of changes to benefits plan; review offers received and evaluate inventory adjustments.

07/26/2012 Banking - Corporate Lloyd-Key
Banking - Cash deposit.

07/27/2012 Consulting fees - Corporate Lifman
Review status, offers received and strategy with H. Levy.

07/27/2012 Consulting fees - Corporate Levy
Review of offers; Clarify a few points with Shoppers

	Drugmart re: lease condition; Call with Rexall PharmaPlus; Calls with Peter Auvinen re: offers; Calls to Fred Lorusso, Jeff Mandelsohn; Various discussions with Peter Crawley regarding cash flows to August 15; Preparation of realization schedule for CIT.	
07/27/2012	Consulting fees - Corporate Discuss offers with H.Levy; discuss inventory quality, expiration dates and turnover with M.Halawa; amend cashflow projection for revised ODB and K&F figures to estimate ending cash position.	Crawley
07/27/2012	Consulting fees - Corporate Attend premises to obtain reports, daily cash, K&F invoices and deliver pay stubs; provide brief update to staff.	Crawley
07/27/2012	Banking - Corporate Banking - Cash deposit.	Lloyd-Key
07/30/2012	Consulting fees - Corporate Various calls and emails with Shoppers Drugmart; Numerous calls and emails with interested parties regarding the bid process; Various discussions with Diane Falcione; Calls and emails with Dickinson Wright LLP; Calls with Fred Lorusso and Jeff Mandelsohn re: lease conditions, new lease.	Levy
07/30/2012	Consulting fees - Corporate Receiver's Fifth Report; discuss with H.Levy the status of the sales process and purchaser selection; update K&F; attend to paying invoices and weekly K&F payment; review cashflow projection for H.Levy and discuss projected financial position of the receiver on August 15th; query K&F for generics purchase report; review sick days used report from M.Yany and respond to query from Raj.	Crawley
07/30/2012	Banking - Corporate Banking, posting. Phone call to RBC re account activity report. Posting incoming electronic transfers.	Samoilov
07/31/2012	Consulting fees - Corporate Emails to unsuccessful bidders advising of failed bid and requesting instructions on how to return deposit	Da Silva-Falcione

cheques.

07/31/2012	Consulting fees - Corporate Attend at Landlord to deliver rent cheque; Attend at Austin pharmacy to review operations, inventory levels and discussions with staff; Attend conference call with Shoppers, Landlord re: Shoppers lease terms; Various discussions with Shoppers re: lease condition, assignment; Calls to Rexall re: offer; Supervise Diane Falcione re: advising offerors that they were not successful.	Levy
07/31/2012	Consulting fees - Corporate Review daily purchase requirements with Tammy; verify receipt of ODB funds with L.Samoilov; review and arrange for deposit of various cheques received; discuss status of sale negotiation with H.Levy.	Crawley
07/31/2012	Banking - Corporate Banking, posting. Prepare and process Payroll deductions payment in RBC branch. Phone call to RBC following up incoming electronic transfer.	Samoilov
08/01/2012	Consulting fees - Corporate Discussion with unsuccessful bidder's agent and arrange to return deposit cheque.	Da Silva-Falcione
08/01/2012	Consulting fees - Corporate Various discussions with Dickinson Wright re: lease agreement; calls with Jeff Mandelsohn, Fred Lorusso re: amended lease terms; Call to Peter Auvinen re: update; Calls with Stuart Muir and Arie Bitton regarding update and changes to APA; Call from Michele Middlemore re: extending Rexall offer; Review of Shoppers amendments to lease terms.	Levy
08/01/2012	Consulting fees - Corporate Attend premises to obtain daily cash, sales reports, K&F invoices and meet with staff; update K&F accounts; daily sales statistics; arrange deposit of funds; prepare Receiver Certificate #2 for H.Levy's review.	Crawley
08/01/2012	Banking - Corporate Banking, posting.	Samoilov

08/02/2012	Consulting fees - Corporate Various calls and correspondence with Jim Ferguson; Call to Fred Lorusso; Calls with Jeff Mandelsohn; Calls with Stuart Muir; review of landlord comments on lease agreement and forward to Dickinson Wright and Miller Thomson for review.	Levy
08/02/2012	Consulting fees - Corporate Review daily purchases with Kash; review K&F July statement of account and ensure outstanding balance agrees to our records, within reason.	Crawley
08/02/2012	Banking - Corporate Banking, posting.	Samoilov
08/03/2012	Consulting fees - Corporate Review and numerous amendments and additions to Fifth Report of the Receiver; Numerous discussions with Jim McKeon regarding the lease, amendments to the APA; Emails with Peter Auvinen regarding update on the sales process; Various correspondence with Jim Ferguson, Jeff Mandelsohn and Fred Lorusso re: new lease agreement; Calls with Stuart Muir re: Shoppers deal; Call from Michele Middlemore re: Rexall bid.	Levy
08/03/2012	Consulting fees - Corporate Throughout the week, review and discuss status, developments and issues with H. Levy.	Lifman
08/03/2012	Banking - Corporate Banking, posting.	Samoilov

Expenses: Photocopies, faxes, etc.	Total for Services	$ 30,040.00
	Total for Expenses	445.20
	Subtotal	30,485.20
	HST	3,905.20
	Current Amount Due	$ 34,390.40

HST#136800752RT

A. FARBER & PARTNERS INC.

AUSTIN PHARMA DRUGS LTD.

SUMMARY OF TIME INCURRED
JULY 21, 2012 TO AUGUST 3, 2012

Name	Total Hours	Rate Per Hour	Billing
G. Lifman	4.20	$575.00	$2,415.00
H. Levy	35.50	$500.00	$17,750.00
P. Crawley	17.60	$405.00	$7,128.00
L. Blunda	1.50	$190.00	$285.00
L. Samoilov	7.50	$165.00	$1,237.50
L. Lloyd-Key	3.60	$155.00	$558.00
C. Antoniou	0.80	$155.00	$124.00
D. Falcione	3.50	$155.00	$542.50
Total	74.20		$30,040.00

THIS IS EXHIBIT "B" TO
THE AFFIDAVIT OF HYLTON LEVY
SWORN BEFORE ME THIS 16th
DAY OF AUGUST, 2012

A Commissioner Etc.

Diane Da Silva-Falcione, A Commissioner, etc.,
Province of Ontario, for A. Farber & Partners Inc.
Trustee in Bankruptcy.
Expires: January 16, 2015.

A. FARBER & PARTNERS INC.
AUSTIN PHARMA DRUGS LTD.
SUMMARY OF RECEIVER'S FEES
APRIL 9, 2012 TO AUGUST 3, 2012

EXHIBIT B

		April 9, 2012 to April 27, 2012		April 10, 2012 to May 11, 2012		May 12, 2012 to May 25, 2012		May 26, 2012 to June 8, 2012		June 9, 2012 to June 22, 2012		June 23, 2012 to July 20, 2012		July 21, 2012 to August 3, 2012		Total Fees to Date	
Name	Rate Per Hour	Total Hours	Total Fees	Hours	Total	Hours	Total	Hours	Total	Hours	Fees	Hours	Fees	Hours	Fees	Total Hours	Total Fees
G. Lifman	$575.00	3.50	$ 2,012.50	2.50	$ 1,437.50	1.00	$ 575.00	1.20	$ 690.00	1.50	$ 862.50	1.50	$ 862.50	4.20	$ 2,415.00	15.40	$ 8,855.00
A. Nackan	$575.00			1.00	$ 575.00		$ -		$ -		$ -	0.80	$ 460.00			1.80	$ 1,035.00
H. Levy	$500.00	56.50	$ 28,250.00	26.50	$ 13,250.00	21.50	$ 10,750.00	16.25	$ 8,125.00	17.00	$ 8,500.00	58.25	$ 29,125.00	35.50	$17,750.00	231.50	$ 115,750.00
P. Crawley	$405.00	54.50	$ 22,072.50	19.50	$ 7,897.50	27.90	$ 11,299.50	27.30	$ 11,056.50	16.70	$ 6,763.50	29.60	$ 11,988.00	17.60	$ 7,128.00	193.10	$ 78,205.50
L. Blunda	$190.00													1.50	$ 285.00	1.50	$ 285.00
M. Castillo	$175.00	1.00	$ 175.00		$ -		$ -		$ -		$ -					1.00	$ 175.00
L. Samoilov	$165.00	3.60	$ 594.00	11.80	$ 1,947.00	11.80	$ 1,947.00	12.60	$ 2,079.00	9.60	$ 1,584.00	20.40	$ 3,366.00	7.50	$ 1,237.50	77.30	$ 12,754.50
O. Falcione	$135.00	7.40	$ 1,147.00	2.10	$ 325.50	2.00	$ 310.00	1.20	$ 186.00	1.70	$ 263.50	12.80	$ 1,984.00	3.50	$ 542.50	30.70	$ 4,758.50
A. Chopowick	$135.00	0.50	$ 77.50	0.50	$ 77.50		$ -		$ -		$ -		$ -			1.00	$ 155.00
C. Antoniou	$155.00	0.20	$ 15.50	2.00	$ 310.00		$ -		$ -		$ -		$ -	0.80	$ 124.00	2.90	$ 449.50
L. Lloyd-Kay	$155.00				$ -	0.20	$ 31.00		$ -		$ -	0.40	$ 62.00	3.60	$ 558.00	4.20	$ 651.00
Total		127.10	$ 54,344.00	65.90	$ 25,820.00	64.40	$ 24,912.50	58.55	$ 22,136.50	46.50	$ 17,973.50	123.75	$ 47,847.50	74.20	$30,060.00	560.40	$ 223,074.00
Expenses:			$ 762.60		$ 395.40		$ 386.40		$ 351.30		$ 279.00		$ 742.50		$ 445.20		$ 3,362.40
HST:			$ 7,064.72		$ 3,356.60		$ 3,238.63		$ 2,877.75		$ 2,336.56		$ 6,220.18		$ 3,905.20		$ 28,999.64
Totals:			$ 62,171.32		$ 29,572.00		$ 28,537.53		$ 25,365.55		$ 20,589.06		$ 54,810.18		$34,390.40		$ 255,436.04

Average hourly rate $ 398.06

This is Appendix "M" referred to in the
Fifth Report of A. Farber & Partners Inc.
dated August 16, 2012

Court File No.: CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF S. 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, AND S. 101 OF *THE COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

BETWEEN:

CIT FINANCIAL LTD.

Applicant

-and-

AUSTIN PHARMA DRUGS LTD.

Respondent

AFFIDAVIT OF DAVID PREGER

(Sworn August 16, 2012)

I, **DAVID PREGER**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a partner with the law firm of Dickinson Wright LLP ("**DW**"). DW has acted and continues to as independent counsel to A. Farber & Partners Inc. ("**Farber**") in its capacity as Receiver of the assets, undertaking and property of Austin Pharma Drugs Ltd. ("**Austin**") pursuant to an Order of this Court made on the 17th day of April 2012.

2. DW fees and disbursements in connection with its engagement on behalf of the Receiver for the period from April 10, 2012 to August 16, 2012 total $108,494.10, inclusive of HST. Attached as **Exhibit "A"** to this Affidavit are copies of DW's accounts for the period indicated.

3. The hourly billing rates set out in the account are the normal hourly rates charged by DW for services rendered in relation to similar proceedings.

SWORN before me at the
City of Toronto, in the
Province of Ontario, on
August 16, 2012

A Commissioner for taking affidavits
Mark S. Shapiro

DAVID PREGER

THIS IS EXHIBIT "A" TO
THE AFFIDAVIT OF DAVID PREGER
SWORN BEFORE ME THIS 16TH
DAY OF AUGUST, 2012

A Commissioner Etc.

IN ACCOUNT WITH

DICKINSON WRIGHT LLP
global leaders in law.

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GST/HST NUMBER: 831204003 RT0001

051580-00001
A. FARBER & PARTNERS INC.
IN THE MATTER OF THE RECEIVERSHIP OF THE ASSETS OF AUSTIN PHARMA DRUGS LTD.

INVOICE 815059
June 29, 2012
PAGE 2

CURRENT INVOICE DETAIL

DATE	INITIALS	SERVICES	HOURS	VALUE
04/10/12	DPP	Telephone conference with Hylton Levy, receive and review draft indemnity from Hylton Levy, revise and amend indemnity and email to Hylton Levy, receive and review email from Hylton Levy	0.7	367.50
04/11/12	DPP	Office conference with Elisa Giacomelli to brief her regarding matter, receive and review email and draft Order from Craig Mills, email to Hylton Levy, receive and review further email and revised draft Order from Craig Mills, email to Hylton Levy, telephone conference with Hylton Levy to review proposed terms of Order appointing his firm as receiver, email to Craig Mills to request copy of CIT's Application Record, email to Craig Mills regarding chambers appearance on June 12, 2012, receive and review email from Craig Mills regarding paragraph sought by Kohl & Frisch in Appointment Order, telephone conference with Hylton Levy to discuss, email proposed wording to Craig Mills, receive and review CIT's Application Record, receive and review email from Hylton Levy to Craig Mills and responding email from Craig Mills to Hylton Levy	3.2	1,680.00
04/11/12	ECG	Meeting with and instructions from David Preger	0.3	87.00
04/12/12	ECG	Emails with David Preger; Travel to and from and attendance at Chambers appointment with David Preger and Craig Mills before Justice Morawitz; read and reviewed the application materials including the notice of application, affidavit of Jack Pietropaolo and exhibits attached thereto	2.4	696.00
04/12/12	ECG	Receiving and reviewing emails between David Preger and Hylton Levy re signing of Consent to Act	0.1	29.00
04/12/12	DPP	Receive and review email from Craig Mills, email to Craig Mills, email to Hylton Levy regarding April 17, 2012 return for hearing of application, telephone conference with Hylton Levy	0.5	262.50
04/12/12	DPP	Chambers appearance before Morawetz J. and email to Hylton Levy	1.6	840.00
04/15/12	DPP	Receive and review emails between Hylton Levy and Craig Mills regarding Darryl Mann continuing to act in relief from forfeiture motion, email to Craig Mills and Hylton Levy	0.2	105.00

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04/16/12	DPP	Receive and review email and copies of executed Consent and indemnity from Hylton Levy, receive and review emails between Eunice Machado and Craig Mills, review section 14 of Ontario Drug Benefit Act, email to Hylton Levy in relation to proposed wording in Appointment Order, email to Craig Mills, receive and review email from Craig Mills	1.1	577.50
04/17/12	DPP	Court appearance before Morawetz J. in respect to Receiver's appointment, receive and review email from Hylton Levy and email to Hylton Levy, telephone conference with Hylton Levy regarding next steps, telephone conference regarding events at pharmacy during his attendance today, receive and review email from Hylton Levy to Peter Auvinen and Craig Mills summarizing the day's events	4.8	2,520.00
04/17/12	ECG	Emails with David Preger; review of draft receivership order; travel to and from Commercial Court re application to appoint receiver	4.1	1,189.00
04/18/12	DPP	Receive and review email from Shaun McDonnell of Kohl & Frisch to Hylton Levy, telephone conference with Hylton Levy regarding segregation of goods for purposes of 30 day goods claim, draft proposed wording for Receiver's response to Kohl & Frisch and email to Peter Crawley, receive and review email from Hylton Levy to Shaun McDonnell	1.4	735.00
04/19/12	DPP	Telephone conference with Hylton Levy regarding David Ullmann's client, email to David Ullmann, numerous emails to and from David Ullmann, telephone conference with David Ullmann, email to Hylton levy regarding discussion with David Ullmann, email to Hylton Levy, Peter Auvinen and Craig Mills	1.9	997.50
04/19/12	ECG	Received and reviewed several emails between David Preger; Craig Mills and Pert Auviven	0.2	58.00
04/19/12	ECG	Received and reviewed emails from David Preger	0.1	29.00
04/20/12	DPP	Receive and review email from Hylton Levy, telephone conference with Hylton Levy regarding terms requested by David Ullmann	0.5	262.50
04/21/12	DPP	Receive and review email from Hylton Levy to Sheriff Ghattas	0.1	52.50
04/22/12	DPP	Receive and review email from Hylton Levy requesting that service contract be prepared for pharmacist to sign, telephone conference with Hylton Levy, instruct Lisa Corn to prepare contract	0.4	210.00

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INVOICE 815059
June 29, 2012
PAGE 4

04/23/12	ECG	Received and reviewed emails re pharmacist	0.1	29.00
04/23/12	DPP	Receive and review report from Hylton Levy to Martin Healey, telephone conference with Hylton Levy	0.6	315.00
04/24/12	DPP	Receive and review email from Martin Healey to Hylton Levy, telephone conference with Hylton Levy	0.3	157.50
04/25/12	DPP	Receive and review emails between Fred Lorusso and Hylton Levy, telephone conference with Hylton Levy, receive and review report from Hylton Levy to Martin Healy	0.7	367.50
04/25/12	LSC	Review application record for appointment of receiver and draft receiver's first report to court	2.5	1,312.50
04/25/12	ECG	Received and reviewed several emails between David Preger, Catherine Patterson and the Commercial Court re scheduling Chambers re the intended motion, scheduling Chambers appointment, etc	0.1	29.00
04/26/12	LSC	Prepare draft letter agreement regarding retainer of relief pharmacist, prepare draft receiver's report and telephone call to David Preger re same.	1.8	945.00
04/27/12	ECG	Received and reviewed emails re organizing Chambers appointment	0.1	29.00
04/30/12	DPP	Receive and review email from Hylton Levy regarding preference payments, telephone conference with Hylton Levy regarding advisability of a bankruptcy of debtor company, receive and review emails between Peter Auvinen and Hylton Levy regarding interest payable under DIP loan	0.7	367.50
05/01/12	LSC	Review first report of receiver and telephone call from H. Levy re revisions requested, discussion with draft. Preger re same	0.3	157.50
05/01/12	LSC	Email to H. Levy re engagement letter for pharmacist	0.1	52.50
05/02/12	LSC	Office conference with D. Preger and review case law regarding relief from forfeiture	1.0	525.00
05/03/12	DPP	Receive and review PMSI documents from McKesson Canada from Hylton Levy, receive and review email from Peter Auvinen regarding date for meeting with Peter Auvinen	0.3	157.50
05/03/12	LSC	Attend before Brown J. In chambers regarding scheduling of relief from forfeiture application and discussion with H. Levy, David Preger and C. Mills re applicable case law and strategy	1.0	525.00

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PAGE 5

05/07/12	DPP	Receive and review emails between Peter Auvinen and Hylton levy regarding insurance	0.2	105.00
05/07/12	ECG	Received and reviewed email from Laura DiPronio and attached affidavit of Peter Auvinen	0.1	29.00
05/08/12	DPP	Receive and review updated cash flow report and report from Hylton Levy to Martin Healey	0.4	210.00
05/16/12	DPP	Receive and review email from Hylton Levy regarding possible bankruptcy of debtor company	0.1	52.50
05/23/12	DPP	Telephone conference with Hylton Levy	0.4	210.00
06/04/12	DPP	Receive and review email from Catherine Patterson regarding Receiver's failure to pay rent due on June 1, 2012, email to Hylton Levy	0.1	52.50
06/08/12	OJS	Austin Pharma Drugs Ltd.; obtained Corporation Profile Report and Certified and electronic Ontario PPSA search from Ministry of Government Services; delivery to Lisa Corne of Certified search;	0.5	90.00
06/08/12	LSC	Office conference with draft. Preger, review file and CIT security and order corp and PPSA searches, and review same and prepare security opinion in draft,	2.5	1,312.50
06/21/12	DPP	Attend meeting with Hylton Levy, Peter Auvinen and Martin Healey (by telephone)	0.8	420.00
06/25/12	DPP	Receive and review email from Hylton Levy, email to Hylton Levy	0.1	52.50
06/28/12	DPP	Email to Joe DiPietro to request date for sales process approval motion, receive and review email from Joe DiPietro, telephone conference to set aside time on July 6, 2012, review and revise sales process timeline prepared by Hylton Levy, receive and review emails between Peter Auvinen and Hylton Levy, email to Peter Auvinen	0.8	420.00
06/29/12	DPP	Conference call with Hylton Levy and Lisa Corne, review motion request form	0.5	262.50
		TOTAL HOURS	39.7	
		TOTAL SERVICES	CAD $	18,884.00

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IN THE MATTER OF THE RECEIVERSHIP OF THE ASSETS OF AUSTIN PHARMA DRUGS LTD.

INVOICE 815059
June 29, 2012
PAGE 6

TIMEKEEPER NAME	TITLE	RATE	HOURS	VALUE
DAVID P. PREGER	PARTNER	525.00	22.40	11,760.00
LISA S. CORNE	PARTNER	525.00	9.20	4,830.00
OLGA J. SUMMERS	LEGAL CLERK	180.00	0.50	90.00
ELISA C. GIACOMELLI	ASSOCIATE	290.00	7.60	2,204.00
		TOTAL	39.70	$18,884.00

DATE	DISBURSEMENTS	VALUE
05/31/12	REPRODUCTION-INSIDE FIRM	249.56
05/31/12	COMPUTERIZED LGL RESEARCH	91.50
05/01/12	TAX EXEMPT FILING/REGISTRATION FEES - - VENDOR: MINISTER OF FINANCE	127.00
05/02/12	LEGAL SERVICES OF OTHERS - - VENDOR: C.P.S. INC.	45.00
05/04/12	LEGAL SERVICES OF OTHERS - - VENDOR: C.P.S. INC.	79.00
06/08/12	RECORDING/SEARCH/FILING FEE - - VENDOR: ONCORP DIRECT, INC. CORPORATION PROFILE REPORT	19.00
06/08/12	RECORDING/SEARCH/FILING FEE - - VENDOR: ONCORP DIRECT, INC. PPSA CERTIFICATE SEARCH	18.00
06/08/12	RECORDING/SEARCH/FILING FEE - - VENDOR: ONCORP DIRECT, INC. PPSA ELECTRONIC SEARCH	20.00

TOTAL DISBURSEMENTS	CAD $	649.06
HST-ONTARIO	CAD $	2,522.79
TOTAL CURRENT CHARGES	CAD $	22,055.85

PLEASE NOTE THAT THIS ACCOUNT IS DUE UPON RECEIPT

DICKINSON WRIGHT LLP

DAVID P. PREGER

In accordance with the Solicitors Act interest at 1.3% will be charged on all accounts outstanding over 30 days.
E. & O.E.

IN ACCOUNT WITH

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051580-00002
A. FARBER & PARTNERS INC.
AUSTIN PHARMA DRUGS LTD. V. ALBION KIPLING MEDICAL BUILDING CORP.

INVOICE 815060
June 29, 2012
PAGE 2

CURRENT INVOICE DETAIL

DATE	INITIALS	SERVICES	HOURS	VALUE
04/18/12	DPP	Receive and review email from Peter Auvinen suggesting approach to be taken to motion forfeiture in view of Darryll Mann's unwillingness to continue acting, telephone conference with Hylton levy to discuss Peter Auvinen's suggestions, email to Peter Auvinen	0.9	472.50
04/19/12	DPP	Receive and review email from Peter Auvinen to Hylton Levy receive and review email from Peter Auvinen, email to Peter Auvinen	0.4	210.00
04/20/12	DPP	Telephone conference with Catherine Patterson	0.4	210.00
04/23/12	DPP	Email to Peter Auvinen to report on discussion with Catherine Patterson, numerous emails to and from Peter Auvinen	0.4	210.00
04/24/12	DPP	Telephone conference with Peter Auvinen	0.3	157.50
04/25/12	DPP	Receive and review email from Catherine Patterson, email to Catherine Patterson, receive and review email from Catherine Patterson, email to Catherine Patterson	0.4	210.00
04/26/12	DPP	Prepare First Report on behalf of the Receiver and email to Hylton Levy for comments, receive and review email from Peter Auvinen, revise First Report	4.3	2,257.50
04/27/12	DPP	Email to Joe DiPietro requesting chambers appointment before Brown J., review letter and notice of examination from Catherine Patterson, receive and review email from Catherine Patterson to Michelle Chen, numerous emails to and from Joe DiPietro to fix the chambers appointment before Brown J. for May 3, 2012, email to Peter Auvinen and Craig Mills possible dates for cross-examination of Sheriff Ghattas, receive and review email from Peter Auvinen	0.9	472.50
04/27/12	ECG	Call with and instructions from David Preger re research re relief from forfeiture; brief review of law re relief from forfeiture	1.1	319.00
04/30/12	ECG	Reviewing email from Catherine Patterson re upcoming chambers' appointment and motion	0.1	29.00
05/01/12	ECG	Received and reviewed Affidavit of Lorusso sent by counsel Catherine Patterson	0.3	87.00

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INVOICE 815060
June 29, 2012

05/01/12	ECG	Review of various cases sent by David Preger re renewal of lease and relief from forfeiture	1.5	435.00
05/01/12	DPP	Prepare Notice of Motion, revise First Report and email to Hylton Levy for signature	1.1	577.50
05/02/12	DPP	Conduct preliminary research regarding waiver of strict compliance with notice of renewal and email to Peter Auvinen and Craig Mills	2.6	1,365.00
05/02/12	ECG	Reviewing case law, etc and preparing memo re law re failure to provide notice of renewal relief and remedies and relief from forfeiture	4.5	1,305.00
05/02/12	ECG	Emails with David Preger re law re renewal of lease, etc.	0.2	58.00
05/03/12	ECG	Research re additional cases and noting up of cases; preparing brief summary of case law; email to David Preger	2.5	725.00
05/03/12	ECG	Received and reviewed email from David Preger	0.1	29.00
05/03/12	DPP	Receive and review email from Peter Auvinen and email to Peter Auvinen, email to Catherine Patterson regarding cross-examination of Sheriff Ghattas	0.3	157.50
05/03/12	DPP	Court appearance in chambers before Brown J. and obtaining Order to transfer relief from forfeiture action to the Commercial List and scheduling motion for relief from forfeiture for hearing on June 15, 2012	1.0	525.00
05/04/12	DPP	Numerous emails to Craig Mills and Peter Auvinen regarding their availability to attend for Sheriff Ghattas's cross-examination	0.2	105.00
05/06/12	DPP	Receive and review email from Craig Mills, email to Craig Mills to request that Peter Auvinen swear an affidavit regarding his recent communications with Sheriff Ghattas	0.3	157.50
05/07/12	DPP	Numerous emails to and from Craig Mills regarding efforts to serve Sheriff Ghattas with a notice of examination	0.2	105.00
05/07/12	ECG	Received and reviewed email from Hylton Levy re scheduling appt to meet to discuss law re relief from forfeiture	0.1	29.00
05/08/12	ECG	Received and reviewed email from David Preger and attached Order of Justice Brown, etc.	0.1	29.00
05/08/12	ECG	Instructions from David Preger and retrieving and reviewing case law harmful to our client's position; summary of cases and email to David Preger	1.9	551.00

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05/08/12	DPP	Prepare May 3, 20102 Order to reflect endorsement of Brown J., prepare Order for May 8, 2012, Chambers appearance before Brown J., attend at Commercial List to have Order entered, discuss approach to take to compel Sheriff Ghattas to attend for cross-examination with Hylton Levy, emails Order of Brown J. to service list	3.1	1,627.50
05/08/12	ECG	Received and reviewed email from David Preger re upcoming meeting re case law, etc	0.1	29.00
05/09/12	ECG	Received and reviewed email from David Preger re meeting with Paul Auvinen to discuss case law and instructions on materials to prepare	0.1	29.00
05/09/12	ECG	Instructions to Pat Tupper re preparing bound copies of cases	0.1	29.00
05/09/12	ECG	Preparing memo for meeting with Preger and Auvinen re law	1.9	551.00
05/09/12	DPP	Email to Elisa Giacomelli regarding meeting at Miller Thomson with peter Auvinen on May 11, 2012 and issues to prepare for	0.2	105.00
05/10/12	DPP	Review memo legal research from Elisa Giacomelli, email comments to Elisa Giacomelli	0.6	315.00
05/10/12	ECG	Reviewing and revising case law memo for meeting	1.7	493.00
05/11/12	ECG	Received and reviewed email from David Preger re revisions to memo; implemented suggested revisions and reviewed and finalized memo; telephone call with David Preger re upcoming meeting	0.9	261.00
05/11/12	ECG	Travel to and from and attendance at meeting at Miller Thomson with David Preger, Hylton Levy and Paul Auvinen; instructions from David Preger	1.3	377.00
05/11/12	ECG	Email to Darryl Mann re sending copy of Notice of Motion in Word for Amended Notice	0.2	58.00
05/11/12	ECG	Received and reviewed letter from Allan Lipman	0.1	29.00
05/11/12	ECG	Received and reviewed email and attached Notice from Torkin Manes' office	0.1	29.00
05/11/12	DPP	Attend meeting with Peter Auvinen, Elisa Giacomelli and Hylton Levy, receive and review correspondence from Alan Lipman regarding whereabouts of Sheriff Ghattas and his inability to be cross-examined, telephone conference with Hylton Levy, email to Catherine Patterson	1.6	840.00

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05/15/12	DPP	Receive and review email from Peter Auvinen, email to Peter Auvinen	0.2	105.00
05/15/12	ECG	Received and reviewed email from Paul Auvinen re proceeding with motion	0.1	29.00
05/15/12	ECG	Received and reviewed email between David Preger and Paul Auvinen re Sheriff's examination	0.1	29.00
05/24/12	DPP	Correspondence to Alan Lipman demanding that his client produce himself for cross-examination	0.3	157.50
05/25/12	DPP	Receive and review email from Alan Lipman, email to Peter Auvinen and Craig Mills, receive and review email from Hylton Levy, email to Hylton Levy	0.3	157.50
06/04/12	DPP	Email to Catherine Patterson to suggest she cross-examine Sheriff Ghattas via skype, numerous emails to and from Catherine Patterson	0.5	262.50
06/06/12	DPP	Telephone conference with Catherine Patterson regarding scheduling of cross-examinations of Fred Lorusso and David Mandlsohn, email to Craig Mills, telephone conference with Craig Mills, telephone conference with Catherine Patterson, email to Catherine Patterson, email location of cross-examination to Craig Mills, email to Alan Lipman	1.1	577.50
06/08/12	DPP	Conference call with Peter Auvinen, a representative from CIT and Hylton Levy to discuss approach to relief from forfeiture motion, receive and review email from Catherine Patterson and email to Catherine Patterson regarding status of efforts to compel Sheriff Ghattas to be cross-examined, numerous emails to and from Alan Lipman, numerous emails to and from Catherine Patterson	0.8	420.00
06/11/12	DPP	Review all affidavits filed in relief from forfeiture motion and prepare for cross-examination of Fred Lorusso and David Mandlsohn, attend cross-examination of Fred Lorusso and David Mandlsohn in Woodbridge, review and revise Second Report of the Receiver, email to Hylton Levy, telephone conference with Hylton Levy	5.4	2,835.00
06/12/12	DPP	Receive and review email from Catherine Patterson requesting assistance in respect of filing of materials in the Commercial List and email to Catherine Patterson	0.2	105.00
06/13/12	DPP	Receive and review email from Alan Lipman requesting confirmation that cross-examination of Sheriff Ghattas is proceeding on June 14, 20102, email to Alan Lipman,	14.1	7,402.50

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		receive and review Catherine Patterson's factum and Brief of Authorities, receive and review email from Catherine Patterson requesting that various affidavits be emailed to Sheriff Ghattas in advance of his cross-examination, instruct assistant in respect to same , prepare Receiver's factum, instruct systems personnel to arrange for cross-examination via skype, receive and review email from Catherine inquiring whether Dickinson Wright acts for Sheriff Ghattas, email to Catherine Patterson responding in the negative, telephone conference with Craig Mills, numerous emails to and from Craig Mills, revise Receiver's factum		
06/14/12	DPP	Further revise Receiver's factum, prepare Supplementary notice of Motion, instruct assistant to prepare consolidated motion record and consolidate record of filings in the receivership proceeding, prepare Sheriff Ghattas for cross-examination via skype, attend cross-examination of Sheriff Ghattas via skype, telephone conference with Hylton Levy, email transcript of David Mandlsohn's transcript of cross-examination to Catherine Patterson, telephone conference with Craig Mills regarding cases, prepare Third Report of the Receiver and email to Hylton Levy, numerous emails to and from Commercial List regarding when materials will be filed in Court, personally attend at Commercial List to file materials at 2:30 pm, receive and review factum of CIT, telephone conference with Craig Mills, prepare for Motion	10.1	5,302.50
06/15/12	DPP	Continue to prepare for motion, Court appearance before Newbould J. to argue motion, receive and review email from Peter Auvinen and email to Peter Auvinen	4.6	2,415.00
06/18/12	DPP	Receive and review transcribed draft of endorsement of Newbould J., revise same and email revised draft to Craig Mills, email to Darryll Mann to request copies of his accounts in order to prepare costs submissions	0.7	367.50
06/18/12	DPP	Receive and review email from Alan Lipman requesting confirmation that cross-examination of Sheriff Ghattas is proceeding on June 14, 20102, email to Alan Lipman, receive and review Catherine Patterson's factum and Brief of Authorities, numerous emails to and from Darryll Mann regarding his outstanding account	0.9	472.50
06/19/12	DPP	Receive and review Darryll Mann's final invoice, telephone conference with Hylton Levy's to obtain confirmation that receiver will pay Darryll Mann's outstanding account and email to Darryll Mann	0.4	210.00

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06/25/12	DPP	Prepare costs submissions, telephone conference with Craig Mills, receive and review CTI's Costs outline from Craig Mills, email to Joe DiPietro, email to Catherine Patterson	3.5	1,837.50
		TOTAL HOURS	81.4	
		TOTAL SERVICES	CAD $	38,246.50

TIMEKEEPER NAME	TITLE	RATE	HOURS	VALUE
DAVID P. PREGER	PARTNER	525.00	62.30	32,707.50
ELISA C. GIACOMELLI	ASSOCIATE	290.00	19.10	5,539.00
		TOTAL	**81.40**	**$38,246.50**

DATE	DISBURSEMENTS	VALUE
05/31/12	REPRODUCTION-INSIDE FIRM	332.74
05/31/12	DELIVERY EXPENSE	9.29
05/31/12	COMPUTERIZED LGL RESEARCH	615.00
04/30/12	LEGAL SERVICES OF OTHERS - - VENDOR: C.P.S. INC.	20.00
06/08/12	RECORDING/SEARCH/FILING FEE - - VENDOR: ONCORP DIRECT, INC. CORPORATION PROFILE REPORT	19.00
06/11/12	LEGAL SERVICES OF OTHERS - - VENDOR: UNITY COURT REPORTING LTD	631.73

TOTAL DISBURSEMENTS	CAD $	1,627.76
HST-ONTARIO	CAD $	5,183.65
TOTAL CURRENT CHARGES	CAD $	45,057.91

PLEASE NOTE THAT THIS ACCOUNT IS DUE UPON RECEIPT

DICKINSON WRIGHT LLP

DAVID P. PREGER

In accordance with the Solicitors Act interest at 1.3% will be charged on all accounts outstanding over 30 days.
E. & O.E.

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August 16, 2012
INVOICE 821271

CIT FINANCIAL LIMITED
305 FELLOWSHIP ROAD
SUITE 300
MOUNT LAURAL, NJ 08054

ATTN: HYLTON LEVY

RE: 051580-00001
IN THE MATTER OF THE RECEIVERSHIP OF THE ASSETS OF AUSTIN PHARMA DRUGS LTD.

CURRENT INVOICE

SERVICES THROUGH August 16, 2012 AS SET FORTH IN THE ATTACHED SUMMARY OF RECORDED TIME	CAD $	36,067.50
DISBURSEMENTS	CAD $	566.88
HST-ONTARIO	CAD $	4,745.96
TOTAL CURRENT INVOICE	CAD $	41,380.34

This statement may reflect time and professional services rendered by attorneys or other legal personnel associated with the Firm's international or other affiliate(s). Such attorneys, who are licensed in other jurisdictions, are consulted and serve as legal advisors to the Firm based on their licensed status in such jurisdictions and expertise in particular legal specialties.

WIRE INSTRUCTIONS FOR PAYMENT IN CANADIAN CURRENCY:

Beneficiary Bank:	*ROYAL BANK OF CANADA*
Bank Address:	*200 Bay Street, Toronto, Canada M5J 2J5*
Bank Number:	*003*
Branch Number:	*00002*
Account Number:	*105 695 1*
Swift Code:	*ROYCCAT2*
For Credit To:	*DICKINSON WRIGHT LLP*

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IN THE MATTER OF THE RECEIVERSHIP OF THE ASSETS OF AUSTIN PHARMA DRUGS LTD.

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CURRENT INVOICE DETAIL

DATE	INITIALS	SERVICES	HOURS	VALUE
06/29/12	LSC	Conference call with Hylton Levy and David Preger regarding Receiver's motion to approve sale process and activities to date, review file and Receiver's statement of receipts and disbursements, draft Fourth Report and prepare motion record and arrange service of same.	6.0	3,150.00
07/03/12	DPP	Email to Hylton Levy	0.1	52.50
07/04/12	LSC	Review and comment on draft Non-Disclosure Agreement and sale and marketing process, and preparation of court material regarding same	2.7	1,417.50
07/05/12	LSC	Review and revise draft Non-Disclosure Agreement and provide comments to Hylton Levy	1.0	525.00
07/05/12	DPP	Receive and review email from Hylton Levy regarding non-disclosure agreement, email to Lisa Corne, conference with Lisa Corne, receive and review "teaser" and proposed advertisement for Globe & Mail from Hylton Levy, receive and review email from Hylton Levy regarding non-disclosure agreement, telephone conference with Hylton Levy	0.8	420.00
07/06/12	DPP	Receive and review emails between Peter Auvinen and Hylton Levy, telephone conference with Hylton Levy regarding potential of a share sale, receive and review CIM from Hylton Levy, telephone conference with Hylton Levy	0.4	210.00
07/06/12	LSC	Court appearance before Campbell, J. to obtain order approving sale process and Receiver's activities to date, and circulate same, review teaser letter and provide comments to Hylton Levy and discussion regarding sale of shares, review file regarding issues raised regarding lease	3.2	1,680.00
07/09/12	LSC	Review and comment on CIM, review lease agreements and forward same to Hylton Levy, prepare draft purchase agreement for sale of pharmacy, email with Hylton Levy and David Preger	3.9	2,047.50
07/09/12	DPP	Receiver and review costs endorsement of Newbould J., email to Hylton Levy, receive and review email from Lisa Corne to Hylton Levy regarding CIM, telephone conference with Hylton Levy	0.5	262.50

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07/10/12	DPP	Numerous emails to and from Lisa Corne regarding issue of Landlord's consent and compelling assignment of the lease by Court order, email to Hylton Levy, numerous emails to and from Hylton Levy regarding potential bankruptcy of Debtor to deal with assignment of lease, telephone conference with Hylton Levy	1.1	577.50
07/10/12	LSC	Revise Agreement of Purchase and Sale t and forward same to Hylton Levy, respond to issues raised regarding assignment of lease and review law regarding same, review proposed revisions to Non-Disclosure Agreement and discussion with Hylton Levy	2.1	1,102.50
07/11/12	LSC	Telephone call from Hylton Levy and discuss Agreement of Purchase and Sale, revise same and email to Hylton Levy	1.3	682.50
07/11/12	DPP	Telephone conference with Hylton Levy regarding achieving a potential resolution with the landlord	0.4	210.00
07/12/12	DPP	Receive and review proposed formula and spreadsheet calculations to achieve resolution with the landlord from Hylton Levy, telephone conference with Hylton Levy, telephone conference with Hylton Levy regarding his discussions with Fred Lorusso, receive and review email from Hylton Levy to Peter Auvinen regarding his discussions with Fred Lorusso, telephone conference witH Hylton Levy	1.3	682.50
07/12/12	LSC	Telephone call from Hylton Levy regarding conditions to Agreement of Purchase and Sale, and review lease regarding rent payable during renewal terms and email to Hylton Levy	0.6	315.00
07/13/12	DPP	Conference call with Peter Auvinen and Hylton Levy regarding proposed approach to take to the landlord, further telephone conference with Hylton Levy	0.7	367.50
07/13/12	DPP	Conference call with Hylton Levy, Peter Auvinen, CIT representative, James Ferguson and Fred Lorusso, follow up telephone conference with Hylton Levy	0.5	262.50
07/18/12	DPP	Receive and review draft Minutes of Settlement from Peter Auvinen, email preliminary comments to Peter Auvinen, receive and review email from Peter Auvinen, telephone conference with Hylton Levy, revise Minutes of Settlement and email to Peter Auvinen	0.9	472.50
07/19/12	DPP	Receive and review numerous emails form Peter Auvinen regarding Minutes of Settlement and revisions thereto, telephone conference with Hylton Levy	0.3	157.50

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07/20/12	DPP	Conference with James McKeon to brief and instruct him regarding negotiation of terms of lease, receive and review email from James McKeon, telephone conference with Hylton Levy	0.7	367.50
07/20/12	JMM	Meet David Preger regarding review of lease	0.4	210.00
07/20/12	JMM	Review of Pharmacy lease and compare to existing lease	2.1	1,102.50
07/20/12	JMM	E-mail to David Preger regarding comments on lease	0.5	262.50
07/23/12	JMM	E-mails and calls to landlord counsel, revise and review changes to lease, e-mails to and from counsel to CIT regarding comments on lease, and calls to Hylton Levy	2.9	1,522.50
07/23/12	DPP	Receive and review numerous emails between James McKeon and Peter Auvinen	0.3	157.50
07/24/12	DPP	Receive and review numerous emails from James McKeon regarding lease and execution of Minutes of Settlement	0.4	210.00
07/24/12	JMM	E-mails from Hylton Levy and landlord solicitor and CIT solicitor, and finalize minutes of settlement and lease	1.9	997.50
07/26/12	LSC	Review offer to purchase received from Hylton Levy	0.2	105.00
07/27/12	JMM	E-mail from James Ferguson regarding lease now final	0.2	105.00
07/30/12	DPP	Telephone conference with Hylton Levy regarding status of offers	0.5	262.50
07/31/12	DPP	Telephone conference with Hylton Levy	0.3	157.50
07/31/12	LSC	Review correspondence from Aird & Berlis regarding Kohl & Frisch security and 30 day goods claim, telephone discussion with Hylton Levy	1.0	525.00
08/01/12	JMM	E-mails from Hylton Levy regarding Shoppers changes to lease, review of changes and call Hylton Levy, and e-mails from James Ferguson regarding lease and e-mail to Lisa Corne regarding review of Asset Purchase Agreement	2.5	1,312.50
08/02/12	JMM	E-mails from James Ferguson regarding lease comments, review, and call Hylton Levy	1.5	787.50
08/02/12	JMM	Meet Lisa Corne regarding Asset Purchase Agreement, review of changes to Asset Purchase Agreement, revise Asset Purchase Agreement to remove lease conditions and send to Hylton Levy	2.6	1,365.00
08/02/12	LSC	Review offer to purchase received from Shopper's Drug Mart	0.5	262.50

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		and office conference with James Mckeon regarding same		
08/02/12	DPP	Receive and review amendments to agreement of purchase and sale from James McKeon	0.3	157.50
08/03/12	JMM	E-mail from Hylton Levy regarding Shoppers comments on lease and review, and e-mails from James Ferguson regarding comments on lease, and e-mails regarding closing timing	1.0	525.00
08/07/12	JMM	E-mails from Shoppers, James Ferguson and Hylton Levy regarding lease comments, review, and coordinate comments of parties, and calls to client	3.1	1,627.50
08/07/12	DPP	Receive and review numerous emails from James McKeon, Hylton Levy and Stan Landau regarding amendments to lease as between landlord and purchaser	0.6	315.00
08/08/12	JMM	E-mails form landlord counsel and Shoppers counsel and Hylton Levy regarding changes to lease and review	0.9	472.50
08/09/12	JMM	E-mails from landlord counsel and Shoppers counsel regarding executed lease, call to Hylton Levy, e-mail from Shoppers counsel regarding revised Asset Purchase Agreement and review, and e-mail and call Hylton Levy regarding changes	1.2	630.00
08/09/12	DPP	Receive and review numerous emails from James McKeon and Hylton Levy regarding amendments to agreement of purchase and sale and numerous telephone conferences with Hylton Levy	0.5	262.50
08/10/12	DPP	Receive and review executed agreement of purchase and sale and telephone conference with Hylton Levy	0.3	157.50
08/14/12	DPP	Emails to and from Jack Hope regarding PPSA registrations in favour of St. Abrahams drug, telephone conference with Hylton Levy	0.4	210.00
08/14/12	DPP	Obtain date for Motion for Approval and Vesting Order and review and revise Fifth Report	2.7	1,417.50
08/15/12	DPP	Receive and review email from Jack Hope, finalize revisions to Fifth report, prepare fee Affidavit on behalf of Dickinson Wright, prepare Notice of Motion and draft Order	6.9	3,622.50
08/16/12	DPP	Revise Fifth Report, numerous telephone conferences with Hylton Levy, emails to and from Jack Hope regarding PPSA registration in favour of St Abrahams Drugs	4.5	2,362.50
		TOTAL HOURS	68.7	

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TOTAL SERVICES	CAD $	36,067.50

TIMEKEEPER NAME	TITLE	RATE	HOURS	VALUE
LISA S. CORNE	PARTNER	525.00	22.50	11,812.50
JAMES M. MCKEON	PARTNER	525.00	20.80	10,920.00
DAVID P. PREGER	PARTNER	525.00	25.40	13,335.00
		TOTAL	68.70	$36,067.50

DATE	DISBURSEMENTS	VALUE
08/16/12	REPRODUCTION-INSIDE FIRM	99.88
08/16/12	COMPUTERIZED LGL RESEARCH	123.00
04/25/12	RECORDING/SEARCH/FILING FEE - - VENDOR: KORBITEC INC.	60.00
06/19/12	LEGAL SERVICES OF OTHERS - - VENDOR: C.P.S. INC.	80.00
06/26/12	LEGAL SERVICES OF OTHERS - - VENDOR: C.P.S. INC.	55.00
07/03/12	TAX EXEMPT FILING/REGISTRATION FEES - - VENDOR: MINISTER OF FINANCE	127.00
07/19/12	LEGAL SERVICES OF OTHERS - - VENDOR: MCROBERTS LEGAL SERVICES INC.	22.00

TOTAL DISBURSEMENTS	CAD $	566.88
HST-ONTARIO	CAD $	4,745.96
TOTAL CURRENT CHARGES	CAD $	41,380.34

PLEASE NOTE THAT THIS ACCOUNT IS DUE UPON RECEIPT

DICKINSON WRIGHT LLP

DAVID P. PREGER

In accordance with the Solicitors Act interest at 1.3% will be charged on all accounts outstanding over 30 days.
E. & O.E.

CIT FINANCIAL LTD.
Applicant

-and-

AUSTIN PHARMA DRUGS LTD.
Respondent

Court File No. CV-12-9680-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD

(Motion returnable Tuesday, August 21, 2012 at 10:00 a.m.)

DICKINSON WRIGHT LLP
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Lawyers for A. Farber & Partners Inc., Court-appointed Receiver of Austin Pharma Drugs Ltd.