

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE PROPOSAL OF
PHARMACY WON INC.
WITH ITS HEAD OFFICE IN THE TOWN OF MARKHAM,
IN THE PROVINCE OF ONTARIO

FIFTH REPORT TO THE COURT

**SUBMITTED BY SHINER KIDECKEL ZWEIG INC.
IN ITS CAPACITY AS TRUSTEE UNDER
THE NOTICE OF INTENTION**

INTRODUCTION

1. On November 26, 2007, Pharmacy Won Inc. (the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the “**BIA**”). The NOI was filed with the Official Receiver on November 26, 2007 and the Official Receiver acknowledged receipt of the NOI on the same day.
2. The purpose of the Trustee’s First Report dated December 14, 2007, was to inform the Court regarding the following:
 - (a) the Trustee’s activities to date; and
 - (b) the Company’s request for an extension of forty-five days to file a proposal.
3. The purpose of the Trustee’s Second Report, was to inform the Court regarding the following:
 - (a) the Trustee’s activities to date; and
 - (b) the Company’s request to approve the sale of the customer and prescription files and business telephone numbers at these three locations:
 - (i) 8360 Kennedy Road, Markham, Ontario L3R 9W4;
 - (ii) 250 Taunton Road East, Oshawa, Ontario L1G 7T1; and

- (iii) 800 Queenston Road., Stoney Creek, Ontario L8G 1A7 (collectively, the “Locations”).
- 4. The purpose of the, the Trustee’s Third Report, was to inform the Court regarding the following:
 - (a) the Trustee’s activities to date;
 - (b) the Company’s sale of the customer and prescription files and business telephone numbers at the Locations; and
 - (c) the Company’s request for an extension from February 12 to March 27, 2008 to file a proposal.
- 5. The purpose of the, the Trustee’s Fourth Report, was to inform the Court regarding the following:
 - (a) the Trustee’s activities to date; and
 - (b) The Company’s request for the Trustee to conduct a marketing process for the remaining six retail locations being Brampton, Dixie Mall, Kipling Avenue, Newmarket, Thornhill and Niagara Falls and the Company’s warehouse location on a going concern basis. This would include but not limited to prescription files, inventory, equipment and leases.
- 6. The purpose of the, the Trustee’s Fifth Report, is to inform the Court regarding the following:
 - (a) the Trustee’s activities to date; and
 - (b) the Company’s request for an extension from March 27, 2008 to May 12, 2008 to file a proposal.

THE TRUSTEE’S ACTIVITIES TO DATE

- 7. To date, the Company has provided the Trustee with its full co-operation and unrestricted access to its premises, books and records.
- 8. The Company’s debt with Asset Engineering LP (“AEL”), the Company’s secured operating lender has remained relatively constant (excluding the reduction relating to the sale of Locations). The Company is still experiencing operating losses and is financing these losses by reducing the purchase of inventory. Over a relatively short period of time this will have a significant negative effect on sales and as a result on cash flow.
- 9. We have been informed by the Company that it has been unsuccessful in obtaining any refinancing for its current enterprise.

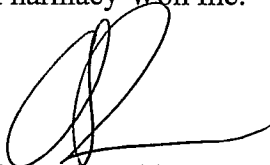
10. Pursuant to the Order of the Ontario Superior Court of Justice made on March 6, 2008 the Company received approval to establish a public marketing process under the supervision of the Trustee for the remaining six stores on a going concern basis (the "Assets"). The last date to submit an offer was noon on March 25, 2008.
11. We emailed a teaser letter (attached as Schedule A) on March 6, 2008 to potential purchasers and advertised the Assets in the Globe and Mail (attached as Schedule B) on March 11, 2007. We received ten signed Confidentiality Agreements and each potential purchaser received a Confidential Information Memorandum (attached as Schedule C). In certain cases, additional information was provided to potential purchasers.
12. On March 25, 2008, we received four offers. More than one of the offers was for the purchase of the Debtor's remaining businesses (or substantially all of the remaining businesses) as a going concern. None of the offers were exactly on the terms set out in the proposed form of offer provided for the tender process. The Proposal Trustee requires time to deal with the offers and the offering parties in order to make a proper assessment of the offers and a recommendation to this Court of which offer or offers should be accepted. This will include a negotiation of the conditions in the offers and the Proposal Trustee's assessment of the likelihood of any particular offer being completed.
13. The number and the nature of the offers received provide the Proposal Trustee with a genuine reason to believe that an offer will be concluded which the Proposal Trustee can recommend to this Court. The Proposal Trustee is not providing any summary of the offers received or any recommendation at this time pending review and negotiation of those offers. It is expected that approval of one or more offers will be sought on a separate motion to the Court in the near future, presumably within seven to ten days.
14. The proposed form of offer provided in the tender package anticipated that offering parties would require, as a condition of completion that assignments of leases of the Debtor's various business locations would be obtained either with landlord's consent or with Court approval. The Debtor acquired these leases in the same fashion on the purchase of its assets from Hy & Zel's. Therefore the Proposal Trustee considered the condition not only to be reasonable from a purchaser's point of view but also a condition which could likely be fulfilled within a reasonable period of time. Therefore, the Proposal Trustee supports the Company's request for an extension for the time to file its proposal in order that:
 - (a) the Proposal Trustee may negotiate with purchasers to determine which offer it may recommend to the Court;
 - (b) to seek Court approval of the recommended offer or such other offers as the Court may direct; and
 - (c) to negotiate landlord's consents to the assignments of leases necessary to complete the sale process.

15. The Debtor is essentially on a C.O.D. basis with most of its trade suppliers. If a bankruptcy were to occur the largest secured creditor, AEL, is also likely to be by far the largest unsecured creditor.
16. The sale process noted above is likely to yield the best results for all stake holders in that:
 - (a) it will yield the maximum return to the secured creditor;
 - (b) it will retain a viable tenancy for landlords;
 - (c) it will preserve jobs for employees at unionized locations; and
 - (d) it will provide trade creditors with an ongoing customer for continued supply.
17. For the very reasons set forth in the prior two paragraphs, it may be possible with the support of AEL and other stakeholders for the Debtor to make a successful proposal in the event that a transaction for the sale of the business as a going concern cannot be concluded.
18. Finally, the sale process is in the public interest. Patients which rely on the Debtor to process their prescriptions for medications (many of whom may be elderly or infirm) will be able to maintain access to their required medications rather than risk losing that access through a forced shut down. Further, there are regulatory concerns regarding the handling storage and safe keeping of prescription drugs, and it is also in the public interest to maintain the business operations of the Debtor for that purpose.

The Trustee believes that the Company's request is reasonable in the circumstances and that creditors would not be materially prejudiced.

The Trustee respectfully submits to the Court, this, Fifth Report dated March 25, 2008.

SHINER KIDECKEL ZWEIG INC.
In its capacity as Trustee under
The Notice of Intention to Make a Proposal of
Pharmacy Won Inc.

A handwritten signature in black ink, appearing to read 'Alan Shiner', is written over the typed name below.

Per: Alan Shiner

SHINER • KIDECKEL • ZWEIG
insolvency and restructuring professionals

March 6, 2008

Dear Sir / Madam:

PHARMACY WON INC.

By Order of the Ontario Superior Court of Justice made on March 6, 2008, SHINER KIDECKEL ZWEIG INC. as Proposal Trustee was authorized to undertake the marketing and sale of the assets, property and undertakings (the "Property") of Pharmacy Won Inc., (the "Company").

The Company is continuing to operate in the normal course of business following the filing of a Notice of Intention to Make a Proposal to its creditors under the provisions of the *Bankruptcy and Insolvency Act* (Canada).

Pharmacy Won Inc. is a niche retailer operating a chain of six discount pharmacies in Southern Ontario offering goods across a large number of product categories. The product mix includes two main categories, pharmacy and front store merchandise. The front store merchandise category includes over the counter medications, health and beauty aids, cosmetics, household goods, seasonal goods, food and convenience items.

The Property includes prescription files, 6 retail leasehold interests, one warehouse location, inventory, store fixtures and goodwill.

The sale of the Property is being conducted pursuant and subject to the terms and conditions of a court approved sale process. Any sale transaction is subject to court approval.

As we believe you may be interested in purchasing all or part of the Property, we are providing you with advance notice of the sale process. A notice soliciting offers will be published over the next few business days in the Globe and Mail. In accordance with the court ordered marketing process, offers must be received by the Proposal Trustee at its offices at the address set out below, no later than 12 noon on March 25, 2008.

To obtain additional information regarding this opportunity, please contact Alan Shiner at 905-709-9950 ext 223 or by email at ashiner@skz.ca.

Yours truly,

SHINER KIDECKEL ZWEIG INC.
Trustee Acting *in re*: The Proposal of
Pharmacy Won Inc.

Per:

Alan Shiner

Alan Shiner



**RETAIL PHARMACY CHAIN
SOLICITATION FOR OFFERS**

Pursuant to the Order of the Ontario Superior Court of Justice made on March 6, 2008, **SHINER KIDECKEL ZWEIG INC.**, Trustee Acting *in re*: The Proposal of Pharmacy Won Inc. (the "Company") is soliciting offers to purchase the Company's operating and intangible assets (the "Property").

The Company is continuing to operate in the normal course of business following the filing of a Notice of Intention to Make a Proposal to its creditors under the provisions of the *Bankruptcy and Insolvency Act*.

The Property includes prescription files, six retail leasehold interests located in Southern Ontario, one warehouse location, inventory, store fixtures and intangible assets.

The sale of the Property is being conducted pursuant and subject to the terms and conditions of a court approved sale process. Any sale transaction is subject to court approval.

Offers to purchase all or part of the Property must be received by the Trustee no later than 12:00 noon Toronto time, on March 25, 2008 at the address set out below.

To obtain additional information regarding this opportunity, please contact Alan Shiner at 905-709-9950 ext 223 or by email at ashiner@skz.ca.

SHINER • KIDECKEL • ZWEIG
insolvency and restructuring professionals

Trustee Acting *in re*: the Proposal of
Pharmacy Won Inc.
10 West Pearce Street, Suite 4
Richmond Hill, ON L4B 1B6

SHINER KIDECKEL ZWEIG INC.

**TRUSTEE ACTING *IN RE*: THE PROPOSAL OF
PHARMACY WON INC.**

CONFIDENTIAL INFORMATION MEMORANDUM

SHINER·KIDECKEL·ZWEIG

insolvency and restructuring professionals

INC.

TRUSTEE ACTING *IN RE*: THE PROPOSAL OF PHARMACY WON INC.

CONFIDENTIAL INFORMATION MEMORANDUM

March 6, 2008

TO: ALL POTENTIAL PROSPECTIVE PURCHASERS

RE: Pharmacy Won Inc. (the "Company" or "PWI")

By Order of the Ontario Superior Court of Justice made on March 6, 2008, Shiner Kideckel Zweig Inc. Trustee acting in re: the Proposal of Pharmacy Won Inc. (the "Trustee") was authorized to undertake the marketing and sale of the Company's operating and intangible assets (the "Assets").

This Confidential Information Memorandum is provided to individual responding parties (the "Bidders") on a confidential basis subject to the terms of a Confidentiality Agreement with each of such parties and is not to be used by any other person without the express written consent of Shiner Kideckel Zweig Inc. Additional confidential information will be provided on the same basis to Bidders who pay a refundable fee to the Trustee in accordance with the Terms and Conditions of Sale. Bidders will be invited to submit offers for the purchase of the Company's right, title and interest, if any, in all or part of the Assets in accordance with the Terms and Conditions of Sale.

Offers must be received no later than March 25, 2008 at 12:00 noon, Toronto time.

To obtain additional information regarding this opportunity, please contact Alan Shiner at (905)709-9950 ext. 223 or by email at ashiner@skz.ca.

Yours truly,

SHINER KIDECKEL ZWEIG INC.

Trustee Acting *in re*:

The Proposal of

Pharmacy Won Inc.

Alan Shiner

Alan Shiner

**TRUSTEE ACTING IN RE: THE PROPOSAL OF
PHARMACY WON INC.**

(THE "COMPANY" OR "PWI")

CONFIDENTIAL INFORMATION MEMORANDUM

TABLE OF CONTENTS

EXHIBITS

Introduction and Disclaimer	A
Transaction Procedures	B
Overview and Information Systems	C
Parcels	D
Property Leases	E
Operating Statements by location and chain summary	F
Monthly Prescriptions by location	G
Terms and Conditions of Sale	H
Asset Purchase Agreement	I

EXHIBIT A

PWI

CONFIDENTIAL INFORMATION MEMORANDUM

INTRODUCTION AND DISCLAIMER

This Confidential Information Memorandum was prepared by Shiner Kideckel Zweig Inc. Trustee acting in re: the Proposal of Pharmacy Won Inc. (the "Trustee") from the books and records and from information obtained from the management of Pharmacy Won Inc. (the "Company" or "PWI") and other sources (the "Information"), none of which has been independently verified or audited by the Trustee. This Confidential Information Memorandum is provided to recipients for reference purposes only in connection with their conducting an evaluation of PWI business and assets for the purpose of determining whether to submit an offer to purchase or similar agreement to the Trustee if selected in accordance with the Terms and Conditions of Sale and is subject to the understanding that:

1. The Trustee makes no representations or warranties as to the accuracy or completeness of the Confidential Information Memorandum and/or the Information including any statements, estimates and projections with respect to the possible future performance of the Company;
2. The Trustee does not assume any liability for the Confidential Information Memorandum or any Information, any omissions from the Confidential Information Memorandum or Information, or for any other written or oral communications transmitted to or received by the recipient and /or any prospective Bidder in the course of their evaluation of the business and assets, pursuing or proceeding in any way with respect to the same, or in connection with their preparation of any offer or agreement in connection therewith;
3. The Confidential Information Memorandum and the Information contained herein, as well as any and all future information obtained in the course of any related investigation and/or inspection of the assets and business of PWI is confidential and is subject to the terms of a confidentiality agreement, and the recipient or any prospective Bidder shall not disclose the contents of the Confidential Information Memorandum or any Information to any other person external to its organization other than to its professional advisors.

In all cases, recipients hereof and any prospective Bidders shall conduct their own due diligence investigation at their own expense and risk. The Trustee reserves the right to take any action whether in or out of the ordinary course, which it deems necessary or prudent in its absolute discretion, in connection with the sale process for the Assets.

EXHIBIT B

PWI

CONFIDENTIAL INFORMATION MEMORANDUM

TRANSACTION PROCEDURES

Pursuant to the power to solicit offers granted to the Trustee under an Order of the Ontario Superior Court of Justice (Commercial List) dated March 6, 2008, the Trustee has formulated the specific transaction procedures which are included in the Terms and Conditions of Sale enclosed as Exhibit "I" to this Confidential Information Memorandum. Though the complete Terms and Conditions of Sale govern the transaction procedures, the Trustee draws the following essential terms and conditions to the attention of prospective purchasers:

- Additional Due Diligence - Interested Parties shall be entitled to conduct more detailed due diligence upon payment to the Trustee of a refundable \$10,000 Qualifying Fee.
- Deadline - Offers in the prescribed Form of Offer must be submitted by Interested Parties to the Trustee before 12:00 noon (Toronto time) on March 25, 2008. Offers must be submitted to the Trustee's office at the location noted below.
- Deposit - Offers must be accompanied by a refundable deposit equal to 5% of the proposed purchase price.
- Court Approval and Title - The transaction is subject to Court approval and would be for the purchase of the Company's right, title and interest, if any, in the Property on an "as is, where is" basis, pursuant to an Approval and Vesting Order to be made by the Court.
- Acceptance of Offers - The highest, or any offer, will not necessarily be accepted.
- Offers will be considered for one or more individual parcels, or on an en bloc basis.

The Trustee reserves the right to:

- Amend or terminate the transaction procedures, including the Terms and Conditions of Sale, during the transaction process.
- Negotiate with one or more prospective purchasers at any time.
- Enter into one or more definitive Agreements of Purchase and Sale without prior notice to other prospective purchasers at any time during the transaction process.

The Trustee contemplates the following timeline for completion of a transaction pursuant to the process set out herein:

Latest Date (all 2008)	Event
March 24	Completion of inspection and due diligence by Interested Parties
March 25	Submission of offers
March 27	Trustee to return deposits to unsuccessful offerors and to enter into an Agreement of Purchase and Sale with successful offerors, if any
April 17	Trustee to obtain Court Approval and Vesting Order
April 24	Closing

The above-noted timeline indicates the latest dates permitted under the Terms and Conditions of Sale. To the extent possible, the Trustee will attempt to accelerate such timing.

Contact Information

All inquiries relating to this opportunity should be directed to the designated representative of the Trustee noted below:

SHINER KIDECKEL ZWEIG INC.

Trustee Acting *in re*:
The Proposal of
Pharmacy Won Inc.

10 West Pearce Street, Suite 4
Richmond Hill, ON L4B 1B6

Contact: Alan Shiner
Telephone: (905) 709-9950, ext. 223
E-Mail: ashiner@skz.ca

EXHIBIT C

PWI

CONFIDENTIAL INFORMATION MEMORANDUM

OVERVIEW

PWI currently operates six retail stores from leased premises in Southern Ontario under the name of "Pharmacy 1", "Pharmacy 1 Drug and Food" and "WW News Inc." PWI began operations in May 2006 subsequent to its purchase of the assets of Hy & Zel's. The stores currently operated by PWI range in size from approximately 25,000 square feet to approximately 40,000 square feet.

Under governing legislation, various consents, permits, authorizations and certificates are required in connection with the operation of a retail pharmaceutical business and the operator must comply with all applicable law.

The fiscal year end of the Company is January 31. Sales for the 12 accounting periods ended January 9, 2008 of the six locations were approximately \$47.5 million. Individual store operating statements and a consolidated store operating statement for the 12 accounting periods ended January 9, 2008 are enclosed as Exhibit "F". These statements do not include costs associated with the head office and the distribution centre.

Inventory cost value as at February 28, 2008 was approximately \$8.3 million. Inventory product mix includes two main categories; pharmacy and "front" store merchandise. The front store merchandise category includes over the counter medications, health and beauty aids, cosmetics and other household goods, seasonal, food and convenience items.

On a historical basis PWI dispenses approximately 460,000 prescriptions annually from its current six locations. An analysis of monthly store prescriptions for the period February 8, 2007 to February 6, 2008 is enclosed as Exhibit "G".

As well, distinct and physically separate from the pharmacies, five retail locations have kiosks selling tobacco products and four of the retail locations provide dry cleaning services.

PWI utilizes a leased distribution facility with approximately 26,000 square feet located in Etobicoke, Ontario.

PWI presently employs approximately 274 individuals of whom approximately 19 are located at head office. The makeup of the approximately 255 employees at the stores are:

- | | |
|--|-----|
| 1. Hourly union staff at stores | 133 |
| 2. Pharmacists, pharmacy assistants, store management, non union | 118 |
| 3. Management staffing | 4 |

The hourly union staff are represented by two different unions.

MANAGEMENT INFORMATION SYSTEMS

PWI utilizes a number of different software applications to manage its business as summarized below:

Magstar version 6

Accounting system, inventory reporting and inventory transactions

DigiPOS

All Front Store operations use DigiPOS hardware and Magstar.

Kroll

All pharmacies operate with Kroll which is used for drug information and patient billing as well as reimbursement from insurance companies including Ontario Drug Benefits.

The Thornhill pharmacy operates the Universal Counter Prescription System. This system has decreased dispensing time and improved efficiency.

Leased Assets

A listing of leased assets will be provided upon request.

EXHIBIT D

PWI

CONFIDENTIAL INFORMATION MEMORANDUM

PARCELS

**Parcel 1
Dixie Store**

Dixie Outlet Mall, 1250 S. Service Road, Mississauga	
Square footage of store (includes 6,129 sq. ft. of storage space)	25,398
Rx inventory as at February 28, 2008	\$379,244
Generic Rx inventory as at February 28, 2008	\$162,533
Front store inventory as at February 28, 2008	\$811,965
Other inventory as at February 28, 2008	\$5,240
Number of prescription for 12 months ending February 6, 2008	56,116
As applicable – shelving, refrigeration equipment, point of sale equipment, telephones, cardboard compressor, office furniture, forklifts	
Telephone and fax numbers	

**Parcel 2
Thornhill Store**

North Yonge Market Place, 7171 Yonge Street, Thornhill	
Square footage of store (includes approx. 7,200 sq ft of head office space)	47,209
Rx inventory as at February 28, 2008	\$491,492
Generic Rx inventory as at February 28, 2008	\$210,640
Front store inventory as at February 28, 2008	\$1,157,127
Other inventory as at February 28, 2008	\$33,383
Number of prescription for 12 months ending February 6, 2008	106,419

As applicable – shelving, refrigeration equipment, point of sale equipment, telephones, cardboard compressor, office furniture, forklifts	
Telephone and fax numbers	

**Parcel 3
Newmarket Store**

Gates of York Shopping Centre, 17310 Yonge Street, Newmarket	
Square footage of store	30,296
Rx inventory as at February 28, 2008	\$399,131
Generic Rx inventory as at February 28, 2008	\$171,056
Front store inventory as at February 28, 2008	\$934,300
Other inventory as at February 28, 2008	\$29,760
Number of prescription for 12 months ending February 6, 2008	94,593
As applicable – shelving, refrigeration equipment, point of sale equipment, telephones, cardboard compressor, office furniture, forklifts	
Telephone and fax numbers	

**Parcel 4
Brampton Store**

12 Vodden Street, Brampton	
Square footage of store	32,294
Rx inventory as at February 28, 2008	\$248,070
Generic Rx inventory as at February 28, 2008	\$106,316
Front store inventory as at February 28, 2008	\$865,286
Other inventory as at February 28, 2008	\$29,678
Number of prescription for 12 months ending February 6, 2008	95,202
As applicable – shelving, refrigeration equipment, point of sale equipment, telephones, cardboard compressor, office furniture, forklifts	
Telephone and fax numbers	

Parcel 5
Niagara Falls Store

5175 Victoria Avenue, Niagara Falls	
Square footage of store	34,305
Rx inventory as at February 28, 2008	\$97,571
Generic Rx inventory as at February 28, 2008	\$41,816
Front store inventory as at February 28, 2008	\$617,866
Other inventory as at February 28, 2008	\$19,604
Number of prescription for 12 months ending February 6, 2008	55,899
As applicable – shelving, refrigeration equipment, point of sale equipment, telephones, cardboard compressor, office furniture, forklifts	
Telephone and fax numbers	

Parcel 6
Kipling Store

Kipling Heights Plaza, 2291 Kipling Avenue, Etobicoke	
Square footage of store	24,821
Rx inventory as at February 28, 2008	\$217,081
Generic Rx inventory as at February 28, 2008	\$93,035
Front store inventory as at February 28, 2008	\$923,110
Other inventory as at February 28, 2008	\$57,766
Number of prescription for 12 months ending February 6, 2008	56,440
As applicable – shelving, refrigeration equipment, point of sale equipment, telephones, cardboard compressor, office furniture, forklifts	
Telephone and fax numbers	

Parcel 7
Warehouse

280 Belfield Road, Toronto	
Square footage of store	26,250
Front store inventory as at February 28, 2008	\$213,943
Other inventory as at February 28, 2008	\$1,060
As applicable – shelving, refrigeration equipment, point of sale equipment, telephones, cardboard compressor, office furniture, forklifts	
Telephone and fax number	

Parcel 8
Intangible assets

All goodwill of the Business including all trade marks, trade names whether registered or unregistered brand names, copyright, artwork, designs, licenses, franchises and processes used in connection with the Business together with the exclusive right of the Purchaser to represent itself as carrying on business in succession to the Vendors, and including the exclusive right to use the name "Pharmacy 1", "Pharmacy 1 Drug and Food", "WW News" and "Pharmacy Won" or any variation thereof.

EXHIBIT E

PROPERTY LEASES

The assignment of any lease requires the consent of the specific Landlord of the subject premises. Unless otherwise agreed by the Trustee, Bidders are responsible to obtain the Landlord's consent and provide such information that may be necessary to obtain the Landlord's consent and the assignment of the lease. A Landlord may require payment of some or all of the rent and other arrears under the relevant lease before consenting to an assignment of the remainder of the term of the existing lease. The Bidder is responsible for the payment of any such arrears and/or the negotiation of such payments with the Landlord. The lease payments are said to be current up to and including the month of March 2008.

Current locations are as follows:

LOCATION	ADDRESS	APPROX. FT. ²	NOTES
Dixie	1250 South Service Road, Mississauga L5E 1V4	25,398	4
Thornhill	7171 Yonge Street, Thornhill L3T 2A9	47,209	1, 2, 3
Newmarket	17310 Yonge Street, Newmarket L3Y 6Z1	30,296	1, 2
Brampton	12 Vodden Street, Brampton L6Y 1A2	32,294	1,2
Niagara Falls	5175 Victoria Ave., Niagara Falls L2E 4E4	34,305	2
Kipling	2291 Kipling Ave., Etobicoke M9W 4L6	24,821	1, 2
Warehouse	280 Belfield Ave, Etobicoke M9W 1H6	26,250	

NOTES

- 1) Includes dry cleaning outlet
- 2) Includes separate tobacco outlet
- 3) Includes approximately 7,209 square feet of head office space
- 4) Includes approximately 6,129 square feet of storage area

Actual leases are available for review and a summary appears below:

LOCATION	OPEN	LEASE EXPIRY	MONTHLY RENT (Note 1)	RENEWAL OPTION	LANDLORD
Dixie	1980	July 31, 2013	\$ 30,977	5 years, rent to be negotiated	Ivanhoe Cambridge II Inc.
Thornhill	1983	June 30, 2018	\$ 92,277	None	1691126 Ontario Inc.
Newmarket	1985	August 31, 2011	\$ 45,040	None	Yongemill Group Inc.
Brampton	1986	June 30, 2010	\$ 38,676 (note 2)	None	CTREF Investments Limited
Niagara Falls	1987	January 31, 2011	\$ 35,163	5 years, rent to be negotiated	1122118 Ontario Inc.
Kipling	1997	September 30, 2008	\$ 35,312	5 years, rent to be negotiated	1033682 Ontario Limited and Luizia Investments Limited
Warehouse	2007	August 2008	19,031	5 years, increases by \$0.50 psf each year	Interwide Investments Limited

Notes

1. Based on actual March 2008 base rent including, CAM and realty tax, excluding GST.
2. Realty taxes estimated at \$91,000 for the year is in addition.

PHARMACY WON INC.
STATEMENT OF OPERATIONS
FEBRUARY 8, 2007 TO JANUARY 9, 2008

Exhibit "F"

	Dixie Mall	Thornhill	Newmarket	Stratton	Niagra Falls	Kipling	Total- YTD
Square Footage	19,269	39,647	30,296	32,294	34,305	24,821	180,632
Sales	6,814,569	11,875,162	7,741,796	6,734,679	5,639,392	8,710,614	47,516,213
Cost of Sales	5,281,536	9,278,306	5,739,241	5,044,412	4,315,984	6,866,621	36,526,009
Gross Margin	1,533,034	2,596,856	2,002,556	1,690,267	1,323,408	1,843,994	10,990,204
Payroll Costs:							
Wages	607,788	1,180,631	752,896	699,450	642,071	747,655	4,630,491
Employee benefits	43,138	90,858	52,871	54,477	39,667	51,332	332,343
Workers' Compensation	14,072	23,565	17,453	15,782	9,597	14,120	94,588
	664,998	1,295,053	823,220	769,708	691,336	813,107	5,057,422
Occupancy:							
Rent	234,800	540,531	335,007	416,617	229,163	209,413	1,965,551
CAM	49,104	95,544	52,764	14,803	63,223	45,622	320,760
Realty Taxes	68,283	107,641	110,273	83,243	96,415	96,801	552,657
Utilities	55,651	96,041	78,216	68,222	90,365	67,884	496,360
Insurance	14,709	25,672	17,373	14,747	15,973	18,407	104,881
	422,546	865,430	593,632	597,333	495,160	438,127	3,410,228
Equipment Costs:							
Lease Interest	6,158	42,734	19,493	18,110	16,925	6,471	109,890
Depreciation	6,158	42,734	19,493	18,110	16,925	6,471	109,890
Advertising	27,575	61,376	38,484	33,888	36,822	38,654	234,799
Other:							
Credit Card	27,298	64,732	29,515	17,200	10,308	28,507	177,561
Repairs & maintenance	39,370	38,102	33,854	44,327	35,915	42,801	227,370
Store	48,389	139,585	60,116	46,528	54,240	57,141	406,000
Telephone	7,232	8,161	6,052	5,683	2,795	5,979	35,903
Security	115,289	250,581	129,539	113,738	103,258	134,428	846,833
Total Operating Expenses	1,236,566	2,515,173	1,602,367	1,532,777	1,343,501	1,428,787	9,659,172
Store Contribution	296,467	81,583	400,189	157,490	(20,003)	415,207	1,331,033

PHARMACY WON INC.
 NUMBER OF SCRIPTS AT PHARMACY

Exhibit "G"

	07-Mar-07	04-Apr-07	02-May-07	30-May-07	27-Jun-07	25-Jul-07	22-Aug-07	19-Sep-07	17-Oct-07	14-Nov-07	12-Dec-07	09-Jan-08	Feb 6-08	Monthly Avg YTD	Rolling 12 Months
Dixie Mall	4,298	4,359	4,285	4,364	4,528	4,289	3,978	4,338	4,386	4,515	4,446	4,012	4,307	4,676	56,116
Thornhill	8,016	8,323	8,673	8,264	8,309	8,156	8,103	8,278	8,388	8,556	8,727	7,985	7,239	8,868	106,419
Newmarket	7,192	7,260	7,312	7,467	7,142	6,870	6,806	6,840	7,171	7,262	7,673	7,717	7,881	7,883	94,583
Brampton	7,191	6,938	6,978	7,073	7,472	7,275	7,269	7,518	7,357	7,756	7,749	7,131	7,495	7,994	95,202
Niagara Falls	4,249	4,274	4,364	4,378	4,435	4,287	4,189	4,364	4,357	4,283	4,419	3,915	4,375	4,658	55,899
Kipling	4,468	4,553	4,555	4,617	4,538	4,239	4,189	4,130	4,349	4,320	4,344	3,953	4,185	4,703	56,440
TOTAL	35,414	35,707	36,168	36,163	36,424	35,118	34,544	35,468	36,018	36,692	37,358	34,113	35,482	38,722	464,659

EXHIBIT "H"

SHINER KIDECKEL ZWEIG INC.

Proposal Trustee for Pharmacy Won Inc.

TERMS AND CONDITIONS OF SALE

1. The vendor is Pharmacy Won Inc., (the "**Vendor**") in care of Shiner Kideckel Zweig Inc. its capacity as Proposal Trustee of the Vendor and pursuant to an Order for the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made March 6, 2008
2. Pursuant to these Terms and Conditions of Sale, the Vendor is requesting offers to purchase all of the right, title and interest, if any of the Vendor in all or part of the assets of the Vendor which are described in the Confidential Information Memorandum to be provided to the Purchaser upon delivery to the Proposal Trustee of a Confidentiality Agreement in the form provided by the Proposal Trustee (the "**Assets**").
3. In the event that any proposed purchaser requests any information from the Vendor or the Proposal Trustee in relation to the assets in addition to the information contained in the Confidential Information Memorandum then, prior to providing such additional information, or any access to such information, the Proposal Trustee may require from any prospective purchaser the payment to the Proposal Trustee of a deposit in the sum of \$10,000, which deposit shall form part of the overall deposit due from such prospective purchaser in the event of an accepted offer, or which shall be refunded, without interest, in the event that no offer is accepted from such prospective purchaser.
4. The acceptance by a prospective purchaser from the Vendor of any of the material referred to in section 5 shall constitute an acknowledgement and an acceptance by such party of the terms accompanying the Confidential Information Memorandum, as well as of these Terms and Conditions of Sale.
5. Any lists, schedules or other material prepared or made available by the Vendor or included in these Terms and Conditions of Sale or provided in connection therewith, or available at the Vendor's Offices or at the Vendor's office(s) for prospective purchasers, and all Confidential Information as defined in the confidentiality agreement which the Vendor has entered into with prospective purchasers, have been prepared and provided solely for the convenience of prospective purchasers and are not warranted to be complete or accurate, and are not part of these Terms and Conditions of Sale.
6. Interested Parties shall be entitled to submit offers in a sealed envelope marked "Confidential - Do Not Open - Offer - Pharmacy Won Inc." which must be delivered or mailed postage prepaid to Shiner Kideckel Zweig Inc., 10 West Pearce Street, Suite 4, Richmond Hill, ON L4B 1B6, so as to be received before 12 noon (Toronto time) on March 25, 2008 (the "**Offer Date**"). However nothing prevents the acceptance of any offer by the Vendor prior to the Offer Date.

SHINER KIDECKEL ZWEIG INC.

Proposal Trustee for Pharmacy Won Inc.

7. Every offer submitted by Interested Parties must be in the prescribed form of agreement of purchase and sale attached as Exhibit "I" hereto (the "**Form of Offer**"), with any amendments made by the offeror thereunder (the "**Offeror**") shown on a blacklined copy of the Form of Offer provided by the Offeror for reference purposes. The Vendor reserves the right to reject any such amendments. The prescribed Form of Offer will be provided to Interested Parties in due course and will be available in electronic form.
8. Every offer must be open for acceptance until 5:00 p.m. on March 27, 2008. No Offeror shall be at liberty to retract, withdraw, vary or countermand an offer once made.
9. Offers may be submitted for one or more individual parcels, as described in the Confidential Information Memorandum, or en bloc. En bloc means in the case of parcels 1, 2, 3, 4, 5, 6, 7 and 8 for all the assets in any of such parcels situated at or relating to one or more locations (or a combination thereof), or en bloc. "En bloc" means that the Vendor can accept all but not less than all of an offer made by an Offeror, notwithstanding that the offer extends to more than one parcel or location of the Assets (or a combination thereof). Offers submitted for more than one parcel or location of the Assets (or a combination thereof) would be considered as a separate offer for each parcel or location of the Assets unless the Offeror specifically states that the acceptance of one parcel is conditional upon the acceptance of one or more additional parcels or locations (or a combination thereof).
10. The Assets are being offered on the basis that each Offeror will conduct its own due diligence investigation and inspection of the Assets and on the basis that the Assets are being offered an "as is, where is" basis and that there is no representation, warranty or condition, expressed or implied, statutory or otherwise, as to title, encumbrances, description, fitness for any purpose, merchantability, quality, quantity, state, condition (environmental or otherwise), defect (patent or latent), existence, location, value, the validity or enforceability of any rights (including intellectual property rights), any requirement for licences, permits, approvals, consents for transfer, ownership, occupation or use, compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. All parcels are specifically offered, as they now exist with no adjustments to be allowed to the Offeror for changes in condition, qualities, quantities or other aspects or attributes of such parcels from the date hereof to the Closing Date except as allowed pursuant to paragraph 4 of the Asset Purchase Agreement. Except as expressly so provided, the Vendor is not required to inspect or count, or provide any inspection or counting, of the Assets or any part thereof and the Offeror shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. Except as expressly provided in a definitive agreement of purchase and sale, it shall be the Offeror's sole responsibility to obtain, at its own expense, any required consents, permits, authorizations and certificates to the transfer and use of the Assets (including the transfer of the Company's leases of premises if included in the Assets subject to the offer) and to the operation by the Offeror of any of the businesses carried on by the Company, as well as any further documents or assurances which are necessary or desirable in the circumstances.

SHINER KIDECKEL ZWEIG INC.

Proposal Trustee for Pharmacy Won Inc.

11. The Vendor will not necessarily accept the highest or any offer and may in its discretion at any time waive or vary any or all of the Terms and Conditions of Sale or of its letter and advertisement inviting offers or terminate the offer process, without any liability to an Offeror or other interested party except the return of any deposit provided to the Vendor.
12. Each Offeror shall, with its offer, deliver to the Vendor a bank draft or certified cheque payable to the Vendor's solicitors, Aird & Berlis LLP in trust, in the amount of five percent (5%) of the aggregate offered price (the "**Purchase Price**") which deposit will be subject to the terms of sections 13, 16 and 18 hereof.
13. Cheques accompanying offers that are not accepted will be returned without interest to the Offeror by prepaid regular mail addressed to the Offeror at the address set out in its offer or made available for pick-up not later than March 27, 2008, unless otherwise arranged by the Vendor with the Offeror.
14. The Offeror acknowledges that the acceptance by the Vendor of any offer is subject to the approval of the Court on application to be made by the Vendor.
15. Upon the Vendor's request at any time after submission of an offer, an Offeror shall provide to the Vendor information and supporting material confirming the financial capacity of the Offeror to complete the transaction and identifying the individuals who are the ultimate beneficial owners of the Offeror.
16. If any offer is accepted by the Vendor, then such acceptance shall be communicated to the successful Offeror (the "**Purchaser**") no later than 5:00 p.m. on March 27, 2008, by notice in writing (the "**Acceptance Notice**") by the Vendor to the Purchaser at the address set forth in its offer, such notice to be given by prepaid regular mail, facsimile, e-mail, or personal delivery and to be deemed effectively given and received when deposited in the post office or when transmitted by facsimile, e-mail, or when personally delivered as the case may be. The cheque mentioned in paragraph 12 shall constitute a deposit (the "**Deposit**") and the Purchaser shall pay the balance of the Purchase Price to the Vendor by certified cheque or bank draft at closing in accordance with the provisions of the Agreement of Purchase and Sale.
17. If an offer is accepted by the Vendor, then the terms of the Form of Offer, the Acceptance Notice, and these Terms and Conditions of Sale shall be read together and shall constitute a valid and binding agreement of purchase and sale (the "**Agreement of Purchase and Sale**") between the Purchaser and the Vendor with respect to the Assets which are the subject matter of the Acceptance Notice (the "**Purchased Property**") unless otherwise agreed upon in writing by the Vendor and the Purchaser, and the transaction of purchase and sale thereunder is herein called the "**Transaction**".
18. The Vendor will pay no interest on the Deposit. If the Agreement of Purchase and Sale is not completed by reason of the Purchaser's default, the Deposit shall be forfeited to the Vendor on account of liquidated damages and not as a penalty and the Vendor shall be entitled to pursue

SHINER KIDECKEL ZWEIG INC.

Proposal Trustee for Pharmacy Won Inc.

all its rights and remedies against the Purchaser, including the resale of the Purchased Property. Upon any such resale, the Purchaser shall pay to the Vendor: (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement of Purchase and Sale exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of the Transaction or occasioned by the Purchaser's failure to comply with the Agreement of Purchase and Sale.

19. The closing of the sale shall take place at the office of the Vendor's solicitors, Aird & Berlis LLP, Brookfield Place, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, Canada, at 11:00 o'clock in the forenoon on the day which is five (5) business days immediately following the date the approval and vesting order (the "**Approval Order**"), in a form satisfactory to the Vendor, is made by the Court with respect to the Agreement of Purchase and Sale, or such other later date as the Vendor may in its discretion determine (the "**Closing Date**"). If the Approval Order is not made on or before April 17, 2008, then the Agreement of Purchase and Sale shall terminate (thereby releasing the Vendor and the Purchaser from their respective obligations hereunder) and the Vendor shall promptly return the Deposit to the Vendor, without interest or deduction.

20. It is understood that the Approval Order will, upon closing, vest all the Company's right, title and interest, if any, in the Purchased Property in the Purchaser free and clear of all encumbrances.

21. The Purchaser shall be responsible for and pay on closing, in addition to the Purchase Price, all applicable federal and provincial sales and transfer taxes and registration fees or, in the alternative, the Purchaser may provide proof satisfactory to the Vendor that the taxes mentioned therein are not exigible or a valid purchase exemption certificate on which the Vendor is entitled to rely.

22. Shiner Kideckel Zweig Inc. acts solely in its capacity as Proposal Trustee of the Company as aforesaid and shall have no personal or corporate liability hereunder or under any Agreement of Purchase and Sale, whether in contract, tort or otherwise.

23. The Terms and Conditions of Sale contained herein shall not merge on the closing of the Transaction but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

24. Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. All dollar amounts expressed herein and in the material described in section 5 are, unless otherwise indicated, expressed in Canadian funds. Money may be tendered by cheque certified by a Canadian chartered bank, Canadian trust companies or by bank draft.

25. The Purchaser shall not assign the Agreement of Purchase and Sale without the Vendor's prior written approval, which approval may be arbitrarily withheld. The Purchaser shall remain

SHINER KIDECKEL ZWEIG INC.

Proposal Trustee for Pharmacy Won Inc.

liable under the Agreement of Purchase and Sale notwithstanding any assignment thereof by the Purchaser.

DATED this 6th day of March, 2008.

SHINER KIDECKEL ZWEIG INC.

Trustee Acting *in re*: The Proposal of
Pharmacy Won Inc.

10 West Pearce Street, Suite 4
Richmond Hill, ON L4B 1B6

Telephone: 905.763.2436
Facsimile: 905.709.9952

3730591.3

EXHIBIT "I"

ASSET PURCHASE AGREEMENT

THIS AGREEMENT made between:

**PHARMACY WON INC. o/a "Pharmacy 1" and "Pharmacy 1
Drug and Food" and WW NEWS INC.,**
(each a "Vendor" and collectively, the "Vendors")

- and -



(the "Purchaser")

WHEREAS the Vendors carry on the Business (as hereinafter defined) at the Premises (as hereinafter defined) under the name "Pharmacy 1", "Pharmacy 1 Drug and Food" and "WW News";

AND WHEREAS the Vendors desire to sell and the Purchaser desires to purchase substantially all of the assets, property and undertaking of the Business subject to the terms and conditions hereinafter set forth;

THEREFORE, for valuable consideration the parties hereto hereby covenant and agree as follows:

1. DEFINITIONS AND INTERPRETATIONS

1.01 Whenever used in this Agreement, the following words shall have the following meanings:

- (a) "**Brampton Premises**" means the premises that the Vendors occupy under lease at 12 Vodden Street East, Brampton, Ontario consisting of approximately 32,294 square feet;
- (b) "**Business**" means collectively: (1) the business of the sale of prescription drugs, non-prescription drugs, household items, food products and other products including, without limitation, health and beauty aid products, cosmetics and other household, seasonal and conveniences items, and any and all ancillary business carried on by Pharmacy Won Inc. from each of the Premises including, without limitation, under the name "Pharmacy 1" and/or "Pharmacy 1 Drug and Food"; and (2) the tobacco, dry-cleaning, lottery and ancillary business carried on by WW News Inc. from each of the Premises under the name "WW News"; and (3) any and all other business which is now or has been carried on by the Vendors;

- (c) **"Closing"** means the completion of the transaction contemplated herein;
- (d) **"Closing Date"** shall have the meaning ascribed thereto in section 14;
- (e) **"Dixie Premises"** means the premises that the Vendors occupy under lease at Dixie Outlet Mall, 1250 South Service Road, Mississauga, Ontario, consisting of approximately 19,269 square feet of retail premises on the ground floor of such building and 6,129 square feet of storage premises on the ground floor of such building;
- (f) **"Employee Plans"** means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the Business and/or the Vendors and relating to the employees, former employees (in respect of current plans for former employees), officers or directors of each Vendor or the Business maintained, sponsored or funded by each Vendor, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered, in effect on the date hereof;
- (g) **"Kipling Premises"** means the premises that the Vendors occupy under lease at Kipling Heights Plaza, being Unit 1, 2291 Kipling Avenue, Etobicoke, Ontario, consisting of approximately 24,821 square feet on the ground floor of such building;
- (h) **"Leases"** means the leases for the Brampton Premises, Dixie Premises, Kipling Premises, Newmarket Premises, Thornhill Premises, Niagara Falls Premises and Warehouse Premises and **"Lease"** means any one of them;
- (i) **"Newmarket Premises"** means the premises that the Vendors occupy under lease at the Gates of York Shopping Centre, 17310 Yonge Street, Newmarket, Ontario, consisting of approximately 30,296 square feet of such building;
- (j) **"Niagara Falls Premises"** means the premises that the Vendors occupy under Lease at 5175 Victoria Avenue, Niagara Falls, consisting of approximately 34,305 square feet of such building;
- (k) **"Parties"** means collectively, the Vendors and the Purchaser, and **"Party"** means one of these entities;
- (l) **"Premises"** means collectively, the Brampton Premises, Dixie Premises, Kipling Premises, Newmarket Premises, Thornhill Premises, Niagara Falls Premises and Warehouse Premises;
(NTD – Purchaser may delete references to any premises which are not subject to the offer)

- (m) "**Thornhill Premises**" means the premises that the Vendors occupy under lease at North Yonge Market Place, 7171 Yonge Street, Thornhill, Ontario, consisting of approximately 47,209 square feet;
 - (n) "**Value of Inventory**" shall mean the cost at which the Inventory is regularly purchased by the Business
 - (o) "**Vendors**" means collectively Pharmay Won Inc. and WW News Inc. and "**Vendor**" means any one of them;
 - (p) "**Warehouse Premises**" means the premises that the Vendors occupy under lease at 280 Belfield Road, Toronto, Ontario, consisting of approximately 26,250 square feet.
- 1.02 Gender, Number and Days. Words importing the singular include the plural and vice versa; and words importing gender include all genders.
- 1.03 Entire Agreement. This Agreement, together with the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth here in and therein. No supplement, modification or waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

2. ASSETS TO BE PURCHASED

The Purchaser shall purchase from the Vendors and the Vendors shall sell to the Purchaser the following assets of the Business at the Premises (the "Purchased Assets"):

- 2.01 Subject to receipt of the necessary consents and approvals, the Vendors' Leases, including improvements, appurtenances and fixtures situate on or forming a part of the Premises which are owned by the Vendors.
- 2.02 All equipment, furniture, furnishings, computers, accessories and supplies of the Business.
- 2.03 All goods that are owned and held for sale by the Vendors consisting of inventories of brand name prescription drugs (the "**Rx Inventory**"); generic prescription drugs (the "**Generic Rx Inventory**"); all periodicals, books, lottery tickets, bus tickets, greeting cards and tobacco products (the "**Other Inventory**"); and all other front store inventory (the "**Front Store Inventory**") (the Rx Inventory, the Generic RX Inventory, the Other Inventory and the Front Store Inventory is collectively referred to herein as the "**Inventory**").

- 2.04 All goodwill of the Business including all trade marks, trade names whether registered or unregistered brand names, copyright, artwork, designs, licenses, franchises and processes used in connection with the Business together with the exclusive right of the Purchaser to represent itself as carrying on business in succession to the Vendors, and including the exclusive right to use the name "Pharmacy 1", "Pharmacy 1 Drug and Food", "WW News" and "Pharmacy Won" or any variation thereof, subject to the provisions set out in Section 11.
 - 2.05 All prescription files relating to the business including customer lists and records pertaining to such prescriptions (the "Prescriptions" and individually a "Prescription")
 - 2.06 All unfilled orders received by the Vendors in connection with the Business.
 - 2.07 All contracts, agreements and instruments including, without limitation, leases of personal property, licences, undertakings, engagements or commitments of any nature, written or oral, to which either Vendor is a party in connection with the Business, including, without limitation: unfilled purchase orders, forward commitments by each Vendor related to the Businesses for supplies or materials entered into in the ordinary course, customer contracts, all contracts or agreements with employees of the Business, all restrictive agreements and negative covenant agreements with employees, past or present, related to the Business, to the extent they are transferable. For greater certainty, Purchaser shall assume the obligations of the Vendor under any equipment leases provided that, where the lessor does not consent to such assumption, or where the Purchaser elects not to assume any particular equipment lease obligation in any equipment subject to such lease shall be promptly returned to the lessor.
 - 2.08 Any order, permit, approval, waiver licence or similar authorization of any governmental entity owned, held or used by each Vendor in connection with the Business, to the extent that they are transferable.
 - 2.09 All claims of each Vendor relating to the Business or the Purchased Assets, whether choate or inchoate, known or unknown, contingent or otherwise.
 - 2.10 The Vendors' existing telephone and facsimile numbers and any domain and internet websites and email addresses for the Business.
 - 2.11 All warranties and warranty rights (implied, express or otherwise) against manufacturers or sellers which apply to any of the Purchased Assets.
 - 2.12 Copies of books and records relating to the Business (other than goods and services and sales tax records and historical financial information since the inception of the Company on May 13, 2006, for which copies will be provided excluding corporate tax records and filings of the Vendors).
3. PURCHASE PRICE
- 3.01 The Purchase Price payable by the Purchaser hereunder for the Purchased Assets shall be, subject to any adjustments set out in this section and Section 4,

the sum of (the "Purchase Price"). The Purchase Price is \$ _____ as detailed in Schedule "A".

- 3.02 The Vendors hereby direct that the Purchase Price shall be payable in cash or by certified cheque payable to its solicitors, Aird & Berlis LLP in Trust on the Closing Date.

4. ADJUSTMENT TO PURCHASE PRICE

The Purchase Price may be adjusted as follows:

- 4.01 In the event that the Value of the Inventory on the Closing Date (hereinafter "Actual Value of the Inventory") is greater or less than:

- (a) in respect of the Rx Inventory \$~~XXX~~;
- (b) in respect of the Generic Rx Inventory \$~~XXX~~;
- (c) in respect of the Front Store Inventory \$~~XXX~~; and
- (d) in respect of the Other Inventory \$~~XXX~~;

(NTD –amounts to be in each instance the aggregate of the estimate provided in the confidential information memorandum applicable to those premises to which this offer is to apply)

(collectively, the "Target Value of the Inventory"), then the Purchase Price shall be increased or decreased as follows:

- (a) in respect of the Rx Inventory by \$~~XXX~~ on the cost dollar;
- (b) in respect of the Generic Rx Inventory by the Ontario Drug Benefits Plan price applicable on the Closing Date less ~~XXX~~%;
- (c) in respect of the Front Store Inventory by \$~~XXX~~ on the cost dollar; and
- (d) in respect of the Other Inventory by \$~~XXX~~ on the cost dollar;

of the difference between the Target Value of the Inventory and the Actual Value of the Inventory.

A count of the Inventory shall be completed before Closing by Western Inventory Service and the costs of such count shall be split between the Vendors and the Purchaser on a 50/50 basis.

- 4.02 In the event that the number of Prescriptions for the 12 month period ending February 6, 2008 is not equal to ~~XXX~~ (the "**Script Estimate**"), then the Purchase Price shall be increased by ~~XXX~~ dollars (\$~~XXX~~) for each Prescription above the Script Estimate and decreased by ~~XXX~~ dollars (\$~~XXX~~) for every Prescription below the Script Estimate.

5. DEPOSIT

5.01 Deposit. Upon the execution of this Agreement by all Parties, the Purchaser shall deliver a deposit of ~~€€~~(\$~~€€~~) to the Vendors' solicitor to be held in trust. Subject to the provisos hereinafter contained, the deposit shall be credited on the Closing Date on account of the Purchase Price. If the transaction is not completed on the Closing Date through no fault of the Purchaser, the full amount of the deposit shall be immediately returned to the Purchaser failing which the deposit shall be forfeited to the Vendor on account of liquidated damages. The deposit shall be invested by the Vendors' solicitors in either a daily interest account, term deposit or similar interest bearing bank investment and the interest shall follow the deposit as set out above.

6. ALLOCATION

6.01 The Purchase Price shall be allocated among the Purchased Assets as detailed in Schedule "A"

6.02 The Purchaser and the Vendors agree that they shall jointly file all elections and forms required under the *Income Tax Act* (Canada) to evidence such allocation.

7. TAXES

The Purchaser shall be responsible for and shall pay all federal and provincial sales or other transfer taxes relating to the Purchased Assets.

8. EXCLUDED ASSETS AND EXCLUDED LIABILITIES

8.01 It is hereby understood and agreed that save and except for the Purchased Assets, the Purchaser is not purchasing any other assets of the Businesses.

8.02 It is understood and agreed that the Purchaser is not assuming and shall not be responsible for any of the liabilities, debts or obligations of the Vendors, whether present or future, absolute or contingent and whether or not relating to the Business, other than those liabilities, debts or obligations expressly assumed by the Purchaser as provided for in this Agreement.

9. EMPLOYEES

9.01 The Vendors shall, on or before the Closing Date, terminate the employment of all the employees employed in the Business except those employees ("Transferred Employees") which the Purchaser advises the Vendors in writing, at least five (5) days before the Closing Date, that the Purchaser elects to continue to employ in the Business. The Purchaser agrees to offer continuing employment to the Transferred Employees on substantially similar terms. The Vendors shall remain responsible for all claims by any such terminated employee or any employee who does not accept continuing employment with the Purchaser.

10. GENERAL TERMS AND CONDITIONS

This Agreement shall be governed by the following general terms and conditions:

10.01 Each of the Vendors hereby represent and warrant with respect to their own Corporation, and not on behalf of the other, that:

- (a) Organization. They have been duly organized and are validly subsisting and in good standing under the laws of the Province of Ontario, their jurisdiction of incorporation, and have full corporate power to own their property and to carry on the Business as it is now being conducted, and are duly qualified as corporations to do business and are in good standing in each jurisdiction in which the nature of their business or the property owned or leased by them to make such qualification necessary;
- (b) Corporate Power. The Vendors have all necessary corporate power, authority and capacity to enter into this Agreement and to carry out their obligations under this Agreement;
- (c) Title. Upon completion of the transactions contemplated herein, they shall have provided to the Purchaser good and marketable title to the Purchased Assets owned by them, free and clear from any liens, mortgages, security interests and encumbrances, which shall be evidenced by delivery of a vesting order ordering the delivery of the Purchased Assets to the Purchaser;
- (d) Assignment. There has been no assignment, subletting or granting of any license (of occupation or otherwise) of or in respect of any of the Purchased Assets or any granting of any agreement or right capable of becoming an agreement or option for the purchase of the Purchased Assets;
- (e) Lease. The Vendors are not party to or bound by any lease of real property or agreement in the nature of a lease, whether as lessor or lessee, in the conduct of the Business at the Premises, except the leases of the Premises. Each of the leases is in good standing and in full force and effect;
- (f) Purchased Assets. The Purchased Assets comprise all of the assets used in the proper carrying on or the Business and no other person owns such assets, with the exception of the Premises;
- (g) Absence of Conflicting Agreements. Neither Vendor is a party to, bound or affected by or subject to any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, statute, regulation, judgment, decree or law which would be violated, contravened, breached by or under which default would occur as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for herein;

- (h) Intellectual Property. The intellectual property used in whole or in part in the Business, including the names "Pharmacy 1", "Pharmacy 1 Drug and Food", "Pharmacy Won" and "WW News" ("Trade Names"), are validly and beneficially owned by the Vendors with the exclusive right to use same, are in good standing and duly registered. The conduct of the Business and the Trade Names do not infringe upon the patents, trade marks, trade names or copyrights, domestic or foreign, of any other person, firm or corporation;
- (i) Residency. The Vendors are not non-residents of Canada for the purposes of the *Income Tax Act* (Canada); and

All representations and warranties of the Vendors shall survive the Closing Date for six (6) months. No investigations made by or on behalf of the Purchaser at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the Vendors pursuant to this Agreement.

10.02 The Purchaser hereby represents and warrants to the Vendors that:

- (a) Organization. The Purchaser will on Closing consist of a corporation, duly organized and validly existing under the laws of its jurisdiction of incorporation; and
- (b) Authority Relative to this Agreement. The Purchaser will on Closing have all necessary corporate power, authority and capacity to perform its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transaction contemplated herein will have been duly authorized by all necessary corporate action on the part of the Purchaser.

10.03 Interim Period. The Vendors hereby covenant and agree that during the period between the execution of this Agreement and the Closing Date (the "Interim Period") they will:

- (a) carry on the Business in the ordinary course and will use best efforts to preserve the Purchased Assets;
- (b) not sell or otherwise dispose of any of the Purchased Assets nor acquire additional Purchased Assets except in the ordinary course of business; and
- (c) comply with the federal food, drug and narcotics statutes and any applicable provincial pharmaceutical statutes and regulations governing the sale of retail pharmacies.

10.04 Further Documents. The Vendors shall on request of the Purchaser execute such further and other documents as the Purchaser's solicitors may reasonably require to give effect hereto at the expense of the Purchaser, but otherwise shall not be obliged to deliver any document other than a Vesting Order, assignment

of leases and either consents of applicable landlords or Court Orders providing for such consent to be given.

- 10.05 Records. The Purchaser agrees to maintain all prescription files and patient record files which form a part of the Purchased Assets hereto for a period of seven (7) years as required by law but accepts no liability on the part of the Vendors for the accuracy of such records.

11. CONDITIONS

- 11.01 Mutual Conditions Precedent. This Agreement is conditional upon all of the following conditions being satisfied, which conditions are for the mutual benefit of all Parties and may not be waived independently by either Party:

- (a) prior to the Closing Date, the Vendors obtaining an order from a court of competent jurisdiction approving the sale contemplated herein and vesting the Purchased Assets, subject to payment of the Purchase Price, by the Purchaser on terms acceptable to the Vendors and the Purchaser acting reasonably; and
- (b) prior to closing, the Vendors having obtained landlord consent to the assignment of the Leases to the Purchaser, or a Court Order permitting the assignment.

- 11.02 Conditions In Favour Of Purchaser. In addition to any other conditions herein noted, it is understood and agreed that the Purchaser shall not be obliged to close the transaction referred to herein unless:

- (a) all representations and warranties of the Vendors made in or pursuant to this Agreement shall be true and correct as at the Closing Date and with the same effect as if made at and as of the Closing Date;
- (b) the Vendors shall have performed or complied with, in all respects, all of their obligations, covenants and agreements under this Agreement, each and everyone of which is declared to be a separate condition to the closing of the said transaction;

- 11.03 Conditions In Favour Of Vendor. In addition to any other conditions herein noted, it is understood and agreed that the Vendor shall not be obliged to close the transaction referred to herein unless:

- (a) all representations and warranties of the Purchasers made in or pursuant to this Agreement shall be true and correct as at the Closing Date and with the same effect as if made at and as of the Closing Date; and
- (b) the Purchasers shall have performed or complied with, in all respects, all of their obligations, covenants and agreements under this Agreement, each and everyone of which is declared to be a separate condition to the closing of the said transaction.

The Purchaser acknowledges that until such time as any conditions other than those described in section 11.02 (a) and (b) have been satisfied or waived, the Vendors shall be entitled to enter into an agreement of purchase and sale for the Purchased Assets and, in such case, this Agreement shall be deemed to have been terminated and the Deposit referenced in section 5.01 shall be forthwith returned to the Purchaser and the Vendors and the Purchaser shall have no further obligations to each other pursuant to the terms of this Agreement.

12. CHANGE OF NAME

Each of the Vendors shall take all corporate proceedings and prepared all documentation and filings necessary to change the name of the Vendors to a name which does not include "Pharmacy Won", "Pharmacy 1", "Pharmacy 1 Drug and Food", "WW News" or any variation thereof, such filings to be made immediately following Closing and complete change of use of the names to have occurred within 120 days after the Closing Date. The Vendors agree to execute and deliver such consents and other documentation as reasonably requested by the Purchaser to enable the Purchaser to use such names.

13. NO BROKER

Each of the Parties represents and warrants that all negotiations relating to this Agreement and the transactions contemplated hereby have been carried on between them without the intervention of any other party in such manner as to give rise to any claim against any of the Parties for a brokerage commission, finder's fee or other like payment and the Purchaser shall be responsible for any fee payable to any broker retained by it.

14. CLOSING DATE

Delivery of possession of the Purchased Assets shall take place in accordance with the terms of this Agreement at the close of business on the day of Closing. Closing will take place on 5th Business Day after the acceptance of this offer and the Court approval of same and provided that the Vendor may extend for a period not to exceed 30 days.

15. TRANSFER OF TITLE

On the Closing Date title to the Purchased Assets shall be transferred to the Purchaser (or as it may direct). Between the date of execution of this Agreement and the Closing Date, the risk of loss or damage to the said Purchased Assets shall belong to the Vendors.

16. ACCEPTANCE BY VENDORS

This Agreement is open for acceptance until 5:00 p.m. on the 27th day of March, 2008, after which this Agreement will be rendered null and void and of no further effect.

17. GENERAL

Time is of the essence in the performance of the parties' respective obligations hereunder. Unless otherwise specified, all references to money amounts are in Canadian currency. The descriptive headings of articles and sections are inserted for convenience of reference and are not intended as complete or accurate descriptions of the content of such articles or sections. The use of the words in the singular or plural, or with a particular gender, shall not limit the

scope or exclude the application of any provision of this Agreement to such person or persons or circumstances as the context otherwise permits. The schedules to this Agreement are incorporated herein by this reference and are deemed to be a part of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. This Agreement and the terms hereof shall constitute the entire agreement between the parties with respect to all of the matters herein. This Agreement may be executed by the parties in separate counterparts and each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. A signed faxed copy of this Agreement shall be deemed to be an original signed copy of this Agreement and shall be binding on the parties hereto.

The foregoing Agreement is hereby accepted by the undersigned.

EXECUTED at _____, this _____ day of March, 2008.

PHARMACY WON INC.

Per: _____
Marv Turk
President

I am authorized to bind the Corporation.

WW NEWS INC.

Per: _____
Marv Turk
President

I am authorized to bind the Corporation.

EXECUTED at _____, this _____ day of March, 2008.



Per: _____

I am authorized to bind the Corporation.

SCHEDULE "A"

	Parcel 1 Dixie (in dollars)	Parcel 2 Thornhill (in dollars)	Parcel 3 Newmarket (in dollars)	Parcel 4 Brampton (in dollars)	Parcel 5 Niagara (in dollars)	Parcel 6 Kipling (in dollars)	Parcel 7 warehouse (in dollars)	Total
Rx inventory								
Generic Rx inventory								
Front store inventory								
Other inventory								
Store equipment								
Tele. & fax number								
Total								
Parcel 8 - Intangible assets								
Grand total								