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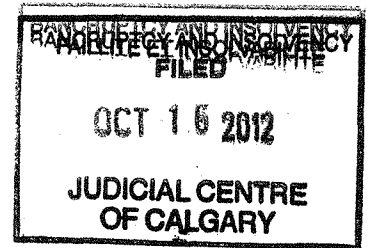
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COURT

COURT OF QUEEN'S BENCH OF  
ALBERTA

JUDICIAL CENTRE

CALGARY



IN THE MATTER OF THE *BANKRUPTCY*  
*AND INSOLVENCY ACT*

AND IN THE MATTER OF THE  
PROPOSAL OF  
POYNT CORPORATION

DOCUMENT

**FOURTH REPORT OF THE TRUSTEE,  
HARDIE & KELLY INC.  
OCTOBER 15, 2012**

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FOURTH REPORT OF THE TRUSTEE  
HARDIE & KELLY INC.  
OCTOBER 15, 2012

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## INTRODUCTION

1. On July 5, 2012, Poynt Corporation (“Poynt” or the “Company”) filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to the Bankruptcy & Insolvency Act (the “Act”). Hardie & Kelly Inc. consented to act as trustee (the “Trustee”).
2. During the course of these proceedings, several extensions of the Stay of Proceedings (the “Stay”) have been granted. On October 11, 2012, the Court of Queen’s Bench of Alberta (the “Court”) granted a further brief extension of the Stay through to October 15, 2012.
3. The Trustee previously prepared reports to the Court dated July 26, 2012 (the “First Report”) August 27, 2012 (the “Second Report”) and September 13, 2012 (the “Third Report”). This report (the “Fourth Report”) should be read in conjunction with the First, Second and Third Reports.
4. The purpose of this Fourth Report is to provide the Court with the Trustee’s comments with respect to:
  - a. The Company’s revised cash flow forecast for the period October 15 through November 26, 2012;
  - b. the Company’s request for authority to borrow priority funds and the Trustee’s recommendation thereto;
  - c. the Company’s restructuring activities; and
  - d. the Company’s request for a further extension of the Stay through to November 26, 2012.

**TERMS OF REFERENCE**

5. In preparing this Fourth Report, the Trustee has relied upon unaudited financial information, records of the Company and discussions with the Company's management ("Management"). The Trustee has not performed an audit, review or other verification of such information. An examination of the cash flow information as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information relied upon in this report is based on Management's assumptions regarding future events and actual results achieved may vary from this information and the variations may be significant. Accordingly, the Trustee expresses no opinion or other form of assurance in respect of such information.

**OPERATIONAL UPDATE**

6. Management, with assistance from the Trustee, has been able to continue communicating with suppliers and make mutually satisfactory arrangements to ensure the uninterrupted supply of goods and services.
7. To date, Management's proactive approach of contacting key customers and suppliers to advise them of the Company's status appears to have resulted in a minimal effect on day-to-day operating activities.

**FINANCIAL PERFORMANCE**

8. Concurrent with the Company's September 27, 2012 application to Court for an extension of the Stay, Poynt filed a revised cash flow forecast through to the week ending October 12, 2012 which was attached as Exhibit "A" to the September 27, 2012 sworn Affidavit of Andrew Osis (the "Revised Forecast"). A variance analysis of the Company's actual receipts and disbursements over the period September 24<sup>th</sup> through October 12, 2012 versus the Revised Forecast is set out in the following table:

Poynt Corporation			
Forecast to Actual Analysis			
For the Period of September 24 - October 12, 2012			
	Actual	Forecast	Variance
Accounts Receivable	80,640	76,000	4,640
DIP	100,000	100,000	0
Interest	6	0	6
	180,646	176,000	4,646
Data Costs	(3,050)	(3,500)	450
Finance Lease	(23,717)	(23,717)	(0)
Payroll	(97,480)	(97,754)	274
Benefits/Parking/Business Tax	(9,067)	(10,000)	933
Consultants	(31,215)	(33,996)	2,781
Investor/Public Relations	(5,058)	(500)	(4,558)
Rent	(19,040)	(19,040)	(0)
Internet	0	0	0
Miscellaneous	(3,012)	0	(3,012)
Selling Expenses	(835)	0	(835)
Insurance	0	(4,000)	4,000
Restructuring Fees	0	(5,000)	5,000
Professional Fees	0	(5,000)	5,000
Total Expenses	(192,475)	(202,507)	10,032
Net Cash Flow	(11,829)	(26,507)	
Opening Cash	36,404	36,404	
Closing Cash	24,575	9,897	

9. Poynt experienced a negative cash flow of approximately \$12,000 over the period September 24 – October 12, 2012 versus an anticipated cash flow deficit of approximately \$26,500. The Trustee notes that the variance of approximately \$14,000 is primarily attributed the net effect of the Company continuing to accrue the professional fees for its restructuring activities, an over estimate in forecasting insurance costs, some unanticipated travel costs and unanticipated filing costs with respect to its public stock listing. The Trustee also notes that the Company continues to be in arrears of payroll related remittances of approximately \$57,000. These variances have been provided for in the Company's Fourth Report Forecast as discussed below.
10. The Company maintained a cash balance of approximately \$24,000 as at October 12, 2012.

#### **CASH FLOW FORECAST**

11. Management, with the assistance of the Trustee, has prepared a revised cash flow forecast for the period October 15, 2012 through to November 26, 2012 ("The Fourth Report Forecast") which is attached as Appendix "A" to this Fourth Report and is summarized in the table below.
12. It is significant to note that a payroll in the sum of approximately \$70,000 is due and payable October 15 and cannot be funded absent further interim financing.

<b>Poynt Corporation</b>	
<b>Cash Flow Forecast</b>	
<b>For the period Oct. 15 - Nov. 26, 2012</b>	
	<b>Forecast</b>
<b>RECEIPTS</b>	
Receivable Collection	156,318
DIP Financing	1,000,000
	1,156,318
<b>DISBURSEMENTS</b>	
Data Costs	(68,350)
Finance Lease	(23,717)
Payroll	(335,347)
Benefits/Parking/Business Tax	(15,000)
Consultants	(67,314)
Investor/Public Relations	(48,500)
Rent	(19,040)
Internet	(43,500)
Miscellaneous	(27,100)
Selling Expenses	(9,000)
Insurance	(4,000)
Restructuring Fees	(280,000)
Professional Fees	(18,000)
	(958,868)
Net Cash Flow	197,450
Opening Cash	22,757
Closing Cash	220,207

13. The Fourth Report Forecast reflects a positive cash flow of approximately \$200,000 over the forecast period leaving estimated cash balance of approximately \$220,000 as at November 26, 2012. Included in the forecast payments during the Fourth Report Forecast Period are the catch up payments related to the delayed payment of the professional and restructuring fees and the payroll remittances as discussed above.
14. It is critical to highlight that the Fourth Report Forecast and Poynt's ability to continue operations is dependent upon the Company obtaining this Honourable Court's approval for additional interim financing. The Company will otherwise be unable to fund its day-to-day expenditures from operational revenues during the Fourth Report Forecast Period.
15. The Trustee is satisfied that the Fourth Report Forecast is reasonable in the circumstances provided the additional \$1,000,000 of interim financing can be successfully finalized.

**INTERIM FINANCING**

16. As noted above, the Company requires additional interim financing of \$1,000,000 in order to fund operations through to November 26, 2012. However, it is important to note that the Company will still require additional financing in order to maintain any opportunity of funding and implementing a successful proposal.
17. Further, at the time of preparing this Fourth Report the Trustee is of the understanding that the interim financing has been agreed upon. However the Company is awaiting the final term sheets and expects to have funds advanced to them within the next day or so.
18. The Trustee is concerned that unless the complete requested financing is in place and confirmed the Company will be unable to meet its immediate and ongoing obligations through to the end of the period of the stay being requested.
19. The Company's major pre filing secured creditor, Intertainment, has advised that they do not oppose the present application.
20. The Trustee is aware that Management continues to have ongoing negotiations regarding additional financing to allow them to move beyond the filing of a proposal; however, an agreement has yet to be confirmed as of the time of filing of this Fourth Report.

**RESTRUCTURING EFFORTS**

21. The Trustee is satisfied that Management has been acting with due diligence and in good faith and has been working towards ultimately presenting a proposal to its creditors. Since the date of the filing of the Notice of Intention Management has:
  - a. Continued to respond to inquiries from various creditors and customers regarding the status of the proceedings;
  - b. identified potential sources of interim financing which the Company hopes will enable the Company to operate until additional interim financing can be provided to allow for the Company to formulate a restructuring plan;
  - c. held discussions with legal counsel and the Trustee in regard to the anticipated terms and structure of a proposal; and
  - d. held discussions with several significant creditors, shareholders and third parties in respect to the terms and structure of a proposal.



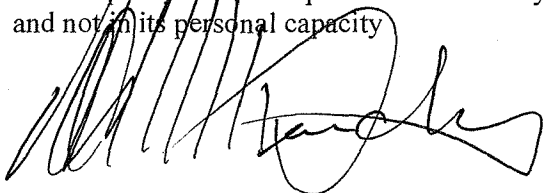
**EXTENSION OF THE STAY OF PROCEEDINGS**

22. Depending upon the status of the interim financing as at the hearing of this application, the Trustee is of the view that a brief extension of the Stay to October 16, 2012 may be required and is warranted to allow the Company the opportunity to finalize its interim financing agreements and confirm that the cash requested will be available, in full. In the event the Company can secure the required \$1,000,000 of additional interim financing, the Trustee is supportive of an extension of the Stay through to November 26, 2012 to continue to allow the Company to work towards the finalization of the terms of its proposal as the Trustee is satisfied that:
- a. Management continues to act in good faith and with due diligence with a view towards preparing a proposal for presentation to its creditors;
  - b. at this time, provided that the Company is able to secure additional interim financing, the Trustee is satisfied that the Company should be able to formulate a viable proposal; and
  - c. no creditor would be materially prejudiced if a further extension is granted provided the Company can secure additional interim financing.

All of which is respectfully submitted this 15<sup>th</sup> day of October 2012.

**Hardie & Kelly Inc.**

In its capacity as the Proposal Trustee of Poynt Corporation  
and not in its personal capacity



Per: A. Ronald Hardie, CA•CIRP  
President

**FOURTH REPORT OF THE TRUSTEE  
HARDIE & KELLY INC.  
OCTOBER 15, 2012**

**APPENDIX "A"**

**Poynt Corporation**  
**Cash Flow Forecast**  
**for the period**  
**October 15, 2012 to November 26, 2012**  
**(unaudited)**

	Week ending:						Total
	22-Oct-12	29-Oct-12	5-Nov-12	12-Nov-12	19-Nov-12	26-Nov-12	
<b><u>RECEIPTS</u></b>							
Receivable Collection	37,356	30,551	29,097	3,805	1,721	53,788	156,318
DIP Financing	<del>1,000,000</del>						<del>1,000,000</del>
	<del>1,037,356</del>	30,551	29,097	3,805	1,721	53,788	<del>1,156,318</del>
<b><u>DISBURSEMENTS</u></b>							
Data Costs	12,700	14,825	2,400	3,000	19,700	15,725	68,350
Finance Lease		23,717	-				23,717
Payroll	125,347	-	103,000		107,000		335,347
Benefits/parking/business tax	5,000		5,000		5,000		15,000
Consultants	24,438	500	20,938		21,438		67,314
Investor/Public relations	16,000	10,500	8,500	2,000	8,500	3,000	48,500
Rent			19,040				19,040
Internet	15,000	11,500			13,500	3,500	43,500
Miscellaneous	4,650	10,050	1,000	5,100	350	5,950	27,100
Selling Expenses	500	500	500	2,500	2,500	2,500	9,000
Insurance	4,000						4,000
Restructuring Fees	-	190,000	10,000	10,000	60,000	10,000	280,000
Professional Fees	4,000	5,000			4,000	5,000	18,000
Total disbursements	211,635	266,592	170,378	22,600	241,988	45,675	958,868
Net cash flow	825,721 -	236,041 -	141,281 -	18,795 -	240,267	8,113	197,450
Opening cash	22,757	848,478	612,437	471,156	452,361	212,094	22,757
Closing cash	848,478	612,437	471,156	452,361	212,094	220,207	220,207

*Please refer to accompanying assumptions set out on schedule A*

POYNT CORPORATION  
CASH FLOW FORECAST ASSUMPTIONS

The Cash Flow Forecast (the "Forecast") dated October 15, 2012 has been prepared by the management ("Management") of Poynt Corporation ("Poynt" or the "Company") to demonstrate how the Company plans to fund operations during the forecast period.

In preparing the Forecast, Management considered recent historical operating results and the estimated effect of the restructuring proceedings. The Forecast is based on probable and hypothetical assumptions regarding future events. Actual events will vary from these projections and the variances may be material.

Receipts

1. Accounts Receivable Collection - the Company anticipates continuing to collect accounts receivable from its existing customers in the ordinary course.
2. DIP Financing - Management is currently negotiating the terms of DIP financing. It is assumed the Company will secure \$1,000,000 in DIP financing in the week ending October 22, 2012.

Disbursements

- Data costs - the Company anticipates paying post-filing data costs in the month the services are incurred.
- Payroll - the payroll figure for the week ending October 22 includes previous source deductions that were outstanding at the end of September. The source deductions for October 15 and October 31 are included in the weeks ended November 5 and November 19, respectively.
- Consultants - the Company currently engages two individuals on a full-time basis to provide management services. It is assumed that post-filing services will be paid in the month incurred.
- Selling Expenses - the Company anticipates continuing to reimburse certain employees and consultants for costs related to selling the Company's product.
- Restructuring Fees - the Company anticipates that it will complete the restructuring and exit protection towards the later part of November. During this period, it is anticipated that significant restructuring costs will be incurred.