Unaudited Condensed Consolidated Interim Financial Statements of

ALARIS ROYALTY CORP.

For the three and six months ended June 30, 2013

Alaris Royalty Corp.

Condensed consolidated statement of financial position (unaudited)

	Note	June 30 2013	December 31 2012
Assets			
Cash and cash equivalents		$5,446,762	$3,638,255
Prepayments		121,198	182,811
Trade and other receivables		3,151,262	3,417,642
Current Assets		8,719,222	7,238,708
Promissory note receivable		10,855,000	1,250,000
Equipment		52,494	59,881
Intangible assets	4	6,524,733	6,570,201
Preferred LP Units	4	326,760,712	298,226,402
Advance on acquisition of Preferred LP Units	4	69,425,400	-
Investment tax credit receivable		10,922,393	10,922,393
Deferred income taxes		5,521,114	8,673,125
Non-current assets		430,061,846	325,702,002
Total Assets		$438,781,068	$332,940,710
Liabilities			
Accounts payable and accrued liabilities		$3,200,143	$1,805,561
Dividends payable		2,899,043	2,345,347
Income taxes payable		600	40,585
Loans and borrowings	6,10	54,333,333	-
Current Liabilities		60,433,119	4,191,493
Loans and borrowings	6,10	41,666,667	50,000,000
Non-current liabilities		41,666,667	50,000,000
Total Liabilities		$102,099,786	$54,191,493
Equity			
Share capital	5,10	$311,416,908	$252,016,172
Equity reserve		3,895,070	2,930,483
Fair value reserve		(9,083,951)	2,336,689
Translation reserve		601,661	(265,220)
Retained Earnings		29,851,594	21,731,093
Total Equity		$336,681,282	$278,749,217
Total Liabilities and Equity		$438,781,068	$332,940,710
Commitments	9		
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Alaris Royalty Corp.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	Three months ended June 30		Six months ended June 30	
		2013	2012	2013	2012
Revenues					
Royalties and distributions	4	$ 11,363,576	$ 7,337,772	$ 22,142,406	$ 14,268,991
Interest and other		268,320	(99,175)	465,219	7,360
Gain on reduction of partner interests	4	13,052,160	-	13,052,160	-
Gain/(loss) on foreign exchange contracts		(333,349)	-	(489,002)	-
Total Revenue		24,350,707	7,238,597	35,170,783	14,276,351
Salaries and benefits		1,775,414	1,218,740	2,066,187	1,451,550
Corporate and office		403,769	216,745	789,017	513,372
Legal and accounting fees		430,137	343,672	576,834	528,998
Non-cash stock-based compensation	7	748,061	349,488	1,477,760	698,977
Depreciation and amortization		26,427	26,818	52,855	53,357
Subtotal		3,383,808	2,155,463	4,962,653	3,246,254
Earnings from operations		20,966,899	5,083,134	30,208,130	11,030,097
Finance cost		351,577	496,846	946,638	623,025
Unrealized foreign exchange (gain)/loss		(791,430)	(335,812)	(1,251,210)	(27,525)
Earnings before taxes		21,406,752	4,922,100	30,512,702	10,434,597
Current income tax expense		329,870	228,890	654,071	365,563
Deferred income tax expense		3,480,220	533,231	5,517,000	1,934,189
Earnings		$ 17,596,662	$ 4,159,979	$ 24,341,631	$ 8,134,845
Other comprehensive income					
Net change in fair value of Preferred LP Units		-	50,000	-	50,000
Tax impact of change in fair value		-	(12,500)	-	(12,500)
Realized gain on reduction of partnership interest		(13,052,160)	-	(13,052,160)	-
Tax impact of realized gain		1,631,520	-	1,631,520	-
Foreign currency translation differences		562,838	238,418	866,881	28,802
Other comprehensive income for the period, net of income tax		(10,857,802)	275,918	(10,553,759)	66,302
Total comprehensive income for the period		$ 6,738,860	$ 4,435,897	$ 13,787,872	$ 8,201,147
Earnings per share					
Basic earnings per share		$0.70	$0.21	$0.97	$0.42
Fully diluted earnings per share		$0.68	$0.20	$0.94	$0.40
Weighted average shares outstanding					
Basic		24,963,420	19,589,153	25,209,090	19,532,881
Fully Diluted		25,909,305	20,301,799	25,865,859	20,214,649

Alaris Royalty Corp.

Condensed consolidated statement of changes in equity (unaudited)

For the six months ended June 30, 2012

	Notes	Share Capital	Equity Reserve	Fair Value Reserve	Translation Reserve	Retained Earnings	Total Equity
Balance at January 1, 2012		$200,822,160	$4,626,500	$2,292,939	$(124,947)	$28,897,108	$236,513,760
Total comprehensive income for the period							
Earnings for the period		-	-	-	-	8,134,845	8,134,845
Other comprehensive income							
Net change in fair value of Preferred LP units		-	-	50,000	-	-	50,000
Tax impact of change in fair value		-	-	(12,500)	-	-	(12,500)
Foreign currency translation differences		-	-	-	28,802	-	28,802
Total other comprehensive income		-	-	37,500	28,802	-	66,302
Total comprehensive income for the period		$-	$-	$37,500	$28,802	$8,134,845	$8,201,147
Transactions with shareholders of the Company, recognized directly in equity							
Contributions by and distributions to shareholders of the Company							
Non-cash stock based compensation	7	$-	$616,177	$-	$-	$-	$616,177
Dividends to shareholders	5	-	-	-	-	(11,451,274)	(11,451,274)
Shares issued in the period		49,042,500	-	-	-	-	49,042,500
Share issue costs, net of tax	5	(2,004,175)	-	-	-	(5,545)	(2,009,720)
Payments in lieu of dividends on RSUs	7	-	-	-	-	(136,295)	(136,295)
Shares issued in lieu of dividends on RSUs	7	82,800	-	-	-	-	82,800
Total transactions with Shareholders of the Company		47,121,125	616,177	-	-	(11,593,114)	36,144,188
Balance at June 30, 2012		$247,943,285	$5,242,677	$2,330,439	$(96,145)	$25,438,839	$280,859,095

Alaris Royalty Corp.

Condensed consolidated statement of changes in equity (unaudited)

For the six months ended June 30, 2013

	Notes	Share Capital	Equity Reserve	Fair Value Reserve	Translation Reserve	Retained Earnings	Total Equity
Balance at January 1, 2013		$252,016,172	$2,930,483	$2,336,689	$(265,220)	$21,731,093	$278,749,212
Total comprehensive income for the period							
Earnings for the period		-	-	-	-	24,341,631	24,341,631
Other comprehensive income							
Realized gain on LifeMark redemption	4	-	-	(13,052,160)	-	-	(13,052,169)
Tax impact on realized gain		-	-	1,631,520	-	-	1,631,519
Foreign currency translation differences		-	-	-	866,881	-	866,881
Total other comprehensive income		-	-	(11,420,640)	866,881	-	(10,553,759)
Total comprehensive income for the period		$-	$-	$(11,420,640)	$866,881	$24,341,631	$13,787,872
Transactions with shareholders of the Company, recognized directly in equity							
Contributions by and distributions to shareholders of the Company							
Non-cash stock based compensation	7	$-	$1,477,759	$-	$-	$-	$1,477,759
Dividends to shareholders	5	-	-	-	-	(16,091,867)	(16,091,867)
Shares issued in the period		59,142,000	-	-	-	-	59,142,000
Share issue costs, net of tax	5	(2,587,040)	-	-	-	-	(2,587,040)
Options exercised in the period		2,627,026	(294,422)	-	-	-	2,332,604
Payments in lieu of dividends on RSUs	7	-	-	-	-	(129,263)	(129,263)
Shares issued after director RSU vesting	7	218,750	(218,750)	-	-	-	-
Total transactions with Shareholders of the Company		59,400,736	964,587	-	-	(16,221,130)	44,144,193
Balance at June 30, 2013		$311,416,908	$3,895,070	$(9,083,951)	$601,661	$29,851,594	$336,681,282

Alaris Royalty Corp.

Condensed consolidated statement of cash flows (unaudited)

For the six months ended June 30

	Note	2013	2012
Cash flows from operating activities			
Earnings from the period		$24,341,631	$8,134,845
Adjustments for:			
Finance costs		946,638	623,025
Deferred income tax expense		5,517,000	1,934,189
Depreciation and amortization		52,855	53,357
Unrealized foreign exchange loss/(gain)		(1,251,210)	(27,525)
(Gain)/Loss on forward contracts		489,002	(7,360)
(Gain)/Loss on reduction of partner interests		(13,052,160)	-
Non-cash stock based compensation	7	1,477,760	698,977
		18,521,516	11,409,508
Change in:			
-trade and other receivables		(283,349)	3,194,749
-prepayments		61,613	57,111
-trade and other payables		1,354,597	866,395
Cash generated from operating activities		19,654,377	15,527,763
Interest paid		(946,638)	(623,025)
Net cash from operating activities		$18,707,739	$14,904,738
Cash flows from investing activities			
Acquisition of equipment		-	(7,417)
Acquisition/disposition of Preferred LP Units	4	(125,780,890)	(41,775,150)
Proceeds from reduction in Preferred LP Units		30,000,000	-
Net cash from/(used in) investing activities		$(95,780,890)	$(41,782,567)
Cash flows from financing activities			
New share capital, net of share issue costs	5	55,821,490	46,370,259
Proceeds from exercise of options		2,332,603	-
Borrowing of senior debt	6	118,000,000	43,000,000
Repayment of senior debt	6	(72,000,000)	(49,000,000)
Promissory notes issued		(9,605,000)	1,250,000
Dividends paid	5	(15,538,172)	(11,101,954)
Payments in lieu of dividends on RSUs	7	(129,263)	(136,295)
Net cash used in financing activities		$78,881,658	$27,882,010
Net increase in cash and cash equivalents		1,808,507	1,004,181
Cash and cash equivalents, Beginning of period		3,638,255	3,888,465
Cash and cash equivalents, End of period		$5,446,762	$4,892,646

1. Reporting entity:

Alaris is a company domiciled in Calgary, Alberta, Canada. The condensed consolidated interim financial statements of the Company as at and for the three and six months ended June 30, 2013 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Corporation"). The Corporation's Canadian operations are conducted through a partnership. The Corporation's American operations are conducted through a Delaware Corporation formed on October 21, 2011. The Corporation's operations consist primarily of investments in private operating entities, typically in the form of preferred limited partnership interests, preferred interest in limited liability corporations in the United States, or long-term license and royalty arrangements. The Corporation also has a wholly-owned subsidiary in The Netherlands.

2. Statement of compliance:

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34.

These condensed consolidated interim financial statements were approved by the Board of Directors on July 25, 2013.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Available-for-sale financial assets (Preferred LP units and Preferred LLC units) are measured at fair value with changes in fair value recorded in other comprehensive income
- Derivative financial instruments are measured at fair value

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars which is the Corporation's functional currency.

(d) Use of estimates

The preparation of the condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next twelve months are as follows:

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of the fair value of available for sale financial assets are discount rates, terminal value growth rates and annual performance metric growth rates.

Utilization of tax losses

Management makes estimates on future taxable income that generates the calculations for the deferred income tax expense, assets and liabilities.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Management reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. Significant accounting policies:

Effective January 1, 2013, the Corporation adopted IFRS 10, 11, 12 and 13. These new standards do not affect the recognition or measurement of any items in the Corporation's Financial Statements. Disclosure requirements under IFRS 13 have been provided in Note 8. There have been no other changes to the Corporation's accounting policies from those disclosed in the consolidated Financial Statements of the Corporation for the years ended December 31, 2012 and 2011.

These condensed consolidated interim financial statements were prepared on the same basis of the audited financial statements for the year ending December 31, 2012.

4. Investments

Available for sale financial assets:

June 30, 2013	Acquisition Cost	Capitalized Cost	Net Cost	Fair Value
LifeMark Health	$ 19,502,159	$ 499,894	$ 20,002,053	$ 35,500,000
LMS	51,000,000	333,280	51,333,280	25,800,000
Solowave	32,500,000	511,253	33,011,253	31,500,000
KMH	54,800,000	559,192	55,359,192	55,431,198
Killick	36,250,000	257,544	36,507,544	37,600,000
Quetico	28,296,110	860,337	29,156,447	29,156,447
Labstat	41,200,000	518,944	41,718,944	41,718,944
Agility	13,148,750	594,219	13,742,969	13,742,969
SHS	15,000,000	431,180	15,431,180	15,431,180
SCR	40,000,000	458,625	40,458,625	40,458,625
Sequel	-	421,349	421,349	421,349
	$ 331,697,019	$ 5,445,817	$ 337,142,836	$ 326,760,712
December 31, 2012				
LifeMark Health	$ 36,450,000	$ 499,894	$ 36,949,894	$ 65,500,000
LMS	51,000,000	333,280	51,333,280	25,800,000
Solowave	32,500,000	511,253	33,011,253	31,500,000
KMH	54,800,000	504,513	55,304,513	55,376,519
Killick	36,250,000	257,544	36,507,544	37,600,000
Quetico	26,808,540	860,337	27,668,877	27,668,877
Labstat	41,200,000	518,944	41,718,944	41,718,944
Agility	12,457,500	604,562	13,062,062	13,062,062
	$ 291,466,040	$ 4,090,327	$ 240,775,361	$ 298,226,402

The difference in the acquisition cost of Quetico and Agility at December 31, 2012 and June 30, 2013 is due to foreign currency translation.

Reduction of interest in LifeMark Health

During the three months ended June 30, 2013, the Corporation received $30 million of proceeds from LifeMark Health for the redemption of a portion of the preferred units in LifeMark. The redemption results in a decrease to the annual distributions from LifeMark from $7,020,000 to $3,956,880. The remainder of the units ($35.5 million) can be repurchased anytime with 30-days notice.

Investment in SHS Services Management, LP ("SHS"):

The Corporation holds 1,500,000 Preferred partnership units in SHS acquired on March 6, 2013 for $15 million.

Pursuant to the partnership agreement dated March 6, 2013, the SHS units entitle the Corporation to receive an annual preferred distribution in priority to distributions on SHS' other partnership units in an amount equal to the preferred distribution for the prior fiscal year multiplied by the percentage increase or decrease in SHS' gross revenues for the previous fiscal year. Distributions on the SHS units are receivable monthly.

SHS has the option at any time after March 6, 2016 to repurchase all (but not less than all) of the units at a pre-negotiated premium to the original purchase price.

Investment SCR Mining and Tunneling, LP ("SCR"):

The Corporation holds 4,000,001 Preferred partnership units in SCR acquired on May 23, 2013 for $40 million.

Pursuant to the partnership agreement dated May 23, 2013, the SCR units entitle the Corporation to receive an annual preferred distribution in priority to distributions on SCR's other partnership units in an amount equal to the preferred distribution for the prior fiscal year multiplied by the percentage increase or decrease in SCR's gross revenues for the previous fiscal year. Distributions on the SCR units are receivable monthly.

SCR has the option at any time after May 23, 2016 to repurchase the units at a pre-negotiated premium to the original purchase price

Intangible assets:

The Corporation holds intangible assets as follows:

June 30, 2013	Acquisition Cost	Capitalized Cost	Accumulated Amortization	Net Cost
End of the Roll	$ 7,200,000	$ 74,920	$ (750,187)	$ 6,524,733
December 31, 2012				
End of the Roll	$ 7,200,000	$ 74,920	$ (704,719)	$ 6,570,201

4. Investments (continued):

The Corporation received royalties and distributions as follows:

Royalties and distributions:

	Three months ended June 30 2013	Three months ended June 30 2012	Six months ended June 30 2013	Six months ended June 30 2012
KMH	$ 2,067,303	$ 1,051,030	$ 4,134,606	$ 2,099,146
Labstat	1,545,000	424,328	3,090,000	424,328
LifeMark Health	1,236,508	1,687,500	2,991,508	3,375,000
Killick	1,442,088	1,075,000	2,884,176	2,150,000
Quetico	1,195,981	1,073,274	2,374,435	2,136,717
Solowave	1,165,600	1,240,000	2,331,200	2,480,000
LMS	623,925	507,633	1,208,874	987,048
Agility Health	511,650	-	1,015,800	-
SHS	625,000	-	826,074	-
SCR	673,607	-	673,607	-
End of the Roll	276,914	279,007	612,126	616,752
	$ 11,363,576	$ 7,337,772	$ 22,142,406	$ 14,268,991

5. Share capital:

In the six months ended June 30, 2013, the Corporation issued 2,461,000 shares by short form prospectus for gross proceeds of $54,142,000, 198,400 shares as a result of the exercise of options for gross proceeds of $2,332,604, 181,821 shares by a private placement to SHS management as part of the acquisition of preferred units in SHS for gross proceeds of $5,000,000, and 31,250 shares that vested to Directors under the Restricted Share Unit ("RSU") Plan. The Corporation has authorized, issued and outstanding, 25,209,073 voting common shares as at June 30, 2013.

Dividends

The following dividends were declared and paid by the Corporation:

In the first five months in 2013, the Corporation declared a dividend of $0.105 per common share and then in June the Corporation declared a dividend of $0.115 per common share ($16,091,867 in aggregate). For the first five months in 2012, dividends of $0.095 per common share were declared each month and in June 2012, a dividend of $0.10 per common share was declared ($11,451,274 in aggregate).

6. Loans and borrowings:

The Corporation has a $50,100,000 secured revolving credit facility with a syndicate of Canadian chartered banks. On June 24, 2013, the facility was temporarily extended to $100,100,000 until July 31, 2013. The term out date under the credit facility is December 31, 2013. If monies are drawn, and if an extension is not received by December 31, 2013, the facility will be repaid in thirty-six equal monthly installments commencing January 31, 2014. There are financial covenants under this facility and at June 30, 2013, the Corporation is in compliance with each of the covenants. During the three months ending June 30, 2013, the Corporation voluntarily repaid $21,000,000 of the loan from proceeds from the reduction of the Corporation's interest in LifeMark Health, then the Corporation drew down $33,000,000 for the SCR acquisition and related transaction expenses and then $70,000,000 for the Sequel acquisition in June, leaving a balance of $96,000,000 at June 30, 2013.

7. Share-based payments:

The Corporation has a Restricted Share Unit Plan ("RSU Plan") and a Stock Option Plan as approved by shareholders at a special shareholders meeting on July 31, 2008 that authorizes the Board of Directors to grant awards of RSUs and Options subject to a maximum of ten percent of the issued and outstanding common shares of the Corporation.

The RSU Plan will settle in voting common shares which may be issued from treasury or purchased on the Toronto Stock Exchange. The Corporation has reserved 720,886 and issued 205,181 RSUs to management and Directors as of June 30, 2013. The RSUs issued to directors vest over a three-year period. The RSUs issued to management (111,431) do not vest until the end of the three year period (September 2015) and are subject to certain performance conditions relating to operating cash flow per share. The stock-based compensation expense relating to the RSU Plan is based on the issue price at the time of grant and management's estimate of the future performance conditions and was amortized over the thirty-six month vesting period. Payments in lieu of dividends on the unvested RSUs are made monthly in cash in accordance with the Corporation's dividend policy.

For the three and six months ended June 30, 2013, the Corporation incurred stock-based compensation expenses of $748,061 and $1,477,760 (2012 - $349,488 and $698,977) which includes: $356,066 and $698,078 (non-cash expense) for the portion of the RSU Plan expense that is to be amortized over the thirty-six month vesting period of the plan (2012 - $97,975 and $195,949); nil (non-cash expense) for shares issued in the period in lieu of dividends under the RSU Plan (2012 - $41,400 and $82,800); and $391,995 and $779,682 (non-cash expense) for the portion of the amortization of the fair value of outstanding stock options (2012 - $210,114 and $420,228). The Corporation has reserved 1,507,715 and issued 1,207,761 options that vest over a four-year period and expire in five years.

The options outstanding at June 30, 2013, have an exercise price in the range of $7.27 to $23.53 and a weighted average contractual life of 3.4 years (2012 – 3.2 years).

8. Fair Value of Financial Instruments

The Corporation's financial instruments as at June 30, 2013 and December 31, 2012 include cash and cash equivalents, trade and other receivables, promissory note receivable, Preferred LP units, accounts payable and accrued liabilities, and loans and borrowings. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-terms to maturity. Loans and borrowings bear interest at a floating market rate and accordingly the fair market value approximates the carrying value. The fair values of the available for sale financial assets (Preferred LP Units) are estimated by evaluating a number of different methods:

(a) A going concern value was calculated by calculating the discounted cash flow of the future expected distributions. Key assumptions used include the discount rate used in the calculation. For each individual Partner, the Corporation considered a number of different discount rate factors including what industry they operated in, the size of the company, the health of the balance sheet and the ability of the historical earnings to cover the future distributions. This was supported by the historical yield of the original investment, current investing yields, and the current yield of Alaris' publicly traded shares and of other similar public companies.

(b) A redemption or retraction value was calculated using the formula specified in each of the Partnership agreements alongside an assessment of the likelihood of a redemption of the Preferred Units.

(c) A liquidation value was calculated using the formula specified in each of the Partnership agreements while considering an estimate of the current value of the private company to determine if there would be sufficient value to cover the liquidation amount.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following items shown on the consolidated statement of financial position as at June 30, 2013 and December 31, 2012, are measured at fair value on a recurring basis using level 1 or level 2 inputs. The Corporation has no level 3 items and during the periods ended June 30, 2013 and December 31, 2012, there were no transfers between level 1 or level 2 classified assets and liabilities.

June 30, 2013		Level 1		Level 2		Total
Cash and cash equivalents	$	5,446,762	$	-	$	5,446,762
Foreign exchange derivatives		-		(470,888)		(470,888)
Preferred LP units		-		326,760,712		326,760,712
Advance on acquisition of LP units		69,425,400		-		69,425,400
	$	74,872,162	$	326,289,824	$	401,161,986
December 31, 2012		Level 1		Level 2		Total
Cash and cash equivalents	$	3,638,255	$	-	$	3,638,255
Foreign exchange derivatives		-		18,113		18,113
Preferred LP units		-		298,226,402		298,226,402
	$	3,638,255	$	298,244,515	$	301,882,770

9. Commitments:

In 2009, the Corporation signed a seven-year lease at a new location that commenced December 1, 2009, ending November 30, 2016. The Corporation's annual commitment under this lease is as follows:

2013	$	87,948
2014		175,896
2015		175,896
2016		161,238
	$	600,977

10. Subsequent events:

Subsequent to June 30, 2013, the Corporation issued 3,427,000 common shares by short form prospectus for gross proceeds of $105,894,300. Net proceeds of $100,599,585 were used to repay all of the $96,000,000 in outstanding debt at June 30, 2013.

Investment in Sequel Youth and Family Services, LLC ("Sequel"):

On July 1, 2013, the Corporation acquired 810,000 Class C limited liability company units in Sequel Youth Family Services for $66 million US. At June 30, 2013, the $66 million US is recorded as an advance on acquisition of Preferred LP units.

Pursuant to the operating agreement dated July 1, 2013, the Sequel units entitle the Corporation to receive an annual preferred distribution in priority to distributions on Sequel's common units in an amount equal to the preferred distribution for the prior fiscal year multiplied by the percentage increase or decrease in Sequel's same program revenues for the previous fiscal year. Distributions on the Sequel units are receivable monthly and are scheduled to be $9.9 million in US$ for the first twelve months.

Sequel has the option at any time after July 1, 2016 to repurchase the units at a pre-negotiated premium to the original purchase price.