ALARIS ROYALTY CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

MARCH 10, 2010

This management's discussion and analysis ("**MD&A**") should be read in conjunction with the annual audited financial statements for Alaris Royalty Corp., formerly 6550568 Canada Inc. ("Alaris" or the "Corporation") for the years ended December 31, 2009 and December 31, 2008. The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain dollar amounts in the MD&A have been rounded to the nearest thousands of dollars.

This MD&A contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to the Corporation's future results since there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. See "Forward Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risk Factors". This MD&A also refers to certain non-GAAP measures, including EBITDA, Normalized EBITDA and Available Working Capital, to assist in assessing the Corporation's financial performance. The terms EBITDA, Normalized EBITDA and Available Working Capital (the "**Non-GAAP Measures**") are financial measures used in this MD&A that are not standard measures under GAAP. The Corporation's method of calculating the Non-GAAP Measures may differ from the methods used by other issuers. Therefore, the Corporation's Non-GAAP measures may not be comparable to similar measures presented by other issuers. See "Results of Operations" for a reconciliation of EBITDA to net income and "Liquidity" for a reconciliation of Available Working Capital to working capital.

EBITDA refers to net earnings determined in accordance with GAAP, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature. Items include expenses incurred in connection with the Acquisition and include non-cash stock option and other transaction related costs.

Available Working Capital refers to current assets less current liabilities, with an exclusion of certain current liabilities and certain current assets, as more particularly described in "Working Capital" of this MD&A.

The Corporation has provided a reconciliation of net income (loss) to EBITDA and Normalized EBITDA and working capital to Available Working Capital in this MD&A. These Non-GAAP measures should only be used in conjunction with the Corporation's annual audited statements, excerpts of which are available below, while complete versions are available on SEDAR at www.sedar.com.

OVERVIEW

On July 31, 2008, Alaris completed the acquisition (the "**Acquisition**") of Alaris Income Growth Fund Partnership ("**Alaris Partnership**"), a partnership that was indirectly owned by Alaris Income Growth Fund (the "**Fund**") and management. Alaris has continued the business and operations of Alaris Partnership for accounting purposes, the acquisition has been accounted for as a reverse take-over with Alaris Partnership being considered the acquiring entity.

The Corporation earns its revenues by investing capital in private businesses (individually, a "**Private Company Partner**" and collectively the "**Partners**"). The Corporation's revenue consists of royalties and preferred distributions received in regular monthly payments that are contractually agreed to between the Corporation and each Private Company Partner. These payments are set for twelve months at a time and adjusted annually based on the audited performance of each Private Company Partner's gross revenue, gross margin, same store sales, or other similar "top-line" performance measure.

The Corporation has limited general and administrative expenses with only seven employees. Interest costs have historically been significant, as the Corporation's transactions were initially funded entirely by debt until the changes to the capital structure on July 31, 2008 resulting from the Acquisition and the subscription receipt financing.

RESULTS OF OPERATIONS

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Revenues for the year ended December 31, 2009 reflect royalties and distributions from transactions involving each of the four Partners. In the period, revenues from the Partners totaled $18.1 million compared to $18.9 million in the year ended December 31, 2008. The decrease of 4.6% compared to the prior period is a result of year over year performance metric adjustments from each of the Partners. Revenues from LifeMark Health Partnership ("**LifeMark**") were $8,379,439 compared to $7,465,464 in the same prior year period, an increase of 12.2%. 5.6% of that increase can be attributed to the same clinic sales increase that increased distributions from LifeMark effective January 1, 2009 and the remainder of the increase is due to further transactions with LifeMark on July 30, 2009 and October 22, 2009. Revenues from LMS Reinforcing Group ("**LMS**") were $7,110,007 in the year compared to $8,904,210 in the prior year, a decrease of 20.2% due to the year over year performance adjustment based on the change in gross profit for LMS effective Jan 1, 2009. Revenues from End of the Roll Carpet & Vinyl ("**End of the Roll**") were $1,395,568 in the year compared to $1,434,137 in the prior year, a decrease of 2.7%. There was a same store sales adjustment to the annual royalty of -7.4% effective May 1, 2009 which was partially offset by a same store sales increase of 4.5% for the first four months of 2009. Revenues from MEDIchair Ltd. ("**MEDIchair**") were $1,181,768 in the year compared to $1,130,553 for the prior year, an increase of 4.5% due to the same store sales increase to the royalty that was effective October 1, 2008. See "Private Company Partner Update" for more information on the individual Partners' performance.

Interest and other income was only $4,788 in 2009 compared to $96,380 in 2008 because in 2008, the Corporation earned a significant portion of the total (over $50,000 in interest income) as the proceeds ($55 million) for the subscription receipts relating to the Acquisition were held in Trust for a couple of weeks pending the closing of the Acquisition.

Interest expense of $2,166,257 was significantly lower in the year compared to $8,881,023 in the prior year because of a change in capital structure. From January to July 2008, Alaris Partnership's then largest unitholder provided a $90,000,000 subordinated debt facility at 13% per annum interest. The $90,000,000 of subordinated debt was reduced to $6.5 million on July 31, 2008 as part of the Acquisition and utilizing the equity raised in July 2008, significantly reducing the debt levels of the Corporation for the remainder of 2008 and all of 2009. Additionally, $2,450,000 of debt was repaid during 2009 amid a declining interest rate environment reducing interest costs.

In the year ending December 31, 2009, the Corporation recorded non-cash stock based compensation expenses totaling $1,714,209 that included: $1,505,300 to amortize the fair value of the RSU Plan; $76,561 to recognize the fair value of outstanding stock options; and $132,348 to recognize the fair value of shares issued to management in lieu of dividends under the RSU Plan. Also in the year, the Corporation made cash payments of $221,703 to employees and directors in lieu of dividends under the RSU Plan and there were no such payments in 2008 until November. There were significant non-cash stock-based compensation expenses in the year ended December 31, 2008 ($8,232,105), as $7,933,333 was expensed as a result of management options exercised in July 2008. Salaries and benefits were consistent year over year at just under $1 million.

Legal and accounting expenses were $471,848 for the year ended December 31, 2009 compared to $664,922 for the prior year. The 29% decline is due to increased professional fees in the prior year, specifically for the July 31, 2008 Acquisition. Also, additional legal work is being completed by in-house counsel rather than the Corporation's external legal advisors during 2009 reducing the amount of general legal fees in the current year. Legal fees include securities regulatory expenses while accounting fees include annual audit, quarterly review and special engagement costs.

Corporate and office expenses were $460,018 compared to $520,047 in the prior year and include office rent, travel and corporate administrative expenses. The 11.5% decrease was due mostly to the new office lease where penalties for late occupancy meant the commencement date of the new lease was pushed back into the fourth quarter of 2009 (the former lease expired June 30, 2009). Most other administrative costs including travel and entertainment were lower as part of a concerted effort to reduce costs.

Amortization and depreciation include the amortization of the intangible assets and the depreciation of capital assets. The Corporation amortizes its intangible assets over the term of the licensing agreement and depreciates capital assets over the estimated useful lives. The Corporation does not amortize preferred interests in limited partnerships. Since these transactions are treated as financial instruments, they are assessed for objective evidence of impairment at each balance sheet date. The Corporation recorded depreciation of $36,216 and amortization of $173,233 in the year ended December 31, 2009. Depreciation was lower than in previous quarters as the Corporation's office lease for its former office space expired June 30, 2009 and there were some leasehold improvements being depreciated up until that date. Amortization was identical to amounts recorded in 2008.

The Corporation recorded net income of $17.5 million, EBITDA of $14.0 million and Normalized EBITDA of $15.7 million for the year ended December 31, 2009 compared to a net loss of $3.0 million, $7.8 million of EBITDA and $16.5 million of Normalized EBITDA for the year ended December 31, 2008. The significant increase in net income can be attributed to the $7.9 million in non-cash stock option expenses in July 2008, a $5.9 million recovery in future income tax expense as a result of the extension of expiry dates for investment tax credits, decreased interest costs resulting from the repayment of $83.5 million in subordinated debt in July of 2008, and $1.5 million in future income tax expenses recorded in

September 2008. The modest decline in Normalized EBITDA is a result of increased administrative costs that come from being a public company and the net impact of performance metric adjustments to the annual royalties and distributions from the Partners.

Reconciliation of Net Income to EBITDA (thousands)	Year ending December 31, 2009	Year ending December 31, 2008
Net Income	$17,497	$(3,052)
Adjustments to Net Income:		
Amortization	209	235
Interest	2,166	8,881
Income tax expense	(5,904)	1,697
EBITDA	**$13,968**	**$7,761**
Normalizing Adjustments:		
Non-cash stock based compensation	1,715	8,232
Tax and financial diligence costs	-	491
Normalized EBITDA	**$15,683**	**$16,484**

For the year ending December 31, 2009, dividends were declared for January and February at $0.12 per common share and for March through December at $0.07 per common share (voting and non-voting) totalling $9,070,333 for the year. Prior to the Acquisition in 2008, Alaris Partnership paid $1.44 per unit in distributions ($2,166,000) to its unitholders. After the Acquisition, dividends were declared in August 2008 through December 2008 at $0.12 per share totalling $5,479,076 for the prior year.

Cash held at December 31, 2009 of $3.8 million was to satisfy the dividend declared in December 2009 (payable January 15, 2010) and trade payables leaving cash after these payments of approximately $2.1 million.

The Corporation has a $25 million senior debt facility with a two-member Canadian bank syndicate, which was drawn to $22.55 million at December 31, 2009. Interest is paid monthly at the lenders' prime rate plus three percent per annum (5.25% at December 31, 2009). The Corporation is required to repay $950,000 per quarter on March 31, June 30 and September 30, 2010. At December 31, 2009, the Corporation also had a $6.5 million demand subordinated debt facility from a company owned by the Corporation's largest shareholder. Interest is paid monthly at 13% per annum.

The Corporation has recorded a $22.2 million future income tax asset on its balance sheet to reflect the accounting value of unused tax pools based on the Corporation's internal projections. An offsetting liability has been recorded as a deferred charge for the amount of the tax asset less the fair value of the shares held by the shareholders of the Corporation prior to the July 31, 2008 Acquisition.

Three Months Ended December 31, 2009 Compared to Three Months Ended December 31, 2008

Revenues for the three months ended December 31, 2009 were $4,792,119 compared to $4,779,224 million in the three months ended December 31, 2008. Revenues from LifeMark were $2,434,311 compared to $1,866,366 in the same prior year period, an increase of 30.4%. 5.6% of that increase can be attributed to the same clinic sales increase that increased distributions from LifeMark effective January 1, 2009 and the remainder of the increase is due to two further transactions with LifeMark on July 30, 2009 and October 22, 2009 (a total of $13 million contributed at an 18.2% yield based on the first year of distributions). Revenues from LMS were $1,733,250 in the period compared to $2,259,750 in the same prior year period, a decrease of 23.3%, which was identical to the year over year change in gross profit for LMS. Revenues from End of the Roll were $320,951 in the period compared to $346,638 in the same prior year period, a decrease of 7.4%, again identical to the same store sales adjustment to the annual royalty effective May 1, 2009. Revenues from MEDIchair were $302,456 in the period compared to $283,940 for the same prior year period, an increase of 6.5% which was higher than the 4.1% same store sales increase to the royalty that was effective January 1, 2009 because the same store sales adjustment was higher than expected when estimates were made in the last quarter of 2008 and the additional revenue was recorded in 2009. See “Private Company Partner Update” for more information on the individual Partners’ performance.

Interest expense was $524,766 in the last three months of 2009 compared to $602,780 in the same period in 2008. The 13% decline is due to lower interest rates as well as a lower amount of outstanding senior debt ($25 million at December 31, 2008 and $22.55 million at December 31, 2009).

In the three months ending December 31, 2009, the Corporation recorded $949,940 in non-cash stock based compensation expense compared to $401,061 in the same period in 2008 that included: $896,500 to amortize the fair value of the Restricted Share Unit Plan (“RSU Plan”) (2008 - $252,933); $25,000 to recognize the fair value of outstanding stock options (2008 - $11,544); and $28,440 to recognize the fair value of shares issued to management in lieu of dividends under the RSU Plan (2008 - $51,417). Also in the last three months of 2009, the Corporation made cash payments of $49,512 to employees and directors in lieu of dividends under the RSU Plan compared to $85,167 in the same period in 2008. The decrease in the shares issued and payments in lieu of dividend amounts are due to the March 2009 decrease in the dividend rate from $0.12 per share to $0.07 per share that impacts the shares and cash issued in lieu of dividends under the RSU Plan. The increase in the amortization of the RSU Plan was due to an extra month of amortization (RSU Plan was only in existence for the last two months of 2008) as well as an adjustment to the amortization schedule as a result of the Board of Directors resetting the performance targets in the Plan in December of 2009.

Legal and accounting expenses were $94,147 for the three months ended December 31, 2009 compared to $353,642 for the same period in 2008. In the fourth quarter of 2008, the Corporation incurred significant non-recurring expenses that included Toronto Stock Exchange listing fees of $110,000 as well as significantly higher than normal costs relating to the first quarterly review and annual audit for the Corporation after the Acquisition. There were also additional legal fees relating to the first few months operating as a publically listed company.

Corporate and office expenses were $106,466 for the three months ended December 31, 2009 compared to $226,572 for the same period in 2008. Costs include office rent, travel and corporate administrative expenses and the significant decrease is due in large part to a rent free period in the last five months of

2009 as well as higher than normal costs in 2008 relating to the first few months operating as a public company, combined with lower general and administrative expenses in 2009 as previously discussed.

The Corporation recorded depreciation and amortization of $48,080 in the three months ended December 31, 2009, less than the $58,893 recorded in the same period in 2008 as there were leasehold improvements being amortized under the Corporation's old lease in 2008 which ended in June 2009.

The Corporation recorded net income of $8.6 million, and EBITDA of $3.0 million for the three months ended December 31, 2009 compared to net income of $2.5 million and EBITDA of $3.3 million for the three months ended December 31, 2008. There were no normalizing adjustments in either period. The significant increase in net income is due to a $5.9 million recovery in future income tax expense as a result of the extension of expiry dates for investment tax credits and the 9.5% decrease in EBITDA is a result of the $549,000 increase in non-cash stock based compensation expenses in the fourth quarter of 2009 partially offset by higher than normal legal and accounting and corporate and office expenses in the fourth quarter of 2008.

Reconciliation of Net Income to EBITDA (thousands)	**3 months ending December 31, 2009**	**3 months ending December 31, 2008**
Net Income	$8,621	$2,491
Adjustments to Net Income:		
Amortization	48	59
Interest	525	603
Income tax expense	(6,186)	153
EBITDA	**$3,008**	**$3,306**

Dividends were declared in each of the three months of the current quarter for an aggregate total of $0.21 per common share (voting and non-voting) compared to $0.36 per common share for the three months ended December 31, 2008.

PRIVATE COMPANY PARTNER UPDATE

The Corporation's interest in each of the Partners consist of a preferred partnership interest or ownership of intellectual property with a return based on a formula linked to a top-line metric (sales or gross profit) rather than a residual equity interest in the net earnings of such entities. The Corporation's role with each of the Partners is passive in all cases. The Corporation has no involvement in the day to day business of each Private Company Partner and has no rights to participate in management decisions. The Corporation does not have any significant influence over any of the Partners nor does it have the ability to exercise control over such Partners. Instead, the Corporation has certain restrictive covenants in place designed to protect the ongoing payment of the annual royalties and distributions payable to Alaris. In addition, the Partners are required to obtain the consent of Alaris prior to entering into a material event outside the normal course of business. Such events generally include acquisitions & divestitures, major capital expenditures and incurring additional indebtedness.

LifeMark – Same clinic sales increased in 2008 over 2007 by 5.63% as the services provided by LifeMark were not negatively impacted by the economy. Physiotherapy and rehabilitation services have not historically seen any significant year over year swings as people will continue to get injured and require the services that LifeMark provides. Based on internally prepared, unaudited financial statements, LifeMark has experienced continued same clinic sales growth in 2009 but at a rate slightly lower than the prior years' results as 2008 same clinic sales results were higher than can be expected going forward. LifeMark has over 100 clinics across Canada, a strong balance sheet and is well positioned to continue consolidating a fragmented industry.

LMS – LMS' gross profit declined 23.3% for its year ended September 30, 2008 compared to 2007 which impacted the distributions received from LMS starting in January 2009. The decline was almost all attributable to the first material bad debts in the operating history of the company that were the direct result of the economic decline beginning in the summer of 2008. A secondary impact that affected the following fiscal year was a number of canceled projects, combined with rapidly falling steel prices, which left the company with high price steel inventory (conservatively purchased by the company for specific projects) that it has had to work through in a depressed selling market for most of the company's fiscal year ending September 30, 2009. LMS is through the high priced inventory and have recently purchased more steel at less than half of the cost of the previously purchased inventory. As a result, in its last few months of unaudited internally prepared financial statements, the company has shown a return to more normal gross margins but not as high as typically experienced by LMS in prior fiscal periods. Volumes are well below peak levels experienced in mid-2008 but bidding activity for new projects has increased significantly of late. As a result of the economic issues faced by LMS, the company has experienced a gross profit decline of approximately 75% for its year ended September 30, 2009 based on unaudited information provided by LMS' management which will impact the distributions received from LMS starting in January 2010. These results are marginally better than Alaris management expected when the Corporation announced a dividend reduction in March 2009. LMS expects things to improve as volumes continue to recover and margins continue to improve as a result of the inventory issue being resolved. LMS has come through these difficult economic times with a strong balance sheet and expects to benefit from the economic recovery.

End of the Roll – For the first time in the 18 year history of its business, End of the Roll experienced a same store sales decrease. The decrease was 7.4% for the year ended April 30, 2009 and contributed to a $100,000 decline in the annual royalty paid to Alaris for the following twelve month period. The decline was most notably due to a handful of stores in more resource industry focused areas experiencing more significant declines than other stores. Four of the 48 stores included in the royalty calculation were down more than 20% year over year. Of note approximately half of the stores had a same store sales decrease of less than 5% (and 11 of those experienced year over year increases). The decrease experienced by End of the Roll was not significant due to the niche market that End of the Roll operates in. End of the Roll does not sell to homebuilders, but instead it specializes in the discount home renovation market. It is expected that the home renovation tax credit announced in early 2009 by the Canadian Federal government will help End of the Roll's business in its year ending April 30, 2010 but is not material enough to cause a significant spike in the current year

MEDIchair – MEDIchair experienced a same store sales increase of 4.1% effective October 1, 2008 and based on unaudited, internally prepared statements, MEDIchair management expects that the results will be approximately flat year over year in 2009. Retail sales numbers are generally down across North America but MEDIchair's business is buoyed by strong demographics and operating in a "need" business - providing home mobility products for the elderly and disabled - the main driver for the same store sales performance.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has an almost fully-drawn $25 million senior credit facility ($22.55 million at December 31, 2009) provided by two Canadian chartered banks and a $6.5 million subordinated debt demand facility provided by a company owned by the Corporation's largest shareholder (see "Transactions with Related Parties"). The senior facility was renewed on December 20, 2009 at the same interest rate of Canadian prime interest rate plus 3%. The senior credit facility is a 364-day revolving loan that is due December 19, 2010. The facility carries a three-year term out option in the event the loan is not renewed. As well, as part of an amendment to the original facility, the banks required principal repayments of $950,000 on December 31, 2009 and then in each of the first three quarters in 2010 (total of $2.85 million). Therefore at December 31, 2009, only the required principal repayments are shown as a current liability as no further payments would be required before January 2011 under the terms of the agreement. At December 31, 2009, the Corporation met all of its covenants as required by the senior credit facility. Those covenants include a maximum debt to EBITDA of 1.5:1 (1.28:1 at December 31, 2009); minimum tangible net worth of $104.9 million ($115.7 million at December 31, 2009); and a minimum fixed charge coverage ratio of 1:1 (1.39:1 at December 31, 2009).

The Corporation has a $6.5 million subordinated demand loan with the Corporation's largest shareholder. Interest is paid at 13% per annum. The shareholder has informed the Corporation in writing that he does not intend to demand payment in the next twelve months.

The Corporation had 11.466 million voting and non-voting common shares and 1,150,000 warrants outstanding at December 31, 2009. The Corporation had negative working capital of approximately $4.2 million at December 31, 2009, but based on circumstances explained under "Working Capital", the Corporation has $0.6 million of negative Available Working Capital which can be supported by an expected dividend payout ratio of less than 90% of cash available for distribution to shareholders in 2010. Subsequent to December 31, 2009, shareholders exercised 167,250 warrants at $7.50 generating over $1.25 million in proceeds that will be used for debt reduction or working capital. Under the current terms of the various commitments, the Corporation has the ability to meet all current obligations as they become due.

WORKING CAPITAL

The Company's working capital (defined as current assets less current liabilities) at December 31, 2009 is set forth in the tables below. The Company defines "Available Working Capital" as current assets less current liabilities, with an exclusion of certain current liabilities and certain current assets (the "Excluded Items") from such calculation. The Excluded Items include: (i) a subordinated debt facility held by the Corporation's largest shareholder, which has been excluded from current liabilities on the basis of a letter provided by the Corporation's largest Shareholder indicating that there is no intention to demand payment of such debt within twelve (12) months; (ii) the Company's senior credit facility, which was excluded from current liabilities on the basis that such facility only becomes current if the lending syndicate elects not to renew the facility (with the exception of any scheduled repayments in the year); and (iii) significant non-cash estimated future income tax asset and liability accounts. The tables below reconcile the differences in the calculation of working capital to Available Working Capital.

December 31, 2009	Working Capital	Available Working Capital
Cash	3,826,000	3,826,000
Accounts receivable	2,470	2,470
Prepaid expenses	103,472	103,472
Future income taxes	2,996,000	Excluded
Total Current Assets	**$6,927,942**	**$3,931,942**
Accounts payable & accrued liabilities	939,085	939,085
Dividends payable	802,604	802,604
Future income taxes	47,808	Excluded
Bank indebtedness	2,850,000	2,850,000
Subordinated debt	6,500,000	Excluded
Total Current Liabilities	**$11,139,497**	**$4,591,689**
Net Amount at December 31, 2009	**($4,211,555)**	**($659,747)**
Net Amount at September 30, 2009	**($8,967,257)**	**$1,184,415**
Net Amount at December 31, 2008	**($2,490,171)**	**$252,487**

Working capital decreased by $1.7 million compared to December 31, 2008 due to three required quarterly payments required in the first nine months of 2010 compared to none in all of 2009 as the facility has just been renewed and the current portion was nil at December 31, 2008. Available Working Capital decreased by $0.9 million as there were no required principal repayments at December 31, 2008 and at December 31, 2009 there are $2.85 million in required repayments in the next twelve months. That number was partially offset by excess cash generated by the Corporation that had a dividend payout ratio of less than 70% in the year.

Working capital increased by $4.7 million compared to September 30, 2009 as a net result of showing nine months of potential repayments ($5.9 million as a result of the potential exposure to the Corporation if the facility was not renewed in December 2009) under the senior credit facility at September 30, 2009 as a current liability compared to only three quarterly repayments for $2.85 million at December 31, 2009. Available Working Capital decreased by $1.8 million as there were no required principal repayments at December 31, 2008 and at December 31, 2009 there are $2.85 million in required repayments in the next twelve months. That number was partially offset by excess cash generated by the Corporation and the previously mentioned low dividend payout ratio.

Though the table above shows a significant working capital deficiency at December 31, 2009, management of the Corporation believes that the Corporation's Available Working Capital amount is more representative of the Corporation's ability to meet obligations as they become due, due to the nature of the items excluded in calculating such amount. The current negative Available Working Capital of $660,000 can be supported by an expected dividend payout ratio of less than 90% of cash available for distribution to shareholders in 2010 as well as proceeds received from the exercise of warrants in the first quarter of 2010.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held for trading, held to maturity, loans and receivables, available for sale and other liabilities. The Corporation has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instrument	Category	Measurement Method
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Preferred LP units	Available for sale	Cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Bank indebtedness	Other liabilities	Amortized cost
Subordinated debt	Other liabilities	Amortized cost

The Corporation will assess at each reporting period whether there is a financial asset, other than those classified as held for trading, that is impaired. An impairment loss, other than temporary, is included in net earnings.

The Corporation has no embedded derivatives. The Corporation records all transaction costs incurred, in relation to the acquisition of investments classified as “available for sale”, as an additional cost of the investment. The Corporation applies trade-date accounting for the recognition of a purchase or sale of cash equivalents and derivative contracts.

The Corporation has the following financial instruments that mature as follows:

	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	3 – 4 years
Accounts payable and accrued liabilities	939,085	939,085	0	0	0
Dividends payable	802,604	802,604	0	0	0
Bank indebtedness	22,550,000	1,900,000	950,000	13,133,333	6,566,667
Subordinated debt	6,500,000	6,500,000	0	0	0
Total	**30,791,689**	**10,141,689**	**950,000**	**13,133,333**	**6,566,667**

The Corporation has sufficient cash on hand to settle all current accounts payable, accrued liabilities, dividends payable and all scheduled repayments on the senior debt. In the event the senior debt is not renewed and principal payments become due, the debt would be refinanced, or alternatively, management expects that there would be sufficient cash flow from operations to meet all required repayments. In the event payment of the subordinated debt is demanded, the Corporation would look to refinance the loan or raise equity to replace it.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Corporation's management (including the CEO and CFO) of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures, as defined in National Instrument 52-109. Based on that evaluation, the Corporation's management (including the CEO and CFO) concluded that the Corporation's disclosure controls and procedures were designed to provide a reasonable level of assurance over disclosures of material information and are effective as of December 31, 2009.

B. Management Report on Internal Controls over Financial Reporting

The Corporation's management, (including the CEO and CFO) have assessed and evaluated the design and effectiveness of the Corporation's internal controls over financial reporting as defined in National Instrument 52-109 as of December 31, 2009. The Corporation's assessment included documentation, evaluation and testing of its internal controls over financial reporting. Based on that evaluation, the Corporation's management concluded that the Corporation's internal controls over financial reporting are effective and provide reasonable assurance regarding the reliability of the Corporation's financial reporting and its preparation of financial statements for external purposes in accordance with Canadian GAAP and are effective as of December 31, 2009.

Internal controls over financial reporting, no matter how well designed, have inherent limitations and can only provide reasonable assurance with respect to financial statement presentation and may not prevent or detect all misstatements.

SUMMARY OF CONTRACTUAL OBLIGATIONS

Other than the senior and subordinated credit facilities described under "Liquidity and Capital Resources" (combined below under Long term debt), the only material contractual obligation of the Corporation is its lease for office space. The Corporation agreed to a new seven-year lease at a new location that commenced in the fourth quarter of 2009. Annual leasing costs will be approximately $130,000.

Contractual Obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long term debt	29,050,000	9,350,000	19,700,000	0	0
Office lease	913,211	128,320	391,911	269,472	123,508
Other long-term obligations	0	0	0	0	0
Total Contractual Obligations	29,963,211	9,478,320	20,091,911	269,472	123,508

Transactions with Related Parties

In December 2007, Alaris Partnership borrowed $90 million from a company owned by Mr. Clay Riddell, its then largest unitholder. The annual interest rate is fixed at 13%. On July 31, 2008, the Corporation used proceeds from the transaction described in the "Overview" section of this MD&A to reduce the outstanding debt to this company to $6.5 million. For the year ended December 31, 2009, the Corporation paid interest of $845,000 to this company (2008 - $7,162,646). All transactions with related parties are valued at exchange amount.

On October 22, 2009, the Corporation raised $13.8 million by issuing 2,300,000 units comprised of 2,300,000 voting common shares at $6 per share and 1,150,000 warrants with an exercise price of $7.50. The Corporation's largest shareholder subscribed for 760,000 of those units.

Related party transactions are measured at fair value.

Critical Accounting Estimates and Policies

Management is required to make estimates when preparing the financial statements. Significant estimates include the amount of liabilities for services provided but not yet invoiced, stock-based compensation expenses, future income tax amounts, valuation of intangible assets and preferred limited partnership units and valuation of outstanding warrants.

The Corporation capitalizes legal and accounting costs relating to a specific transaction once a letter of intent has been signed. The Corporation's transactions structured as limited partnerships are not amortized and will be assessed for objective evidence of impairment at each balance sheet date. The Corporation's intangible assets are being amortized over the 80-year term of the agreements on a straight-line basis.

New Accounting Policies

Effective January 1, 2009, the Corporation adopted CICA section 3064 Goodwill and Intangible Assets. The implementation of this standard did not have a material effect on the Company's financial statements.

The matters raised in EIC 173 requiring the Corporation to consider its credit risk and counterparty credit risk in establishing fair value of financial assets and liabilities are not expected to have a material impact on the Corporation's financial statements.

Recent Accounting Pronouncements not yet Adopted

The CICA's Accounting Standards Board confirmed the changeover from Canadian GAAP to IFRS (International Financial Reporting Standards) will be required for publicly accountable enterprises beginning on January 1, 2011. The Corporation has developed an implementation plan that includes a preliminary GAAP assessment, detailed quantification of the differences between Canadian GAAP and IFRS, the preparation of an opening balance sheet under IFRS for January 1, 2010 and a transition plan for elections under IFRS 1. The Corporation has begun to evaluate the impact of adoption and while the process is not complete, we have identified the following differences: the Preferred LP units will be required to be re-valued to fair value at each balance sheet date, and there will be changes to the fair value calculations for non-cash stock-based compensation expenses including expanded disclosure.

The new standards for business combinations, consolidated financial statements and non-controlling interests are not expected to have a material impact on the Corporation's financial statements.

SUMMARY OF ANNUAL RESULTS

Amounts are in thousands except for income (loss) per unit/share:

	2009	2008	2007
Revenue	18,071	19,031	11,386
Income (loss) from operations	17,497	(3,052)	1,844
Basic and Diluted Income (loss) per Share/Unit	Basic - $1.83	Basic - $(0.65)	$1.23
Total Assets	164,476	149,019	113,303
Total Financial Liabilities	$29,050	31,500	115,000
Cash Dividends/Distributions declared per Share/Unit	Basic - $0.95	Basic - $1.63	$1.04

The loss for the year ended December 31, 2008 was due to $10 million in non-cash accounting entries booked as a result of the transaction described in the "Overview" section. Net income per share was $0.40 before those accounting adjustments. Net income in 2009 was higher than expected as a result of a $6.2 million recovery of future income tax expense in the quarter as a result of the extension of expiry dates for investment tax credits. Net income per share (basic) was $1.18 before that accounting adjustment.

Summary of Quarterly Results

Amounts are in thousands except for income (loss) per unit/share:

	Q4-09	Q3-09	Q2-09	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08
Revenue	4,792	4,335	4,344	4,600	4,779	4,825	4,744	4,682
Income (loss) from operations	8,629	3,349	2,630	2,897	2,491	(7,355)	896	915
Basic and Diluted Income (loss) per Share/Unit	$0.79 $0.69	$0.37 $0.34	$0.29 $0.27	$0.32 $0.30	$0.27 $0.26	($1.12) ($1.12)	$0.60 $0.60	$0.61 $0.61

The net income for the three months ended December 31, 2009 was increased by a $6 million recovery of future income taxes as described at the beginning of this MD&A. There were also additional non-cash stock based compensation expenses in the quarter to offset a recovery of those same non-cash expenses recorded in the third quarter of 2009. Before those two adjustments, basic and fully-diluted income per share in the third quarter of 2009 was $0.31 and $0.29, respectively, and in the fourth quarter, $0.27 and $0.24, respectively.

The loss for the three months ended September 30, 2008 was due to $10 million in accounting entries booked as a result of the transaction described in the "Overview" section. Net income per share was $0.40 before those accounting adjustments.

Outstanding Shares

At December 31, 2009, the Corporation had 10,799,098 voting and 666,668 non-voting common shares issued and outstanding (11,465,766 common shares, collectively the "**Common Shares**" in aggregate).

To satisfy the dividend requirement under the RSU Plan, the Corporation issued 12,679 voting common shares from treasury in the year ending December 31, 2009. On October 22, 2009, the Corporation raised $13.8 million by issuing 2,300,000 units comprised of 2,300,000 voting common shares at $6 per share and 1,150,000 warrants with an exercise price of $7.50. These warrants are exercisable at any time up to twenty-four (24) months from the date of their issue, subject to a mandatory exercise if, any time after twelve (12) months from their issue, if the volume weighted average price of the voting common shares on the Toronto Stock Exchange is above $9.00 per common share for twenty (20) consecutive trading days. On October 29, 2009, the Corporation issued 31,250 shares that vested to directors under the RSU plan.

Subsequent to December 31, 2009, the Corporation issued 2,389 shares to satisfy the dividend requirement under the RSU Plan and 167,250 of the warrants issued on October 22, 2009 were exercised at $7.50 generating over $1.25 million in proceeds that will be used for debt reduction or working capital. At March 10, 2010, the Corporation had 11,635,402 Common Shares outstanding.

At December 31, 2009, 384,400 restricted share units and 319,150 stock options were outstanding under the Corporation's long-term incentive compensation plans.

Outlook

Alaris' agreements with the Partners provide for payments estimated to provide the Corporation approximately $15.2 million of revenues for all of 2010. General and administrative expenses are currently estimated at $2.4 million annually and include all public company costs. The senior debt facility is almost fully drawn at $22.55 million and the annual interest rate on that debt is 5.25% at December 31, 2009. $6.5 million of demand, subordinated debt is outstanding with an annual interest rate of 13%. Cash requirements after net income are expected to be minimal, as current capital expenditures consist of office furniture and computer equipment.

Alaris' revenue outlook for 2010 includes a drop in revenues from current operations of approximately 16% compared to 2009 due mostly to the decline in 2010 distributions from LMS partially offset by increases in distributions from LifeMark and royalties from MEDIchair. While results for LMS in 2009 were a challenge, the longer-term outlook for LMS is more positive. The British Columbia real estate market is showing strength and LMS is expected to benefit from the British Columbia provincial government's 2009 budget that included an announcement of $14 billion of new infrastructure projects to be completed over the next three years. With a significant share of the rebar installation market in lower mainland B.C., Lower Mainland Steel is ideally situated to recover in the coming years. As a result, it is the view of the Corporation's management that there has been no objective evidence of impairment on the value of the transaction with Lower Mainland Steel.

The other three Partners continued to perform well, even through a difficult 2009. The Corporation expects another same store sales increase from LifeMark's 2009 results at a rate slightly less than the 5.63% last year. End of the Roll's results are showing a steady recovery in the first seven months of its fiscal year ending April 30, 2010 and MEDIchair's results are expected to be flat for 2009 leaving the 2010 royalty at the same level it was in 2009.

The Corporation plans to continue to seek out and enter into transactions accretive to the Corporation's earnings per share in the current Private Company Partners and other private businesses.

Certain information contained herein may be considered to be future oriented financial information or financial outlook under applicable securities laws, the purpose of providing such information in this MD&A is to demonstrate the visibility the Corporation has with respect to its revenue streams, subject to the risks identified for the business, and readers are cautioned that the information may not be appropriate for other purposes. See also "Forward Looking Information" below.

Risks and Uncertainty

An investment in our securities involves a number of risks. The risks and uncertainties described below are not the only ones we face. Additional risks that we currently do not know about or that we deem to be immaterial may also impair our business or results of our operations. When reviewing forward-looking statements and other information contained in this AIF, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and company-specific factors that may adversely affect our future results. We assume no obligation to update or revise our forward-looking statements or other information contained in this AIF to reflect new events or circumstances.

We have organized our risks into the following categories:

- Strategic Risk Factors Relating to our Business
- Operational and Financial Risk Factors Relating to Our Business
- Risk Factors Relating to our Private Company Partners

Strategic Risk Factors Relating To Our Business

We have Limited Diversification in Our Private Company Partners

Alaris does not have stringent fixed guidelines for diversification with respect to our Private Company Partners. At any given point in time, we may have a significant portion of our assets dedicated to a single business or industry. In the event that any such business or industry is unsuccessful or experiences a downturn, we could incur significant losses, which could, in turn, have a material adverse effect on our business, results from operations and financial condition.

We depend upon our Private Company Partners, and in particular, on LifeMark Health as our Largest Partner

We are entirely dependent on the operations and assets of our Private Company Partners through our agreements with them. Our ability to pay dividends, to satisfy our debt service obligations and to pay our operating expenses is dependent on the Distributions received from our Private Company Partners, our sole source of cash flow. Distributions to Alaris from our Private Company Partners are generally based on a percentage of the Private Company Partner's revenues, same-store sales, gross margin or other similar top-line measure. Accordingly, subject to certain conditions, to the extent that the financial performance of a Private Company Partner declines with respect to the relevant performance measure, cash payments to Alaris will decline. The failure of any Private Company Partner to fulfill its distribution obligations to Alaris could materially adversely affect our financial condition and cash flows.

Our agreements with our Private Company Partners provide us with certain remedies in the event of non-payment of Distributions by the applicable Private Company Partner. In addition, some of our arrangements (in particular, End of the Roll and MEDIchair) are secured by the assets of the Private Company Partner. However, our rights to payment and our security interests are generally subordinated to the payment rights and security interests of a Private Company Partner's commercial and trade lenders.

We do not have significant influence over any of our Private Company Partners nor do we have the ability to exercise control over such Private Company Partners. As a result, we do not have the ability to exercise influence over the operation of our Private Company Partners. The Distributions received by us from our Private Company Partners therefore depend upon a number of factors that may be outside of our control.

There is generally no publicly available information, including audited or other financial information about our Private Company Partners and the boards of directors and management of these companies are not subject to the same governance and disclosure requirements applicable to public companies. Therefore, although our Private Company Partners are required to provide Alaris with regular financial and operating information on a monthly and annual basis pursuant to our agreements with them, investors must rely on Alaris and its management and consultants to investigate and monitor the Private Company Partners. Numerous factors may affect the quantum of a Private Company Partner's distribution obligations to Alaris, or the ability of a Private Company Partner to service such distribution obligations, including the failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in a Private Company Partner's financial condition and prospects may be accompanied by a material reduction in the distributions or payments received by Alaris. See "*Risk Factors Relating to our Private Company Partners*".

We May Not Complete or Realize our Anticipated Benefits of our Private Company Partner Arrangements

A key element of our growth plan is adding new Private Company Partners and making additional investments in the initial Private Company Partners in the future. Our ability to identify and complete new investment opportunities is not guaranteed. Achieving the benefits of future investments will depend in part on successfully identifying and completing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of distributions. The identification and completion of future opportunities will require the dedication of management effort, time and resources, which may divert management's focus, and resources from other strategic opportunities.

We May be Adversely Affected by General Economic Conditions

Our business and the business of each of the Private Company Partners are subject to changes in national or North American economic conditions, including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. Recent market events and conditions, including disruptions in the international credit markets and other financial systems have resulted in a deterioration of global economic conditions. These conditions worsened in 2008 and continued in 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments and renewed optimism reflected in the stock markets in the latter part of 2009 and 2010, concerns remain about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward and could have a material adverse effect on our and our Private Company Partners' business, financial condition, results of operations and cash flows.

We are Subject to Risks Affecting any New Private Company Partners

If Alaris is successful in partnering with one or more new Private Company Partners, the businesses of these Private Company Partners may be subject to one or more of the risks referred to under "*Risk Factors Relating to our Private Company Partners*" or similar risks and may be subject to other risks particular to such business or businesses.

We Face Competition with other Investment Entities

Alaris competes with a large number of private equity funds and mezzanine funds, investment banks, equity and non-equity based investment funds, and other sources of financing, including the public capital markets. Some of our competitors are substantially larger and have considerably greater financial resources than us. Competitors may have a lower cost of funds and many have access to funding sources that are not available to Alaris. In addition, certain of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares. There is no assurance that the competitive pressures that we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time and there can be no assurance that Alaris will be able to identify and make investments that satisfy our business objectives or that we will be able to meet our business goals.

Our Ability to Manage Future Growth May Have an Adverse Effect on Our Business

Our ability to sustain continued growth depends on our ability to identify, evaluate and invest in suitable private businesses that meet its criteria. Accomplishing such a result on a cost-effective basis is largely a function of Alaris' sourcing capabilities, our management of the investment process, our ability to provide capital on terms that are attractive to private businesses and our access to financing on acceptable terms. As Alaris grows, we will also be required to hire, train, supervise and manage new employees. Failure to manage effectively any future growth could have a material adverse effect on our business, financial condition and results of operations.

Operational And Financial Risk Factors Relating To Our Business

We are Dependent upon the Financial Health of Private Company Partners

Alaris is entirely dependent on the operations and assets of our Private Company Partners. Our ability to pay dividends is dependent on the distributions received from Private Company Partners. This is affected by many factors including the profitability and capital expenditures of our Private Company Partners. Distributions to Alaris from our Private Company Partners are generally based on a percentage of their revenues, same-store sales, gross margin or other similar top-line measure. Accordingly, subject to certain conditions, to the extent that the financial performance of a Private Company Partner declines with respect to the relevant performance measure, cash payments to Alaris will decline. The failure of any Private Company Partner to fulfill its distribution obligations to Alaris could adversely affect our financial condition and cash flows.

Our agreements with our Private Company Partners provide Alaris with certain remedies in the event of non-payment of royalty, distribution or interest by the applicable Private Company Partner. In addition, some of these arrangements are secured by the assets of the Private Company Partners. However, our rights to payment and our security interests are usually subordinated to the payment rights and security interests of a Private Company Partner's commercial and trade lenders. For a discussion of the particular risk factors applicable to the Private Company Partners, see "*Risks Relating to the Private Company Partners*" below.

We are Subject to Tax Related Risks

Alaris has various unclaimed non-capital losses, Scientific Research and Experimental Development Expenditure pools and other deductions and credits available to it for Canadian federal income tax purposes. These unclaimed deductions and credits are subject to assessment and possible downward adjustment by Canadian tax authorities. Although we are of the view that all expenses and tax credits claimed by us are reasonable and deductible and have been correctly determined, there can be no assurance that the Canadian taxation authorities will agree. If the Canadian taxation authorities successfully challenge the deductibility of our expenses or the correctness of income tax credits claimed, our operating results could be adversely affected.

Our Ability to pay Dividends is Affected by the Degree to Which we are Leveraged

Our ability to pay dividends is subject to applicable laws and contractual restrictions in the instruments governing any of our indebtedness. The degree to which Alaris is leveraged could have important consequences for Shareholders including: (i) our ability to obtain additional financing for working capital or investments in the future may be limited; (ii) all or part of our cash flow from operations may be dedicated to the payment of the principal of and interest on our indebtedness, thereby reducing funds available for future operations or for payment of dividends; (iii) certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates; and (iv) we may be more vulnerable to economic downturns and be limited in our ability to withstand competitive pressures. These factors may adversely impact our cash flow, and, as a result, the amount of cash available for payment of dividends.

Interest expense has been estimated for the purpose of estimating our distributable cash based on current market conditions that are subject to fluctuations. Such fluctuations could result in an unanticipated material increase in interest rates that could in turn have a material adverse effect on cash available for dividend to Shareholders.

There are no Guarantees as to the Availability of Future Financing for Operations, Dividends and Growth

We expect that our principal sources of funds will be cash generated from the Private Company Partners. We believe that funds from these sources will provide Alaris with sufficient liquidity and capital resources to meet our ongoing business operations at existing levels. Despite our expectations, however, Alaris may require additional equity or debt financing to meet our financing and operational requirements. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to Alaris, in which event our financial condition may be materially adversely affected.

The payout by Alaris of substantially all of our operating cash may make additional investment capital and operating expenditures dependent on increased cash flow or additional financings in the future. Alaris will require equity or debt financing in order to acquire interests in new Private Company Partners or make additional investments in the initial Private Company Partners. There can be no assurance that such financing will be available when required or on commercially favourable terms which could limit our growth. The ability of Alaris to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as our business performance.

There are Risks Related to Alaris' and our Private Company Partners' Outstanding Debt

Certain features of our outstanding debt, including the renewal of such debt on substantially similar terms, and the nature of any outstanding debt of the Private Company Partners could adversely affect our ability to raise additional capital, to fund our operations, to pay dividends, and could limit our ability to react to changes in the economy and our industry, expose us to interest rate risks and to the extent our variable rate debt, and could prevent us from meeting certain of our business objectives.

We and our Private Company Partners Rely Heavily on Key Personnel

The success of Alaris and of each of our Private Company Partners depends on the abilities, experience, efforts and industry knowledge of their respective senior management and other key employees, including their ability to retain and attract skilled management and employees. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of Alaris or a Private Company Partner. In addition, the growth plans of Alaris and the Private Company Partners described in this AIF may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. Alaris and the Private Company Partners may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that Alaris or the Private Company Partners will be able to effectively manage their growth, and any failure to do so could have a material adverse effect on our business, financial condition, results of operations and future prospects.

As a Public Company, We Are Subject to Significant Regulation

Alaris and the Private Company Partners are subject to a variety of federal, provincial and local laws, regulations, and guidelines and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Alaris' and the Private Company Partners' business, financial condition, results of operations and cash flows. Such laws and regulations are subject to change. Accordingly, it is impossible for Alaris or the Private Company Partners to predict the cost or impact of such laws and regulations on their respective future operations.

Our Private Company Partners Have Termination Rights Which May be Exercised

Each of our Private Company Partners has the right to terminate their agreement with Alaris through a repurchase or redemption right that arises after a fixed period of time following the closing of our arrangement with the applicable Private Company Partner. Although Management believes that the repurchase or redemption purchase price would adequately compensate Alaris for the foregone payments, we would be required to reinvest the cash received including possibly investing in our own shares through the repurchase and cancellation of our Common Shares or Non-Voting Shares, in order to maintain our dividend levels. There is no assurance that we would be able to successfully identify and complete any such alternative investments or complete any such share repurchase.

We Have Limited Operating History as a Public Company

Alaris became a reporting issuer on July 31, 2008. Although Management’s experience is improving, Management’s collective experience in operating as a reporting issuer is still limited. To operate effectively, we will be required to continue to implement changes in certain aspects of our business, improve and expand its management information systems and develop, manage and train management level and other employees, to comply with on-going reporting issuer requirements. Failure to take such actions, or delay in the implementation thereof, could adversely affect our business, financial condition, liquidity and results of operations.

Our Share Price is Unpredictable and can be Volatile

A publicly traded corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements we make, and other factors. In addition, during late 2008 and continuing through 2009, the securities markets experienced significant market-wide and sectoral price and volume fluctuations. Such fluctuations may adversely affect the market price of the Common Shares. See also "*General Risk Factors Relating to Our Business – General Economic Conditions*" above.

There is no Market for Our Warrants

The Warrants are not listed for trading on any stock exchange and there is currently no market through which the Warrants may be sold. As a result, Warrantholders may not be able to resell the Warrants that they purchased under the Offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulations.

There are no Guarantees as to the Timing and Amount of Our Dividends

The amount of dividends paid by us will depend upon numerous factors, including profitability, debt covenants and obligations, the availability and cost of acquisitions, fluctuations in working capital, the timing and amount of capital expenditures, applicable law and other factors beyond our control. Dividends are not guaranteed and will fluctuate with our performance and the performance of our Private Company Partners. There can be no assurance as to the levels of dividends to be paid by us, if any. Alaris will also incur expenses as a public issuer. Should any estimate of such expenses prove inadequate or if unanticipated public issuer expenses are incurred, it would reduce cash available for payment of dividends. The market value of the Common Shares may deteriorate we are unable to pay dividends in accordance with its dividend policy in the future, and such deterioration may be material.

Our Ability to Recover from Private Company Partners for Defaults our Agreements with Them May be Limited

Each Private Company Partner provides certain representations and warranties and covenants to us regarding the Private Company Partner and its business and certain other matters. Following a transaction with Alaris, the Private Company Partner may distribute all or a substantial portion of the proceeds that it receives from us to its securityholders. In the event that we suffer any loss as a result of a breach of the representations and warranties or non-compliance with any other term of an agreement with a Private Company Partner, we may not be able to recover the amount of our entire loss from the Private Company Partner. The Private Company Partner may not have sufficient property to satisfy our loss.

We are Subject to a Risk of Legal Proceedings

In the normal course of business, we may be subject to lawsuits, claims and litigation for amounts not covered by our liability insurance. Some of these proceedings could result in significant costs. Although the outcome of such proceedings is not predictable with assurance, Alaris has no reason to believe that the disposition of such matters could have a significant impact on our financial position, operating results or ability to carry on our business activities. As of the date of this AIF, no material claims or litigation have been brought against Alaris.

Our Capacity to Protect Our Intellectual Property May be Limited

We rely on various intellectual property protections, including trademark laws, to preserve our intellectual property rights. To protect our intellectual property, we may become involved in litigation, which could result in substantial expenses, divert the attention of Management, cause significant delays, materially disrupt the conduct of our business or adversely affect our revenues, financial position and results of operations.

Our Directors May Have Conflicts of Interest

Certain directors of the Corporation are associated with other companies or entities, which may give rise to conflicts of interest. In accordance with the CBCA, directors who have a material interest in any person who are parties to a material contract or proposed material contract with Alaris are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of Alaris. See "*Conflicts of Interest*" and "*Interests of Management and Others in Material Transactions*".

We May Issue Additional Common Shares Diluting Existing Shareholders' Interests

We may issue an unlimited number of Common Shares, Non-Voting Shares and Warrants for such consideration and on such terms and conditions as shall be established by such without the approval of Shareholders. Any further issuance of Common Shares will dilute the interests of existing Shareholders. The Shareholders will have no pre-emptive rights in connection with such future issuances.

Risks Relating To Our Private Company Partners

Risks relating to LifeMark health and LMS

Our material Private Company Partners, being LifeMark Health and LMS, face a number of businesses, operational and other risks which if realized, could have a material impact on our operating results and conditions. These risks are outlined in more detail below.

Risks Relating Specifically to LifeMark Health

Government Regulation

Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements. Unlike certain other healthcare industry segments, specifically pharmaceuticals, laboratory services and hospital management companies, LifeMark Health operates in markets that are not regulated. LifeMark Health does not require a special license or permit from any governmental body to operate, aside from the license required for the medical imaging business and those normally required for all businesses. All of LifeMark Health's medical personnel, both physicians and registered nurses, are required to maintain the requisite professional licenses from their respective governing professional bodies. Notwithstanding that LifeMark Health operates in markets that are not currently regulated, any change in governmental regulation and licensing requirements or interpretation and application of same relating to healthcare services could have an adverse impact on the scope of LifeMark Health's activities.

Customer Concentration	LifeMark Health's revenue is dependent in part on contracts from certain governmental agencies. The loss of any such contract would have a significant adverse effect on LifeMark Health.
Confidentiality of Personal & Health Information	The collection, use and disclosure of patient personal and health information are subject to substantial regulation by the federal and, in most cases, provincial governments. These laws provide that an individual's consent is required prior to the collection, use and disclosure of information collected from them (with limited prescribed exceptions), that the collected information be protected with reasonable security measures and that the individual have access to the information so collected in order to ensure its accuracy. In addition, future legislation may affect the dissemination of health information that is not individually identifiable. Physicians and other persons providing patient information to LifeMark Health are also required to comply with these laws and regulations. If a client's privacy is violated or if LifeMark Health is found to have violated any law or regulation, it could be liable for damages or for criminal fines or penalties.

Risks Relating Specifically to LMS

Steel Pricing Risks	The world steel markets in which LMS operates can be extremely volatile and cyclical. Up to approximately 60% of LMS's variable costs can be attributed to the price of steel. A failure of LMS to anticipate and appropriately respond in a timely fashion to steel pricing trends in the purchasing and selling of steel products may have a material adverse effect on LMS's results. Reinforcing steel products are typically sold by means of fixed price contracts, where the reinforcing steel is provided to the customer over a period of time which may range from several weeks to several years. At any point in time, therefore, LMS is contractually obligated to supply significant quantities of steel at a predetermined price. LMS does not hold inventory in quantities to match these obligations. The proportion of inventory to outstanding contractual obligations varies according to management's anticipation of steel pricing trends, but in any event, a material portion of the contractual obligations will always be exposed to future steel purchase pricing risk. If contractual obligations have to be fulfilled by steel purchased at higher replacement costs, then LMS will incur lower realization on those contracts which will have an adverse effect on LMS's results. LMS's other steel products are sold and shipped within a very short timeframe. These sales are often supported with large inventories of raw materials. During a period of falling prices for raw materials such as what occurred in late 2008 (see "*General Economic Conditions Affecting LMS*" below), LMS would normally expect price realization on shipments of LMS's finished products to deteriorate, producing inferior

returns during the period when older inventories are being sold.

General Economic Conditions Affecting LMS	Market events and conditions beginning in 2008, including disruptions in the international credit markets and other financial systems have resulted in a deterioration of global economic conditions and have had a negative effect on LMS' operations. Specifically, LMS experienced a dramatic shift in its business late in its fiscal 2008 year that included projects being cancelled and others being significantly delayed due to the unprecedented economic conditions that formed at that time. The end result was that LMS incurred material bad debt expenses, for the first time in its operating history, that decreased its reported gross profit for 2008 and a significant drop in its gross profit in 2009. The decline was based on both reduced volumes caused by the economic environment and credit crisis as well as by temporarily depressed margins that were caused by high priced inventory that resulted from cancelled projects. As a result of these factors, LMS' distribution to Alaris in 2010 will decrease. Although LMS' gross profits are improving as LMS has worked through its high-priced inventory and has since realized on some of its material bad debt expenses, these factors may continue to have a negative impact on LMS' business, financial condition, results of operation and cash flows and could have a material adverse effect on Alaris.
Supplier Base	LMS relies on key suppliers for the supply of raw materials. Disruption of any one supplier could have a material adverse effect on the ability of LMS to secure its supplies, as well as an increase in the cost of those supplies adversely affecting its financial results.
Labour Relations Risk	Approximately one-half of LMS's employees are unionized or governed by collective trade agreements (e.g., steelworkers or automotive). Labour disruptions could adversely affect LMS's business; however, LMS notes that the agreements are with multiple union locals within diverse regions.
Trade Policy Restrictions	LMS is a significant importer of commodity steel products that are sourced both domestically and globally. Steel is often the subject of cross border trade disputes. Any material dispute that is not resolved in LMS's favour could have a material adverse effect on LMS's results.

Risks relating to all of our private company partners, generally

In addition to the risks relating specifically to our material Private Company Partners (being LifeMark Health and LMS), there are several other risks which impact all of our current and future Private Company Partners collectively, which if realized, could have a material impact on our operations and financial condition, as described below.

There is no Publicly-Available Information Concerning Our Private Company Partners

We provide alternative financing for private businesses. There is generally no publicly available information about these businesses and the boards of directors and management of these companies are not subject to the same governance and disclosure requirements applicable to public companies. Therefore, we rely on our management and consultants to investigate these businesses. There can be no assurance that our due diligence efforts will uncover all material information about the privately held businesses necessary to make fully informed decisions. Private Company Partners may have significant variations in operating results; may from time to time be parties to litigation; may be engaged in rapidly changing businesses; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; or may be adversely affected by changes in the business cycle. Numerous factors may affect the quantum of a Private Company Partner's distribution obligations to Alaris, or the ability of a Private Company Partner to service, such distribution obligations, including the failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in a Private Company Partner's financial condition and prospects may be accompanied by a material reduction in the distributions or payments received by us.

Our Private Company Partners Face Intense Competition

Our Private Company Partners may face intense competition, including competition from companies with greater financial and other resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. There can be no assurance that our Private Company Partners will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows and therefore the amount of or their ability to service their obligations to Alaris.

Our Private Company Partners May Suffer Damage to Their Brand Reputations

Damage to the reputation of our Private Company Partners' brands, or the reputation of the brands of suppliers of products that are offered by the Private Company Partners, could result from events out of the control of our Private Company Partners. This damage could negatively impact consumer opinion of our Private Company Partners or their related products and services, which could have an adverse effect on the Private Company Partners' performance.

Additional Franchises and Franchise Operations May be Limited

Two of our Private Company Partners, End of the Roll and MEDIchair, are franchisors. The growth of revenues of these companies is largely dependent upon their ability to maintain and grow their franchise systems and to execute their current growth strategy for both increasing the number of franchisees and increasing the number of locations. If these companies are unable to attract qualified franchisees, their operations could be adversely affected. The slowing of growth could lead potential and existing franchisees to begin to look elsewhere for better opportunities. The growth of the franchise network through adding new franchisees is somewhat dependant upon available personnel.

The franchisees that operate the businesses of the franchise systems are independent owners. The franchisees are bound by the applicable franchise agreements to maintain certain standards and to operate within the franchise system. However, the franchisees are not directly under the control of the franchisors and may not in all cases comply with the requirements of the franchisors. The failure of a number of franchisees to comply with the franchise agreements or to maintain the standards of the franchisors may have an adverse effect on the applicable franchisor's brand and operating results.

Our Private Company Partners Rely on Key Personnel

Often, the success of a private business depends on the management talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on a Private Company Partner's operations or ability to access additional capital qualified personnel, expand or compete.

How a Private Company Partner is Leveraged May Have Adverse Consequences to Alaris

Leverage may have important adverse consequences on our Private Company Partners and Alaris. Private Company Partners may be subject to restrictive financial and operating covenants. Leverage may impair our Private Company Partners' ability to finance their future operations and capital needs. As a result, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money was not used.

A Lack of Funding for Our Private Company Partners Could Have Adverse Consequences to Them

Each of our Private Company Partners will continue to require additional working capital to conduct their existing marketing activities and to expand their businesses. Our Private Company Partners will need to raise additional funds through collaborations with corporate partners or through private or public financings to support their long-term growth efforts. If adequate funds are not available, our Private Company Partners may be required to curtail their business objectives in one or more areas. There can be no assurance that unforeseen developments or circumstances will not alter a Private Company Partner’s requirements for capital, and no assurance can be given that additional financing will be available on acceptable terms, if at all.

Forward-Looking Statements

This MD&A contains forward looking statements. Statements other than statements of historical fact contained in this MD&A may be forward looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance and business prospects and opportunities of the Corporation and the Partners, the general economy, the amount and timing of the declaration and payment of dividends by the Corporation, the future financial position or results of the Corporation, business strategy, proposed acquisitions, growth opportunities, budgets, litigation, projected costs and plans and objectives of or involving the Corporation or the Partners. In particular, this MD&A contains forward looking statements regarding the revenues anticipated to be received from the Partners and the Corporation's general and administrative expenses as well as the expected future performance of the Partners. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward looking information contained in this MD&A. Statements containing forward looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this MD&A. Although management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Statements containing forward-looking information by their nature involve numerous assumptions and significant known and unknown facts and uncertainties of both a general and a specific nature. Assumptions include the performance of the Canadian and U.S. economies in 2010 and how that will affect our business and our ability to identify and close new opportunities with new Private Company Partners. Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward looking statements contained herein include risks relating to: the dependence of the Corporation on the Partners; risks relating to the Partners and their businesses; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefits of transactions; limited diversification of Alaris' transactions; management of future growth; availability of future financing; competition; government regulation; leverage and restrictive covenants under credit facilities; the ability of the Partners to terminate the various agreements with Alaris unpredictability and potential volatility of the trading price of the common shares; fluctuations in the amount of cash dividends; restrictions on the potential growth of the Corporation as a consequence of the payment by Alaris of substantially all of its operating cash flow; income tax related risks; future sales of common shares by significant shareholders; ability to recover from the Partners for defaults under the various agreements with Alaris; potential conflicts of interest; dilution; and liquidity of Common Shares. The information contained in this MD&A, including the information set forth under "Risk Factors", identifies additional factors that could affect the operating results and performance of the Corporation. Without limitation of the foregoing assumptions and risk factors, the forward looking statements in this MD&A regarding the revenues anticipated to be received from the Partners and the Corporation's general and administrative expenses are based on a number of assumptions including no adverse developments in the business and affairs of the Partners that would impair their ability to fulfill their payment obligations to the Corporation and no material changes to the business of the Corporation or current economic conditions that would result in an increase in general and administrative expenses.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this MD&A are made as of the date of this MD&A and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.

Additional Information

Additional information relating to the Corporation, including the Corporation's Annual Information Form, is on available on SEDAR at www.sedar.com.