Alaris Royalty Corp.
Management's Discussion & Analysis
November 2, 2009

This management’s discussion and analysis (“**MD&A**”) should be read in conjunction with the unaudited financial statements for Alaris Royalty Corp., formerly 6550568 Canada Inc. (“Alaris” or the “Corporation") for the three and nine months ended September 30, 2009 and September 30, 2008 and the annual audited financial statements of Alaris Royalty Corp for the year ended 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 and quarterly financial 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 L.P. ("**Alaris L.P**."), a partnership that was indirectly owned by Alaris Income Growth Fund (the "**Fund**") and management. Alaris has continued the business and operations of Alaris L.P. For accounting purposes, the acquisition has been accounted for as a reverse take-over with Alaris L.P. 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 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

Three Months Ended September 30, 2009 Compared to Three Months Ended September 30, 2008

Revenues for the three months ended September 30, 2009 reflect royalties and distributions from transactions involving each of the four Partners. In the period, revenues from the Partners totaled $4.33 million compared to $4.76 million in the three months ended September 30, 2008. The decrease of 8.9% compared to the same prior year period is a result of year over year performance metric adjustments from each of the Partners. Revenues from LifeMark Health Partnership ("**LifeMark**") were $2,002,245 compared to $1,866,366 in the same prior year period – an increase of 7.3%. 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 a further transaction with LifeMark on July 30, 2009. Revenues from LMS Reinforcing Group ("**LMS**") were $1,733,250 in the quarter compared to $2,259,740 in the same prior year period – a decrease of 23.3% which is 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 $308,364 in the quarter compared to $353,892 in the same prior year period – a decrease of 12.9%. There was a same store sales adjustment to the annual royalty of -7.4% effective May 1, 2009 accounting for most of the difference. The remainder can be attributed to an uneven monthly royalty payment schedule that is set up to match the cash flows of the End of the Roll business. Revenues from MEDIchair Ltd. ("**MEDIchair**") were $290,955 in the quarter compared to $279,442 for the same prior year period – an increase of 4.1% due to the same store sales increase to the royalty that was effective October 1, 2008.

Interest expense of $532,529 was significantly lower in the quarter compared to $1,552,536 in the same quarter of 2008 because of a change in capital structure. From January to July 2008, Alaris L.P.'s then largest unitholder provided a $90 million subordinated debt facility at 13% per annum interest. The $90 million of subordinated debt was reduced to $6.5 million on July 31, 2008 as part of the Acquisition of Alaris L.P and utilizing the equity funds raised in July 2008, significantly reducing the debt levels of the Corporation for the remainder of 2008 and the first nine months of 2009.

In the three months ending September 30, 2009, the Corporation recorded a net reversal of $103,551 in non-cash stock based compensation expense that included: $16,929 to recognize the fair value of outstanding stock options; $29,520 to recognize the fair value of shares issued to management in lieu of dividends under the RSU Plan; and a recovery/reversal of $150,000 in compensation costs previously expensed as a result of managements assessment of performance targets included in the RSU vesting requirements. The RSUs for employees vest in three years under service (25% of total) and earnings per share performance targets (75% of total, 25% for each of three targets). During the current quarter, based on a number of factors including the decline of the LMS royalty, management determined that it was not probable to achieve the growth targets set out in the plan and that the applicable portion of the RSUs would not be earned. Also in the quarter, the Corporation made cash payments of $49,163 to employees and directors in lieu of dividends under the RSU Plan and there were no such payments in 2008 until October. There were significant stock-based compensation expenses in the three months ended September 30, 2008, as $7,933,333 was expensed as a result of management options exercised in July 2008.

Legal and accounting expenses were $111,315 for the three months ended September 30, 2009 compared to $143,403 for the same period in 2008. The small decline is due to additional professional fees required leading up to and immediately following the July 31, 2008 Acquisition. Legal fees include securities regulatory expenses while accounting fees include quarterly review costs and special engagements.

Corporate and office expenses were only $88,402 compared to $123,608 in the same prior year period and include office rent, travel and corporate administrative expenses. The 28% 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.

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 transaction and depreciates capital assets according to GAAP. 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 $4,522 and amortization of $43,308 in the three months ended September 30, 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 the third quarter of 2008.

The Corporation recorded net income of $3.3 million, EBITDA and Normalized EBITDA of $4.0 million for the three months ended September 30, 2009 compared to a loss of $7.4 million and $4.2 million of Normalized EBITDA for the three months ended September 30, 2008. The significant increase in net income can be attributed to the $7.9 million in non-cash stock option expenses in July 2008, 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 compared to only $53,000 recorded in September 2009. 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)	**3 months ending September 30, 2009**	**3 months ending September 30, 2008**
Net Income	$3,349	$(7,355)
Adjustments to Net Income:		
Amortization	48	59
Interest	533	1,552
Income tax expense	53	1,544
EBITDA	**$3,983**	**($4,200)**
Normalizing Adjustments:		
Non-cash stock based compensation	-	7,933
Tax and financial diligence costs	-	491
Normalized EBITDA	**$3,983**	**$4,224**

Effective July 31, 2008, Alaris began paying monthly dividends. For the three months ending September 30, 2009, dividends were declared for July, August and September at $0.07 per common share (voting and non-voting) totalling $1,917,362 for the quarter. Prior to the Acquisition and in the third quarter of 2008, Alaris L.P. paid $0.36 per unit in distributions ($546,000) to its unitholders. In 2008, dividends were declared in August and September at $0.12 per share totalling $2,195,733 for the quarter.

Cash held at September 30, 2009 of $2.1 million was to satisfy the dividend declared in September 2009 (payable October 15th, 2009) and trade payables leaving cash after these payments of approximately $1.1 million.

Shareholders' capital includes the net proceeds from the $55 million raised in the private placement that closed July 31, 2008, $8 million of non-voting common shares owned by management as a result of options exercised on July 31, 2008 and $32 million of subordinated debt that was purchased for voting common shares at the private placement issue price of $12.00 per share also on July 31, 2008.

The Corporation has a $25 million senior debt facility with a two-member Canadian bank syndicate, which was drawn to $23.5 million at September 30, 2009. Interest is paid monthly at the lenders' prime rate plus three percent per annum (5.25% at September 30, 2009). At September 30, 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 $23.6 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 transaction.

Nine Months Ended September 30, 2009 Compared to Nine Months Ended September 30, 2008

Revenues for the nine months ended September 30, 2009 reflect royalties and distributions from transactions involving each of the four Partners. In the period, revenues from the Partners totaled $13.3 million compared to $14.2 million in the nine months ended September 30, 2008. The decrease of 6.4% compared to the same prior year period is a result of year over year performance metric adjustments from each of the Partners. Revenues from LifeMark were $5,945,128 compared to $5,599,098 in the same prior year period – an increase of 6.2%. 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 a further transaction with LifeMark on July 30, 2009. Revenues from LMS were $5,376,757 in the period compared to $6,644,460 in the same prior year period – a decrease of 19.1%. The year over year performance adjustment based on the change in gross profit for LMS was -23.3% but a portion was effective Jan 1, 2009, and another portion effective April 1, 2009 resulting in a decline of less than the 23.3% decline in the current quarter. Revenues from End of the Roll were $1,074,617 in the period compared to $1,087,499 in the same prior year period – a decrease of 1.2%. There was a same store sales adjustment to the annual royalty of -7.4% effective May 1, 2009 that was partially offset by a same store sales increase of 4.5% that affected royalties received from January to April 2009. Revenues from MEDIchair were $879,312 in the period compared to $846,613 for the same prior year period – an increase of 3.9% due to the same store sales increase to the royalty that was effective October 1, 2008.

Interest expense of $1,641,490 was significantly lower in the first nine months of 2009 compared to $8,278,244 in the first nine months of 2008 because of a change in capital structure.

In the nine months ending September 30, 2009, the Corporation recorded $764,269 in non-cash stock based compensation expense that included: $51,561 to recognize the fair value of outstanding stock options; $758,800 to amortize the fair value of the Restricted Share Unit Plan ("RSU Plan"); $103,908 to recognize the fair value of shares issued to management in lieu of dividends under the RSU Plan; and a recovery/reversal of $150,000 in compensation costs previously expensed as a result of managements assessment of performance targets included in the RSU vesting requirements. Also in the first nine months of 2009, the Corporation made cash payments of $172,191 to employees and directors in lieu of dividends under the RSU Plan. Stock-based compensation expenses in the nine months ended September 30, 2008 of $7,933,333 were for stock options exercised immediately prior to the Acquisition in July 2008.

Legal and accounting expenses were $369,573 for the nine months ended September 30, 2009 compared to $311,280 for the same period in 2008. The increase is due to an increase in costs associated with being a public company.

Corporate and office expenses were $353,552 for the nine months ended September 30, 2009 compared to $293,475 for the same period in 2008 – 20% higher compared to the prior year period and include office rent, travel and corporate administrative expenses. Corporate administrative expenses increased significantly in 2009 compared to 2008 due to new public company costs that include securities regulatory expenses and transfer agent fees.

The Corporation recorded depreciation of $31,444 and amortization of $129,925 in the nine months ended September 30, 2009, similar to amounts recorded in the same period in 2008.

The Corporation recorded net income of $8.9 million, and EBITDA and Normalized EBITDA of $11.0 million for the nine months ended September 30, 2009 compared to a net loss of $5.5 million, EBITDA of $4.5 million and Normalized EBITDA of $12.9 million for the nine months ended September 30, 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 significant decrease ($6.6 million) in 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 compared to only $283,000 recorded in September 2009. The decline in 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)	**9 months ending September 30, 2009**	**9 months ending September 30, 2008**
Net Income	$8,876	($5,543)
Adjustments to Net Income:		
Amortization	161	176
Interest	1,641	8,278
Income tax expense	283	1,544
EBITDA	**$10,961**	**$4,455**
Normalizing Adjustments:		
Non-cash stock based compensation	-	7,933
Tax and financial diligence costs	-	491
Normalized EBITDA	**$10,961**	**$12,879**

Dividends were declared for January and February at $0.12 per common share (voting and non-voting) and March, April, May, June, July, August and September at $0.07 per share totalling $6,662,782. Prior to the Acquisition and in the first nine months of 2008, Alaris L.P. paid $1.44 per unit in distributions ($2,166,000) to its unitholders and after the Acquisition, in August and September, the Corporation paid dividends of $0.24 per share totalling $2,195,733.

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 one 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. 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. LifeMark's total revenue and EBITDA are up significantly (more than 15%) after eight months of its fiscal year due to consistent same clinic sales growth as well as the acquisition of a number of new clinics. LifeMark has 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. 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 almost through the high priced inventory and have recently purchased more steel (two months worth of volumes) at 1/3 of the cost of the previously purchased inventory. As a result, in its last two 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. As a result of the economic issues faced by LMS, the company will experience a gross profit decline of approximately 75% for its year ended September 30, 2009, 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 return to more normal levels as a result of the inventory issue being resolved. LMS has come through this economic episode 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% and contributed to a $100,000 decline in the annual royalty paid to Alaris. 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 in the Alaris royalty calculation were down more than 20% year over year. Of note approximately half of the stores had a same store sales result of a decrease of 5% or better (and 11 of those experienced year over year increases). The decrease experienced by End of the Roll was manageable due to the niche market that End of the Roll operates in – it 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 only help End of the Roll's business in its year ending April 30, 2010.

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 and is 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 ($23.5 million at September 30, 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, 2008 and the variable interest rate was increased by 1% per annum to the Canadian prime interest rate plus 3% as a result of current economic conditions. The senior credit facility is a 364-day revolving loan that is due December 19, 2009. The facility carries a three-year term out option in the event the loan is not renewed. Therefore at September 30, 2009, $5.875 million of the facility is shown as a current liability in the financial statements reflecting nine months of potential principal repayments which will be required in the next 12 months, should the facility not be renewed. At September 30, 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 (1.49:1 at September 30, 2009); minimum tangible net worth of $92,000,000 ($94.8 million at September 30, 2009); and a minimum fixed charge coverage ratio of 1:1 (1.29:1 at September 30, 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 doesn't intend to demand payment in the next twelve months.

The Corporation had 9.131 million common shares outstanding at September 30, 2009. The Corporation had negative working capital of approximately $8.9 million at September 30, 2009, but based on circumstances explained under "Working Capital", the Corporation has $1.2 million of Available Working Capital which is sufficient for the Corporation's needs.

Working Capital

The Company's working capital (defined as current assets less current liabilities) at September 30, 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; and (iii) significant estimated further income tax asset and liability accounts. The tables below reconcile the differences in the calculation of working capital to Available Working Capital.

September 30, 2009	Working Capital	Available Working Capital
Cash	2,123,593	2,123,593
Accounts receivable	35,854	35,854
Prepaid expenses	73,564	73,564
Future income taxes	670,986	Excluded
Investment tax credit receivable	1,623,342	Excluded
Total Current Assets	**$4,527,339**	**$2,233,011**
Accounts payable & accrued liabilities	425,418	409,418
Dividends payable	639,178	639,178
Future income taxes	55,000	Excluded
Bank indebtedness	5,875,000	Excluded
Subordinated debt	6,500,000	Excluded
Total Current Liabilities	**$13,494,596**	**$1,048,596**
Net Amount at September 30, 2009	**($8,967,257)**	**$1,184,415**
Net Amount at June 30, 2009	**($8,335,931)**	**$1,239,593**
Net Amount at December 31, 2008	**($2,490,171)**	**$252,487**

Working capital decreased by $0.6 million in the current quarter due mostly to an increase in the amount shown as current bank indebtedness since another three months of possible principal repayments (if the facility is not renewed in December 2009) are possible because the renewal date of the credit facility is three months closer, partially offset by updates in the future income tax asset and liabilities accounts based on current quarter income and the expiry schedule of losses and investment tax credits. Management expects that the credit facility will be renewed at similar terms. Available Working Capital decreased by $55,000 as the Corporation contributed almost all of the excess cash from operations ($1 million) into LifeMark Health on July 30, 2009.

Working capital decreased by $6.5 million compared to December 31, 2008 due to the nine months of potential principal repayments on the senior debt reflected in the September 30, 2009 statements compared to none in December 2008 as the facility had just been renewed. Available Working Capital increased by $1 million as the Corporation reduced its dividend in March leaving the Corporation with residual cash flow to facilitate additional investments, repay senior debt as required and to increase working capital.

Though the table above shows a significant working capital deficiency at September 30, 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.

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	425,418	425,418	0	0	0
Dividends payable	639,178	639,178	0	0	0
Bank indebtedness	23,500,000	1,958,333	3,916,667	7,833,333	9,791,667
Subordinated debt	6,500,000	0	0	6,500,000	0
Total	**31,064,596**	**3,022,929**	**3,916,667**	**14,333,333**	**9,791,667**

The Corporation has sufficient cash on hand to settle all current accounts payable, accrued liabilities and dividends payable. 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

There are no changes in internal controls over financial reporting. A complete discussion of the internal controls over financial reporting can be found under the MD&A that accompanied the audited financial statements for the years ended December 31, 2008 and December 31, 2007.

Summary of Contractual Obligations

Other than the credit facilities described under “Liquidity and Capital Resources”, 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 will commence 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	30,000,000	12,375,000	17,625,000	0	0
Office lease	923,904	10,693	385,495	269,472	258,244
Other long-term obligations	0	0	0	0	0
Total Contractual Obligations	30,923,904	12,385,693	18,010,495	269,472	258,244

Transactions with Related Parties

In December 2007, Alaris L.P. borrowed $90 million from a company owned by Mr. Clay Riddell, its then largest unitholder. The loan included a fee of $1.5 million (1.67%) and 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 nine months ended September 30, 2009, the Corporation paid interest of $632,014 to this company (2008 - $6,949,850). 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.

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 and future income tax amounts.

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.

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 impact on the Corporation is currently being reviewed.

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.

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.

Summary of Quarterly Results

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

	Q3-09	Q2-09	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08	Q4-07
Revenue	4,335	4,344	4,600	4,779	4,825	4,744	4,682	2,901
Income (loss) from operations	3,349	2,630	2,897	2,491	(7,355)	896	915	(1,722)
Basic and Diluted Income (loss) per Share/Unit	\$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	(\$1.15) (\$1.15)

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.

The loss for the three months ended December 31, 2007 was due to a \$1.5 million loan fee paid on the subordinated debt facility as well as significant legal expenses incurred relating to a potential transaction with a private equity firm that was never completed.

Outstanding Shares

At September 30, 2009, the Corporation had 8,464,444 voting and 666,665 non-voting common shares issued and outstanding (9,131,109 common shares, collectively the "**Common Shares**" in aggregate). Under the RSU Plan, the Corporation issued 9,275 voting common shares from treasury in the nine months ending September 30, 2009 and has issued 820 voting common shares from treasury subsequent to September 30, 2009. At September 30, 2009, 374,400 restricted share units and 219,150 stock options were outstanding under the Corporation's long-term incentive compensation plans.

Subsequent to September 30, 2009 closing 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 22, 2009 the Corporation then acquired an additional 1,200,000 LifeMark Class B Preferred units from LifeMark Health for an aggregate acquisition cost of $12,000,000. The annual distributions from those additional LifeMark Class B Preferred units is expected to be $2,181,818 for the first year. Also subsequent to September 30, 2009, the Corporation issued 31,250 shares that vested to directors under the RSU plan. At November 2, 2009, the Corporation had 11.463 million Common Shares outstanding.

Outlook

Alaris' agreements with the Partners provide for payments estimated to provide the Corporation approximately $18.0 million of revenues for all of 2009. General and administrative expenses have increased as a result of additional public company costs and are currently estimated at $2.2 million annually. The senior debt facility is almost fully drawn at $23.5 million and the annual interest rate on that debt is 5.25% at September 30, 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 2009 includes a drop in revenues from current operations of approximately 5.1% due to a decline in 2009 distributions from LMS and End of the Roll, partially offset by increases in distributions from LifeMark and royalties from MEDIchair. 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 LMS incurring material bad debt expenses for the first time in its operating history that decreased its reported gross profit. Beyond LMS, the other three Partners continue to perform well, even in these difficult times and in fact the Corporation received increased contributions from both LifeMark and MEDIchair compared to 2008 as a result of a 5.6% increase in same clinic sales for LifeMark and a 4.0% increase in same store sales for MEDIchair. The End of the Roll annual royalty reset on May 1, 2009 coinciding with its fiscal year-end and the same store sales did decrease 7.4% but most of the decline can be attributed to a handful of stores in areas of Canada that were hit harder by the economic turmoil over the past year.

For 2010, the Corporation expects increases in its royalties and distributions in line with historical performance from each of Life Mark Health, MEDIchair and End of the Roll. However, as previously disclosed, LMS will see a significant drop in gross profit compared to the previous year. The decline is 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. Margins are expected to improve as this inventory is sold. The net result of these two factors on LMS' operations will be a decline in gross profits of approximately 75% on its September 30, 2009 results which will result in a decrease to LMS' distributions to Alaris in 2010.

While results for LMS in 2009 are being conservatively forecast to account for the current economic conditions, 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 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

A complete discussion of the risks faced by the Corporation can be found under the MD&A that accompany the audited financial statements for the years ended December 31, 2008 and December 31, 2007 and in a short form prospectus filed by the Corporation on October 16, 2009.

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. 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.