
Consolidated Financial Statements of

**ALARIS INCOME
GROWTH FUND**

Unaudited statements for the three month period ended
March 31, 2008 and the year ended December 31, 2007

ALARIS INCOME GROWTH FUND

Consolidated Balance Sheet

	March 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash	\$ 1,214,348	\$ 1,599,339
Accounts receivable	87,174	20,207
	<u>1,301,522</u>	<u>1,619,546</u>
Investments (note 3)	111,497,950	111,541,258
Capital assets (note 4)	126,810	141,883
	<u>\$112,926,282</u>	<u>\$113,302,687</u>
Liabilities and Unitholders' Equity/(Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 213,950	\$ 695,526
Bank indebtedness (note 5)	25,000,000	25,000,000
Subordinated debt (note 5)	90,000,000	90,000,000
	<u>115,213,950</u>	<u>115,695,526</u>
Unitholders' equity/(Deficit):		
Unitholder's capital (note 6)	150,000	150,000
Deficit	(2,437,668)	(2,542,839)
	<u>(2,287,668)</u>	<u>(2,392,839)</u>
Commitments (note 10)		
	<u>\$112,926,282</u>	<u>\$113,302,687</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board of the Trustee:

_____ Director

_____ Director

ALARIS INCOME GROWTH FUND

Consolidated Statement of Operations and Deficit

	Three month period ended March 31, 2008	Three Month period ended March 31, 2007
Revenues:		
Royalties and distributions	\$ 4,680,825	\$ 3,234,578
Interest and other	1,500	500
	<u>4,682,325</u>	<u>3,235,078</u>
Expenses:		
Interest	3,383,815	1,294,224
Salaries and benefits	237,086	188,089
Corporate and office	76,508	70,294
Legal and accounting fees	11,365	20,115
Financing (note 5)	-	100,000
Depreciation and amortization	58,380	87,806
	<u>3,767,154</u>	<u>1,760,528</u>
Net Income for the period	915,171	1,474,550
Deficit, beginning of year	(2,542,839)	(2,826,481)
Distributions to unitholders (note 8)	(810,000)	-
Deficit, end of period	<u>\$ (2,437,668)</u>	<u>\$ (1,351,931)</u>

See accompanying notes to consolidated financial statements.

ALARIS INCOME GROWTH FUND

Consolidated Statement of Cash Flows

	Three month period ended March 31, 2008	Three Month period ended March 31, 2007
Cash provided by (used in):		
Operations:		
Net Income for the period	\$ 915,171	\$ 1,474,550
Add non-cash item:		
Depreciation and amortization	58,380	87,806
	<u>973,551</u>	<u>1,562,356</u>
Change in non-cash working capital	(548,543)	(2,257,515)
	<u>425,008</u>	<u>(695,159)</u>
Investing:		
Purchase of investments	-	(15,080,100)
Financing:		
Distributions to unitholders	(810,000)	-
Proceeds from debt	-	15,550,000
	<u>(810,000)</u>	<u>15,550,000</u>
Decrease in cash	(384,992)	(225,259)
Cash, beginning of period	1,599,339	762,943
Cash, end of period	<u>\$ 1,214,347</u>	<u>\$ 537,684</u>

See accompanying notes to consolidated financial statements

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements

Three month periods ended March 31, 2008 and 2007

Basic of presentation:

Alaris Income Growth Fund (the "Fund") is an unincorporated open-ended trust established under the laws of the Province of Alberta. The Fund owns indirectly a 99.99% interest in Alaris Income Growth Fund L.P. (the "Partnership"). The Partnership's operations consist primarily of investments in operating entities, typically in the form of long-term license and royalty arrangements or preferred limited partnership interests.

The Partnership is a limited Partnership formed under the laws of the Province of Alberta. All of the outstanding ordinary limited partnership units of the Partnership (representing a 99.99% limited partnership interest) are owned by Alaris Commercial Trust ("ACT"). ACT is an unincorporated open-ended trust established under laws of the Province of Alberta. All of the trust units of ACT are owned by the Fund.

Alaris IGF Corp. (the "Corporation") is the general partner of the Partnership. All of the issued and outstanding shares of the Corporation are owned by Paramount Oil & Gas Ltd.

The Fund receives, indirectly through ACT, distributions of distributable cash of the Partnership. The trustee of the Fund may declare payable to the Fund unitholders all or any part of the amounts received by the Fund.

These financial statements reflect only the assets, liabilities, revenue and expenses of the Fund and its subsidiaries and therefore, do not include and assets, liabilities, revenues and expenses of the unitholders.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 2

Three month periods ended March 31, 2008 and 2007

1. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

(a) Investments:

Investments result from: (1) the direct or indirect purchase of intellectual property from various organizations/vendors and the subsequent license-back of the right for exclusive use to the vendor; (2) term loans at fixed interest rates; or (3) a preferred interest in a limited partnership; in exchange for a monthly royalty, distribution or interest payment that is adjusted annually on the basis of a formula linked to revenues, gross margin, same-store sales, or other "top-line" measures as outlined in each of the respective agreements. Investments are initially recognized and measured at cost, including acquisition costs incurred after a letter of intent is signed, such as financial and legal due diligence fees relating directly to the purchase. Investments that are a royalty or loan structure are being amortized on a straight-line basis over an 80-year period and individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Investments that are a preferred interest in a limited partnership are not amortized but will be individually reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the net book value of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the net book value of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the net book value of the asset exceeds the fair value of the asset.

(b) Capital assets:

Capital assets are recorded at cost. Depreciation is provided for over the estimated useful lives of assets on a declining balance basis.

(c) Revenue recognition:

Revenue consists of amounts generated by licensing intellectual property, distributions from preferred interests in a limited partnership or interest from term loans and is recognized when the monthly payments become due and are considered collectible.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 3

Three month periods ended March 31, 2008 and 2007

1. Significant accounting policies (continued):

(d) 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 Fund 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
Investments	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 Fund will assess at each reporting period whether there is a financial asset, other than those classified as held for trading, is impaired. An impairment loss, if any, is included in net earnings.

The Fund measures and recognizes embedded derivatives separately from the host contracts when the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value.

The Fund 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 Fund applies trade-date accounting for the recognition of a purchase or sale of cash equivalents and derivative contracts.

(e) Income taxes:

The Fund follows the asset and liability method of accounting for income taxes. The Fund and ACT are taxable entities under the Income Tax Act (Canada) and are only taxable on income that is not distributed or distributable to the unitholders. As the Fund expects to distribute all of its taxable income to its unitholders and meets the requirements of the Income Tax Act (Canada) applicable to the Fund, no provision for income taxes has been made by the Fund. The future income tax liability in the consolidated financial statements would be limited to the impact of temporary differences, if any, in the Corporation.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 4

Three month periods ended March 31, 2008 and 2007

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Significant management estimates include valuation of investments and collectibility of future

2. Investments:

March 31, 2008	Acquisition Cost	Capitalized Costs	Accumulated Amortization	Net Cost
Lifemark Health	\$ 46,500,000	\$ 291,362	\$ –	\$ 46,791,362
Lower Mainland Steel	51,000,000	333,280	–	51,333,280
End of the Roll	7,200,000	74,920	(272,770)	7,002,150
MEDIchair	6,500,000	83,758	(212,600)	6,371,158
	<u>\$ 111,200,000</u>	<u>\$ 783,320</u>	<u>\$ (485,370)</u>	<u>\$ 111,497,950</u>

December 31, 2007	Acquisition Cost	Capitalized Costs	Accumulated Amortization	Net Cost
Lifemark Health	\$ 46,500,000	\$ 291,362	\$ –	\$ 46,791,362
Lower Mainland Steel	51,000,000	333,280	–	51,333,280
End of the Roll	7,200,000	74,920	(250,036)	7,024,884
MEDIchair	6,500,000	83,758	(192,026)	6,391,732
	<u>\$ 111,200,000</u>	<u>\$ 783,320</u>	<u>\$ 442,062</u>	<u>\$ 111,541,258</u>

(a) Investment in LifeMark Health Limited Partnership ("LifeMark Health"):

The Fund holds 900,000 class A preferred partnership units ("LifeMark A Units") and 4,000,000 class B preferred partnership units ("LifeMark B Units") in LifeMark Health (the "LifeMark Investment"). The 900,000 LifeMark A Units and 2,600,000 of the LifeMark B Units were acquired on December 30, 2004 for an aggregate acquisition cost of \$35 million. Alaris acquired 150,000 of the LifeMark B Units from LifeMark Health on June 15, 2005 for an aggregate acquisition cost of \$1.5 million; acquired 250,000 of the LifeMark B Units from LifeMark Health on October 1, 2005 for an aggregate acquisition cost of \$2.5 million; and acquired 750,000 of the LifeMark B units from LifeMark Health on August 1, 2006 for an aggregate acquisition cost of \$7.5 million.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 5

Three month periods ended March 31, 2008 and 2007

2. Investments (continued):

(a) Investment in LifeMark Health Limited Partnership ("LifeMark Health") (continued):

Pursuant to the LifeMark Health partnership agreement (the "LifeMark Partnership Agreement") dated December 30, 2004, the LifeMark A Units entitle the Fund to receive an annual preferred distribution (the "A Unit Preferred Distribution") in priority to distributions on LifeMark Health's other partnership units in a minimum amount of \$1.46 million. The minimum amount is adjusted in each subsequent fiscal year to the greater of (i) \$1.46 million; and (ii) the A Unit Preferred Distribution for the prior fiscal year multiplied by the percentage increase in LifeMark Health's Same Clinic Sales (as defined in the LifeMark Partnership Agreement), being generally LifeMark Health's annual revenue from clinics that have been open for at least two years, for the previous year. For the year ended December 31, 2007, the aggregate annual LifeMark A Units Preferred Distribution was \$1.5 million (2006 - \$1.46 million). Distributions on the LifeMark A Units are receivable monthly.

Pursuant to the LifeMark Partnership Agreement, the LifeMark B Units entitle the Fund to receive an annual preferred distribution (the "B Unit Preferred Distribution") in priority to distributions on LifeMark Health's other partnership units, other than the LifeMark A Units, in an amount equal to the B Unit Preferred Distribution for the prior fiscal year multiplied by the percentage increase or decrease in LifeMark Health's Same Clinic Sales for the previous fiscal year. For the year ended December 31, 2006, the Preferred Distributions were \$5.75 million (2006 - \$5.1 million). Distributions on the LifeMark B Units are receivable monthly.

LifeMark Health has the option at any time after December 30, 2009 (i) to repurchase all (but not less than all) of the LifeMark A and B Preferred Units at a price equal to no less than the aggregate purchase price of the Units (the "Repurchase Right").

(b) Investment in Lower Mainland Steel Limited Partnership ("LMS"):

The Fund holds 510,000 Preferred partnership units ("LMS Units") in Lower Mainland Steel (the "LMS Investment"). 150,000 of the LMS Units were acquired on February 2, 2007 for an aggregate acquisition cost of \$15 million. Alaris acquired another 360,000 LMS Units on December 21, 2007 for an aggregate acquisition cost of \$36 million.

Pursuant to the LMS partnership agreement (the "LMS Partnership Agreement") dated April 2, 2007 and as amended December 21, 2007, the LMS Units entitle the Fund to receive an annual preferred distribution (the "Preferred Distribution") in priority to distributions on LMS' other partnership units. Commencing December 21, 2007 the Fund is entitled to a base preferred distribution of \$8.5 million over the next twelve months. The base is adjusted in each subsequent fiscal year to the Preferred Distribution for the prior fiscal year multiplied by the percentage increase or decrease in LMS' Gross Profit (as defined in the LMS Partnership Agreement). For the year ended December 31, 2007, the aggregate LMS Units Preferred Distributions were \$1.28 million (2006 - Nil). Distributions on the LMS Units are paid monthly.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 6

Three month periods ended March 31, 2008 and 2007

2. Investments (continued):

(c) Investment in End of the Roll Carpet and Vinyl ("End of the Roll"):

On May 1, 2005, the Fund purchased certain intellectual property (the "ER IP") from End of the Roll for an aggregate purchase price of \$7.2 million pursuant to an acquisition agreement (the "ER Acquisition Agreement") dated May 1, 2005 (the "End of the Roll Investment"). The ER IP includes End of the Roll's trademarks, trade names, website, proprietary system for operating franchises and all goodwill associated with its business. The ER IP was subsequently licensed to End of the Roll for a term (the "Term") of 80 years pursuant to a license agreement (the "ER License Agreement") dated May 1, 2005 in consideration of an annual royalty (the "Royalty"). The Royalty for the first 12-month period from May 1, 2005 to April 30, 2006 was \$1.2 million (the "Initial Royalty"). The Royalty for the 12-month period from May 1, 2006 to April 30, 2007 is \$1.295 million. The Royalty for each subsequent 12-month period during the Term is calculated by increasing or decreasing the Royalty for End of the Roll's fiscal year just ended by the percentage change in Same Store Sales Sales (as defined in the ER License Agreement), being generally the total sales of all franchisee retail stores that have been open for at least two years, over the fiscal year immediately preceding the fiscal year just ended. Royalty payments are receivable monthly.

End of the Roll has the option at any time after May 1, 2010 to repurchase the ER IP (and terminate the Royalty) at an aggregate price of no less than the amount invested into End of the Roll (the "Repurchase Right").

(c) Investment in End of the Roll Carpet and Vinyl ("End of the Roll") (continued):

If a Material Breach (as defined in the License Agreement) occurs under the ER License Agreement, End of the Roll is required to pay to the Fund the present value (calculated using a discount rate of 5.10% per annum) of the initial Royalty for 10 years from the date of the Material Breach together with any outstanding Royalty Payments and the Fund may elect to terminate the ER License Agreement.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 7

Three month periods ended March 31, 2008 and 2007

2. Investments (continued):

(d) Investment in MEDlchair Ltd. ("MEDlchair"):

On September 12, 2005, the Fund purchased certain intellectual property (the "MEDlchair IP") from MEDlchair for an aggregate purchase price of \$6.5 million (the "MEDlchair Investment") pursuant to an acquisition agreement (the "MEDlchair Acquisition Agreement") dated September 12, 2005. The MEDlchair IP includes MEDlchair's trademarks, trade names, website, proprietary system for operating franchises and all goodwill associated with its business. The MEDlchair IP was subsequently licensed to MEDlchair for a term (the "Term") of 80 years pursuant to a license agreement (the "MEDlchair License Agreement") dated September 12, 2005 in consideration of an annual royalty (the "Royalty"). The Royalty for the 12-month period from October 1, 2006 to September 30, 2007 was \$1.053 million. The Royalty for the 12-month period from Oct 1, 2007 to September 30, 2008 will be \$1.118 million, The Royalty for each subsequent 12-month period during the Term is calculated by increasing or decreasing the Royalty in MEDlchair's fiscal year just ending by the percentage change in Same Store Royalties (as defined in the MEDlchair License Agreement), being generally the total annual royalties received by MEDlchair from all franchisees whose retail stores have been opened for at least two years over the fiscal year immediately preceding the fiscal year just ending, subject to a maximum percentage change in any year of 10%., MEDlchair has the option at any time after October 1, 2010, to repurchase the MEDlchair IP (and terminate the Royalty) at an aggregate price of no less than the amount invested into MEDlchair (the "Repurchase Right").

If a Material Breach (as defined in the MEDlchair License Agreement) occurs under the License Agreement, MEDlchair is required to pay to the Fund the present value (calculated using a discount rate of 5.5% per annum) of the then current Royalty for 10 years from the date of the Material Breach together with any outstanding Royalty Payments and the Fund may, terminate the License Agreement.

(e) Investment in Palliser Lumber Sales Ltd. ("Palliser Lumber"):

On April 12, 2007, the Fund sold its investment in Palliser at its net book value to a company controlled by its largest unitholder. During 2007, the fund recorded interest income of \$424,179 (2006 - \$1,794,585).

3. Capital assets:

Capital assets consist of leasehold improvements, furniture and fixtures, and computer equipment. The amounts are net of accumulated depreciation of \$233,336 (December 31, 2007 - \$218,263).

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 8

Three month periods ended March 31, 2008 and 2007

4. Bank indebtedness

The Fund has a \$25,000,000 revolving credit facility with a syndicate of Canadian chartered banks. Interest is payable at the lender's prime rate plus 2.00% (7.25% at March 31, 2008). The credit facility is an interest only facility, and is due December 20, 2008. Bank fees of \$437,500 were paid in 2007 as a result of this facility.

The Fund has a \$90,000,000 demand facility with a company controlled by its largest unitholder. Interest is payable at the 13.00% per annum. A financing fee of \$1,500,000 was paid in 2007 as a result of this facility.

The Fund is currently dependent on continued financial support from its largest unitholder until it is able to negotiate a longer term financial solution.

5. Unitholders equity:

Units outstanding and capital contributions for the Fund are as follows:

(a) Authorized:

Units and Special Voting Units

The beneficial interests in the Fund are divided into interests of two classes, described and designated as "Alaris Units" and "Special Voting Units", respectively. An unlimited number of Alaris Units and Special Voting Units are issuable pursuant to the Fund Indenture. Each Alaris Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts and in the net assets of the Fund in the event of a termination or winding-up of the Fund. Except as set out under "Redemption Right" below, the Alaris Units have no conversion, retraction, redemption or pre-emptive rights.

The Special Voting Units will not be entitled to any interest or share in the Fund, in any distribution from the Fund whether of net income, net realized capital gains or other amounts, or in the net assets of the Fund in the event of a termination or winding-up of the Fund.

(b) Issued:

During 2006, the Fund issued 1,500,000 Units to two unitholders for proceeds of \$150,000 (\$0.10 per unit). When the Fund acquired substantially all of the assets and liabilities of MFIT, the unitholders' equity was not included and Alaris was capitalized by issuing 1,500,000 units for proceeds of \$150,000.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 9

Three month periods ended March 31, 2008 and 2007

6. Distributions:

For the three months ended March 31, 2008, the Fund paid distributions to unitholders of \$0.54 per unit (\$810,000 in aggregate). No distributions were paid for the three months ended March 31, 2007.

7. Financial risk management

(a) Credit risk and cash flow risk:

Cash flow risk is the risk that future cash flows associated with portfolio investments will fluctuate. Cash flow from portfolio investments are generally based on a percentage of the investments gross revenue, same store sales, gross margin or other similar revenue. Accordingly, to the extent that the financial performance of the investment declines in respect of the relevant performance metric, cash payments to the Fund will decline. Portfolio investment agreements allow for the repayment of investments at the option of the portfolio entity, such repayment could affect future cash flows. Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund's investments. Concentrations of credit risk exist when a significant proportion of the Fund's assets are invested in a small number of individually significant investments, and investments with similar characteristics and/or subject to similar economic, political and other conditions that may prevail. The Fund is exposed to credit related losses on current and future amounts receivable pursuant to investment agreements. In the event of non-performance by counterparties, future royalty and distributions revenue from the investments could be reduced, resulting in impairment of investment values. The investment agreements provide that payments are receivable monthly no later than the last day of the month. As at March 31, 2008, all amounts receivable for the period ended March 31, 2008 had been received.

Cash and cash equivalents consist of cash bank balances and short-term deposits maturing in less than 90 days. The Fund manages the credit exposure related to short-term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper.

The carrying amount of investments, accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Fund does not have an allowance for doubtful accounts as at March 31, 2008 and did not provide for any doubtful accounts nor was it required to write-off any receivables or investments during the three month period ended March 31, 2008.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 10

Three month periods ended March 31, 2008 and 2007

7. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they are due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Fund's reputation.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Fund's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Foreign currency exchange rate risk and commodity price risk

The Fund does not have any direct exposure to foreign currency exchange rate risk or commodity price risk. The Fund had no forward exchange rate contracts or commodity price contracts in place as at or during the period ended March 31, 2008.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Fund is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest. As at March 31, 2008, if interest rates had been 1% lower with all other variables held constant, net income for the period would have been \$62,500 higher, due to lower interest expense. An equal and opposite impact would have occurred to net income had interest rates been 1% higher.

The Fund had no interest rate swap or financial contracts in place as at or during the period ended March 31, 2008.

(d) Capital management:

During the period ended March 31, 2008 and prior periods, the capital of the Fund was invested by a small number of unitholders. Substantially all of the capital of the Fund consisted of a subordinated loan from the largest unitholder of the Fund, and bank indebtedness. As disclosed in Note 9, the Fund has entered into a series of agreements that, if completed, would result in the Fund becoming a publicly owned company. As a result of the changing circumstances of the Fund's capital, management of the Fund has not yet determined the objectives or policies that will be applicable for capital management in future periods.

ALARIS INCOME GROWTH FUND

Notes to consolidated Financial Statements, Page 11

Three month periods ended March 31, 2008 and 2007

7. Financial risk management (continued):

(e) Fair value of financial instruments:

The Fund's financial instruments as at March 31, 2008 and December 31, 2007 include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, bank indebtedness and subordinated debt. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and approximate their carrying amounts due to their short-terms to maturity.

Bank indebtedness bears interest at a floating market rate and accordingly the fair market value approximates the carrying value. The subordinated debt is due to the Fund's largest unitholder and, accordingly, the fair value is not readily determinable. The fair value of the investments are not readily determinable with sufficient reliability due to the lack of similar instruments in the market.

8. Commitments:

The Fund leases its office space under a five-year lease that commenced on July 1, 2004. The lease payments over the remaining life of the lease are as follows:

Years ending December 31:

2008	\$	90,348
2009		45,174
2010		—
2011		—

9. Subsequent events:

On May 13, 2008, the Fund signed a non-binding Letter of Intent that would result in the Fund being acquired by another Canadian corporation that will include the acquisition of all of the assets and liabilities of the Fund. Management of the Fund will continue with the new organization that is seeking Shareholder approval to change its name to Alaris Royalty Corp. simultaneous to closing transaction with the intention of then seeking a listing on the Toronto Stock Exchange. The definitive agreements have been signed by both parties and the transaction is expected to close on or about July 31, 2008.