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[Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce its results for the three months ended March 31, 2015.

The results of the quarter are summarized in four key performance metrics compared to the prior year period on a per share basis (the Corporation used Normalized EBITDA rather than EBITDA to back out the non-cash foreign exchange gains and losses and a one-time redemption gain):

	Three months ending March 31			
	2015	2014	% Change	
Revenue per share	\$ 0.59	\$ 0.55	+7.5	%
Normalized EBITDA per share	\$ 0.50	\$ 0.49	+3.2	%
Net cash from operating activities per share	\$ 0.36	\$ 0.35	+2.8	%
Dividends per share	\$ 0.375	\$ 0.36	+4.2	%
Weighted average basic shares outstanding (000's)	32,155	28,713		

Alaris again experienced period over period increases in revenue, Normalized EBITDA, net cash from operating activities and dividends on a per share basis in the quarter, a direct result of the continued execution of our business plan to find well run, successful new private company partners ("Partners") with a long track record of sustainable cash flow.

For the three months ended March 31, 2015, the Corporation's revenue from its Partners was as expected and increased 20.4% to \$19.0 million compared to \$15.8 million in the prior year period. On a per share basis, the increase was 7.5%. The increase was due to the addition of two new Partners in the past 12 months: Kimco Holdings, LLC ("Kimco") and PF Growth Partners, LLC ("Planet Fitness"), and follow on investments into Labstat International, LP ("Labstat"), Solowave Design, LP ("Solowave"), Sequel Youth and Family Services, LLC ("Sequel") and SM Group International, LP ("SMi"). Each of these transactions added new revenues in the current period compared to the prior year. These new revenues were partially offset by two redemptions in the last six months: Quetico, LLC ("Quetico") in November 2014 and Killick Aerospace Limited Partnership ("Killick") in January 2015. Expenses were as expected in the quarter.

The 2014 cash sweep owed by Labstat of \$2,421,106 was paid to Alaris in accordance with the partnership agreement subsequent to March 31, 2015.

At each quarter end, the Corporation reviews the fair value of the preferred units in each of the Partners. At March 31, 2015, there were no changes to the fair values of any of the Partners. More information is provided in the Private Company Partner Update portion of the Corporation's MD&A.

	Three months ending March 31	
Reconciliation of Earnings to EBITDA (000's)	2015	2014
Earnings	\$ 21,803	\$ 11,947
Adjustments to Earnings:		
Amortization	29	27
Finance costs	784	1,165
Income tax expense	4,997	3,333
EBITDA	\$ 27,613	\$ 16,472
Normalizing Adjustments		
Gain on disposal of investment	(2,792)	-
Unrealized foreign exchange loss/(gain)	(8,718)	(2,538)
Normalized EBITDA	\$ 16,103	\$ 13,934

For the three months ended March 31, 2015, the Corporation recorded earnings of \$21.8 million, EBITDA of \$27.6 million and Normalized EBITDA of \$16.1 million compared to earnings of \$11.9 million, EBITDA of \$16.5 million and Normalized EBITDA of \$13.9 million in the prior year period. The 15.6% increase in Normalized EBITDA in the quarter was due to the net new revenue streams noted above as they were added with minimal additional costs. On a per share basis, the increase in Normalized EBITDA was 3.2%.

The Corporation continues to work with KMH on a long term solution to improve cash flow. The timing of collections from KMH's US business and decreased performance from and closures of some of KMH's US clinics has resulted in a continuing cash flow constraint that has prevented KMH from paying any material distributions in 2015.

The fair value of the KMH units remains at \$52 million and, in the absence of regular cash distributions to support a discounted cash flow valuation, the Corporation has used a liquidation value to determine the current valuation. More specifically, the Corporation estimated an enterprise value less any senior debt, outstanding promissory notes, unpaid interest and distributions to Alaris to calculate the \$52 million value in the Corporation's preferred units. We will continue working with KMH's management to determine what level of cash distributions we can expect to receive for the remainder of 2015 based on KMH's available cash flow.

The Corporation has accrued \$1,890,000 in revenue for KMH in the three months ended March 31, 2015 but most of that was not paid in cash and sits as a receivable. While distributions are currently scheduled at \$7.5 million for 2015, if KMH does not demonstrate an ability to pay the distributions owing in the second quarter, the Corporation intends to stop accruing revenue on the financial statements.

CRA Update

Subsequent to March 31, 2015, Alaris received notices of re-assessment (the "Reassessment Notices") from the CRA in respect of its taxation years ended December 30, 2009 through to December 30, 2013. Pursuant to the Reassessment Notices, the CRA has denied the deduction of certain non-capital losses and scientific research and experimental development expenses claimed by Alaris during those taxation years. Alaris' aggregate total assessed tax liability (including interest and penalties) in respect of the Reassessment Notices is \$26.9 million. Alaris continues to firmly believe its tax filings to date are correct and that it will be successful in defending its position, and as such, Alaris intends to file notices of objection to contest the Reassessment Notices. Alaris intends to immediately pay a deposit of 50% of the assessed tax liability (plus interest), or \$12.1 million (in addition to the \$1.3 million deposit paid in 2014 relating to the July 2009 tax year), in anticipation of filing of the notices of objection. Alaris has adequate capital available to it to pay both the deposit as well as any further amount of all tax liabilities if the Reassessment Notices are ultimately upheld through the tax adjudication process. Alaris anticipates that legal proceedings through the CRA and the courts will take considerable time to resolve and the payment of the deposits, and any taxes, interest or penalties owing will not materially impact the Corporation's payout ratio. The Corporation firmly believes it will be successful in defending its position and therefore, any current or future deposit paid to the CRA would be refunded, plus interest. The Corporation will continue to file its tax returns by utilizing the remaining available tax pools.

"We're pleased to be reporting another quarter in line with the outlook we provided in March. The reassessment from the CRA was not unexpected and is just another step in a long process that we still believe will be resolved favourably. We continue to expect a positive resolution from KMH as the business remains profitable in a stable industry. Neither of these issues have any impact on our current monthly dividend as we will pay the CRA deposit out of cash on hand and our annualized payout ratio is below 80% to allow for any short-term issues encountered with a Partner," said Darren Driscoll, CFO, [Alaris Royalty Corp.](http://www.alarisroyalty.com)

Outlook

Alaris' agreements with its Partners provide for estimated revenues to Alaris of approximately \$68.3 million for 2015, plus up to another \$5.7 million from KMH. Revenues from our Partners for the three months ended June 30, 2015 are expected to be approximately \$16.6 million, plus up to another \$1.9 million from KMH. The Corporation has all of its \$90.1 million credit facility available for use in future transactions. General and administrative expenses are currently estimated to be \$6.5 million for 2015, inclusive of all public company costs. Cash requirements after earnings are expected to remain at minimal levels.

The Consolidated Statement of Financial Position, Statement of Comprehensive Income, and Statement of Cash Flows are attached to this news release. Alaris' financial statements and MD&A are available on SEDAR at www.sedar.com and on our website at www.alarisroyalty.com.

Conference Call

Alaris' management will host a conference call at 9am MST (11am EST) May 6, 2015 to discuss the financial results and outlook for the Corporation. Participants can access the conference call by telephone by dialing toll free 1-866-223-7781 or 1-416-340-2216. Alternatively, to listen to this event online, please enter <http://www.gowebcasting.com/6454> in your web browser and follow the prompts given. Please connect to the call or log into the webcast at least 10 minutes prior to the beginning of the event. For those unable to participate in the conference call at the scheduled time, it will be archived for replay until the end of day May 13, 2015. You can access the replay by dialing toll free 1-800-408-3053 or 1-905-694-9451 and entering the passcode 6311884. The webcast will be archived for 90 days and is available for replay by using the same link as above or by clicking on the link we'll have stored under the "Presentations & Events" section of the Investor section of our website at www.alarisroyalty.com. An updated corporate presentation will also be available on the website within the next 24 hours.

About the Corporation:

Alaris provides alternative financing to the Partners in exchange for distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Distributions from the Partners are structured as a percentage of a "top line" financial performance measure such as gross margin and same-store sales and rank in priority to the owners' common equity position.

Non-IFRS Measures

The terms EBITDA and Normalized EBITDA are financial measures used in this news release that are not standard measures under International Financial Reporting Standards ("IFRS"). The Corporation's method of calculating EBITDA and Normalized EBITDA may differ from the methods used by other issuers. Therefore, the Corporation's EBITDA and Normalized EBITDA may not be comparable to similar measures presented by other issuers.

EBITDA refers to net earnings (loss) determined in accordance with IFRS, before depreciation and amortization, 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. Management deems non-recurring charges to be unusual and/or infrequent charges that the Corporation incurs outside of its common day-to-day operations. For the three months ended March 31, 2015, the gain on the redemption of the Killick units and the unrealized foreign exchange gains and losses are considered by management to be non-recurring charges. Adjusting for these non-recurring items allows management to assess EBITDA from ongoing operations.

Payout Ratio: The term "payout ratio" is a financial measure used in this news release that is not a standard measure under International Financial Reporting Standards. Annualized Payout Ratio means Alaris' total annualized dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share Alaris expects to generate over the same twelve month period (after giving effect to the impact of all information disclosed today).

Per Share values, other than earnings per share, refer to the related financial statement caption as defined under IFRS or related term as defined herein, divided by the weighted average basic shares outstanding for the period.

The Non-IFRS 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. The Corporation has provided a reconciliation of net income to EBITDA and Normalized EBITDA in this news release.

Forward-Looking Statements

This news release contains forward-looking statements as defined under applicable securities laws. Statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance of the Corporation and the Partners, the future financial position or results of the Corporation, business strategy, and plans and objectives of or involving the Corporation or 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. In particular, this news release contains forward-looking statements regarding the anticipated revenues to be received by Alaris and its general and administrative expenses in 2015, the cash requirements of Alaris in 2015, the outcome of the CRA reassessment process, and the resolution of the KMH cash flow constraints. To the extent any forward-looking statements herein constitute a financial outlook, they were approved by management as of the date hereof and have been included to provide an understanding with respect to Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies over the next 12 to 24 months and how that will affect Alaris' business and that of its Partners are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will grow moderately over the next 12 to 24 months, that interest rates will not rise in a material way over the next 12 to 24 months, that the Partners will continue to make distributions to Alaris as and when required, that the businesses of the Partners will continue to grow, what the Corporation expects to experience regarding resets to its annual royalties and distributions from its Partners in 2015, and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that capital markets will remain stable. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There can be no assurance that the assumptions, 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. The actual results of the Corporation and the Partners could materially differ from those anticipated in the forward-looking statements contained herein as a result of certain risk factors, including, but not limited to, the following: the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; government regulations; a negative resolution of the KMH cash flow constraints, a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; and risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Private Company Partner or the industries they operate in and a change in the ability of the Partners to continue to pay Alaris' preferred distributions. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2014, which is filed under the Corporation's profile at www.sedar.com. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news release. Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. 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.

Alaris Royalty Corp.

Condensed consolidated statement of financial position (unaudited)

	March 31 2015	December 31 2014
Assets		
Cash and cash equivalents	\$ 23,676,816	\$ 13,483,524
Prepayments	1,397,661	1,467,872
Income tax receivable	502,797	1,866,572
Trade and other receivables	8,290,206	5,551,730
Promissory note receivable	8,915,000	8,965,000
Investment tax credit receivable	7,939,212	-
Current Assets	50,721,692	31,334,698
Promissory note receivable	3,500,000	3,500,000
Equipment	105,458	109,565
Intangible assets	6,365,594	6,388,328
Preferred LP and LLC Units	500,487,999	527,641,735
Investment tax credit receivable	1,396,678	10,922,393
Non-current assets	511,855,729	548,562,021
Total Assets	\$ 562,577,421	\$ 579,896,719
Liabilities		
Accounts payable and accrued liabilities	\$ 353,546	\$ 1,453,661
Dividends payable	4,021,990	4,009,045
Foreign exchange contracts	2,865,884	1,541,630
Current Liabilities	7,241,420	7,004,336
Deferred income taxes	9,359,609	7,712,668
Loans and borrowings	-	35,500,000
Non-current liabilities	9,356,609	43,212,668
Total Liabilities	\$ 16,601,029	\$ 50,217,004
Equity		
Share capital	500,185,139	498,363,066
Equity reserve	9,571,008	8,858,711
Fair value reserve	(5,017,360)	(2,637,352)
Translation reserve	13,476,938	7,071,417
Retained earnings	27,760,667	18,023,873
Total Equity	\$ 545,976,392	\$ 529,679,715
Total Liabilities and Equity	\$ 562,577,421	\$ 579,896,719

Alaris Royalty Corp.

Condensed consolidated statement of comprehensive income (unaudited)

For the three months ended March 31

	2015	2014
Revenues		
Royalties and distributions	\$ 18,782,040	\$ 15,488,567
Interest and other	236,606	311,573
Total Revenue	19,018,646	15,800,140
Other income		
Gain on partner redemption	2,792,457	-
Loss on foreign exchange contracts	(2,048,247)	(359,629)
Total Other income	744,210	(359,629)
Salaries and benefits	503,942	337,277
Corporate and office	778,110	497,104
Legal and accounting fees	304,536	309,474
Non-cash stock-based compensation	1,329,335	723,062
Depreciation and amortization	29,291	26,616
Subtotal	2,945,214	1,893,533
Earnings from operations	16,817,642	13,546,978
Finance costs	784,379	1,165,137
Unrealized foreign exchange loss/(gain)	(10,766,315)	(2,897,622)
Earnings before taxes	26,799,578	15,279,463
Deferred income tax expense	3,143,226	1,650,500
Current income tax expense	1,853,587	1,682,129
Total income tax expense	4,996,813	3,332,629
Earnings	21,802,765	11,946,834
Other comprehensive income		
Foreign currency translation differences	6,405,521	1,816,590
Other comprehensive income for the period, net of income tax	6,405,521	1,816,590
Total comprehensive income for the period	\$ 28,208,286	\$ 13,763,424
Earnings per share		
Basic earnings per share	\$ 0.68	\$ 0.42
Fully diluted earnings per share	\$ 0.66	\$ 0.41
Weighted average shares outstanding		
Basic	32,155,339	28,713,974
Fully Diluted	32,848,703	29,363,717

Alaris Royalty Corp.

Condensed consolidated statement of cash flows (unaudited)

For the three months ended March 31

	2015	2014
Cash flows from operating activities		
Earnings from the year	\$ 21,802,765	\$ 11,946,834
Adjustments for:		
Finance costs	784,379	1,165,137
Deferred income tax expense	3,143,226	1,650,500
Depreciation and amortization	29,291	26,616
Gain on partner redemption	(2,792,457)	-
Unrealized loss on foreign exchange forward contract	1,324,254	359,629

Unrealized foreign exchange (gain)/loss	(10,766,315)	(2,897,622)
Non-cash stock-based compensation	1,329,335	723,062
	14,854,478	12,974,156
Change in:		
-trade and other receivables	(1,374,701)	(1,080,041)
-prepayments	70,211	(1,192,740)
-trade and other payables	(1,100,115)	595,631
Cash generated from operating activities	12,449,873	11,297,006
Finance costs	(784,379)	(1,165,137)
Net cash from operating activities	\$ 11,665,494	\$ 10,131,869
Cash flows from investing activities		
Acquisition of equipment	(2,450)	(2,394)
Acquisition of Preferred LP Units	(8,628)	(6,278,572)
Proceeds from partner redemptions	44,300,000	-
Net cash used in investing activities	\$ 44,288,922	\$ 6,280,966)
Cash flows from financing activities		
Proceeds from exercise of options	1,205,035	5,453
Repayment of debt	(35,500,000)	-
Proceeds from debt	-	6,000,000
Promissory notes issued	-	(50,000)
Promissory notes repaid	50,000	-
Dividends paid	(12,053,025)	(10,336,564)
Payments in lieu of dividends on RSUs	-	(85,192)
Net cash used in financing activities	\$ (46,297,990)	\$ (4,466,303)
Net increase in cash and cash equivalents	\$ 9,656,426	\$ (615,400)
Impact of foreign exchange on cash balances	536,866	-
Cash and cash equivalents, Beginning of year	13,483,524	8,998,342
Cash and cash equivalents, End of year	\$ 23,676,816	\$ 8,382,942

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