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[Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce its results for the three and six months ended June 30, 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 2015 gain on the sale of Killick Aerospace Limited Partnership ("Killick")):

Per Share	Three months ending June 30			Six months ending June 30		
	2015	2014	% Change	2015	2014	% Change
Revenue	\$ 0.55	\$ 0.55	-	\$ 1.14	\$ 1.11	+2.7%
Normalized EBITDA	\$ 0.43	\$ 0.41	+4.9%	\$ 0.93	\$ 0.90	+3.3%
Dividends	\$ 0.38	\$ 0.365	+4.1%	\$ 0.755	\$ 0.725	+4.1%
Net cash from operating activities	\$ 0.35	\$ 0.45	-22.2%	\$ 0.71	\$ 0.80	-11.3%
Weighted average basic shares outstanding (000's)	32,175	28,902		32,166	28,808	

Gross revenue from private company partners ("Partners") increased by 8.9% and 14.6% for the three and six months ending June 30, 2015, and on a per share basis revenue was flat for the 3 months ending June 30, 2015 and up 2.7% for the six months ending June 30, 2015 when compared to the prior year period. The growth levels are lower than previous periods due to no revenue being accrued for KMH Limited Partnership ("KMH") in the second quarter as well as the Killick redemption in early 2015. However, new accretive partnerships and organic growth in current partners contributed to increases in revenue, Normalized EBITDA and dividends paid on a per share basis.

Net cash from operating activities on a per share basis decreased by 22.2% and 11.3% in the three and six months ending June 30, 2015 due to a \$6.8 million deposit paid to the CRA in period. Adding back the CRA deposit results in net cash from operating activities of \$0.56 per share (a 24% increase for the three month period) and net cash from operating activities of \$0.92 per share (a 15% increase for the six month period).

Subsequent to June 30, 2015, the Corporation completed a follow-on contribution to PF Growth Partners, LLC ("Planet Fitness") for \$5.0 million in preferred units in order to support growth initiatives at Planet Fitness. The units have an annualized distribution of \$0.7 million (14% return). Additionally, on July 16, 2015, the Corporation closed an equity offering that provided \$109.7 million of net proceeds, almost all of which was applied against the senior credit facility resulting in senior debt of \$35.2 million at July 28, 2015 compared to \$144.2 million as at June 30, 2015.

	3 months ending June 30		6 months ending June 30	
Reconciliation of Earnings to EBITDA (thousands)	2015	2014	2015	2014
Earnings	\$ 8,951	\$ 8,745	\$ 30,759	\$ 20,704
Adjustments to Earnings:				
Amortization	48	28	77	54
Finance costs	697	876	1,481	2,041
Income tax expense	2,980	(645)	7,977	2,678
EBITDA	\$ 12,676	\$ 9,004	\$ 40,294	\$ 25,477
Normalizing Adjustments				
Unrealized foreign exchange loss/(gain)	1,165	2,884	(7,553)	345
Gain on disposition of Killick units	-	-	(2,792)	-
Normalized EBITDA	\$ 13,841	\$ 11,888	\$ 29,949	\$ 25,822

For the three and six months ended June 30, 2015, the Corporation recorded earnings of \$8.95 million and \$30.8 million, EBITDA of \$12.7 million and \$40.3 million and Normalized EBITDA of \$13.8 million and \$29.9 million compared to earnings of \$8.75 million and \$20.70 million, EBITDA of \$9.0 million and \$25.48 million and Normalized EBITDA of \$11.9 million and \$25.8 million in the prior year periods. The increase was due to the addition of four new Partners in the past 12 months: Kimco

Holdings, LLC ("Kimco"), Planet Fitness, DNT Construction, LLC ("DNT") and Federal Resources Supply Company ("Federal Resources") and follow on investments into 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 twelve months: Quetico, LLC ("Quetico") in November 2014 and Killick in January 2015 as well as a decline in revenue from KMH as it undergoes a strategic process. Expenses were as expected in the quarter.

At each quarter end, the Corporation reviews the fair value of the preferred units in each of the Partners. At June 30, 2015, there were seven changes to the fair values of the Partners for a net increase in fair values of \$2.2 million: an increase to Sequel's units of \$4.71 million due to better than expected same program sales performance for Sequel's year ended June 30, 2015; an increase in the LifeMark Health Limited Partnership ("LifeMark") units of \$1.48 million as the repurchase right LifeMark has on the units increases by 4% in June of each year; an increase in the Solowave units of \$1.97 million due to better than expected performance; a reduction to the KMH units of \$2 million due to a reduction in expectations from the strategic process that is underway; a reduction to the SCR Mining and Tunneling, LP ("SCR") units of \$2.5 million, a reduction to the Agility Health, LLC ("Agility") units of \$0.91 million and a reduction to the Kimco units of \$0.57 million, each due to a reduction in growth expectations. More information related to the financial performance of the Partners is provided in the Private Company Partner Update portion of the Corporation's Management's discussion and analysis for the period (a copy of which is available under Alaris' profile at www.sedar.com), which readers are encouraged to review.

"The second quarter was a significant one with two new partners in DNT (\$87 million CAD) and Federal Resources (\$58 million CAD), the ninth and tenth consecutive dividend increases and a successful equity offering that brought our debt outstanding down to \$35.2 million as of July 28, 2015. The accretive transactions with new Partners, along with an accretive follow on contribution to Planet Fitness shortly after the quarter end, and net increases expected from our current Partner distribution resets are expected to continue to fuel our growth on a gross and per share basis in the quarters to follow," 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 \$81.1 million for 2015 (no further distributions from KMH are included in this total). Revenues from our Partners for the three months ended September 30, 2015 are expected to be approximately \$22.2 million (no further distributions from KMH are included in this total). After the successful equity offering closed on July 16, 2015, the Corporation has \$35.2 million drawn on its \$90.1 million credit facility (extended to \$150.1 million until August 31, 2015). Annual general and administrative expenses are currently estimated at \$7.0 million annually and include 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), Wednesday, July 29, 2015 to discuss the financial results and outlook for the Corporation. Participants can access the conference call by dialing toll free 1-866-223-7781 (or 1-416-340-2216). Alternatively, to listen to this event online, please enter www.gowebcasting.com/6603 in to 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 11am EST August 5, 2015. You can access the replay by dialing toll free 1-800-408-3053 (or 1-905-694-9451) and entering the passcode 9949566. 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 "Investor" section on our website at www.alarisroyalty.com.

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, Normalized EBITDA and Per Share values 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, Normalized EBITDA and Per Share values may differ from the methods used by other issuers. Therefore, the Corporation's EBITDA, Normalized EBITDA and Per Share values 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 and six months ended June 30, 2015, the gain on the redemption of the Killick units and the unrealized foreign exchange gains and losses gain are considered by management to be non-recurring charges. Adjusting for these non-recurring items allows management to assess EBITDA from ongoing operations.

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 (annually and on a quarterly basis), its general and administrative expenses in 2015, and the cash requirements of Alaris in 2015. To the extent any forward-looking statements herein constitute a financial outlook, including, without limitation, estimates of revenues and expenses, 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 in 2015 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 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 (or that Alaris will recover all or a substantial portion of an investment upon a default), 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; failure to achieve a positive resolution out of KMH's strategic review process, a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; 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; and a material adjustment to any unaudited financial information that a Partner provided to Alaris. 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)

	June 30 2015	December 31 2014
Assets		
Cash and cash equivalents	\$20,537,538	\$13,483,524
Prepayments and deposits	8,272,708	1,467,872
Trade and other receivables	6,039,699	5,551,730
Income tax receivable	-	1,866,572
Promissory notes receivable	8,234,945	8,965,000
Investment tax credit receivable	5,743,189	-
Current Assets	48,828,079	31,334,698
Promissory notes receivable	3,500,000	3,500,000
Equipment	564,303	109,565
Intangible assets	6,342,860	6,388,328
Investments at Fair Value	647,114,611	527,641,735
Investment tax credit receivable	3,891,077	10,922,393
Non-current assets	661,412,851	548,562,021
Total Assets	\$710,240,930	\$579,896,719
Liabilities		
Accounts payable and accrued liabilities	\$2,709,264	\$1,453,661
Dividends payable	4,182,870	4,009,045
Income taxes payable	1,003,315	-
Loans and borrowings	69,200,000	-
Foreign exchange contracts	2,158,596	1,541,630
Current Liabilities	79,254,045	7,004,336
Deferred income taxes	12,074,650	7,712,668
Loans and borrowings	75,000,000	35,500,000
Non-current liabilities	87,074,650	43,212,668
Total Liabilities	\$166,328,695	\$50,217,004
Equity		
Share capital	\$500,185,139	\$498,363,066
Equity reserve	10,702,551	8,858,711
Fair value reserve	(3,951,731)	(2,637,352)
Translation reserve	12,486,028	7,071,417
Retained Earnings	24,490,248	18,023,873
Total Equity	\$543,912,235	\$529,679,715
Total Liabilities and Equity	\$710,240,930	\$579,896,719

Alaris Royalty Corp.

Condensed consolidated statement of comprehensive income (unaudited)

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Revenues and other income				
Royalties and distributions	\$17,446,917	\$15,920,210	\$36,227,126	\$31,407,252
Interest and other	239,990	314,505	476,596	626,078
Gain on reduction of partner interests	-	-	2,792,457	-
Gain/(loss) on foreign exchange contracts	47,375	675,535	(2,000,872)	315,906
Total Revenue and other income	17,734,282	16,910,250	37,495,307	32,349,236
Expenses				
Salaries and benefits	1,301,737	2,353,965	1,805,678	2,691,243

Corporate and office	827,639	429,606	1,600,298	923,079
Legal and accounting fees	591,690	453,204	894,473	762,663
Non-cash stock-based compensation	1,125,443	1,110,080	2,454,778	1,833,142
Depreciation and amortization	47,531	27,699	76,823	54,315
Subtotal	3,894,040	4,374,554	6,832,050	6,264,442
Earnings from operations	13,840,242	12,535,696	30,663,257	26,084,794
Finance cost	696,548	876,075	1,480,928	2,041,212
Unrealized foreign exchange (gain)/loss	1,212,492	3,559,064	(9,553,823)	661,442
Earnings before taxes	11,931,202	8,100,557	38,736,152	23,382,140
Current income tax expense	1,570,399	(123,912)	3,429,123	1,548,144
Deferred income tax expense	1,409,527	(520,700)	4,547,831	1,129,800
Earnings	\$8,951,276	\$8,745,169	\$30,759,198	\$20,704,196

Other comprehensive income				
Net change in fair value of Preferred LP Units	2,176,700	(73,940)	2,176,700	(73,940)
Tax impact of change in fair value	(1,102,806)	128,800	(1,102,806)	128,800
Realized gain on reduction of partnership interest				
Tax impact of realized gain				
Foreign currency translation differences	(990,910)	(1,959,871)	5,414,611	(143,281)
Other comprehensive income for the period, net of income tax	82,984	(1,905,011)	6,488,505	(88,421)
Total comprehensive income for the period	\$9,034,262	\$6,840,158	\$37,247,703	\$20,615,775

Earnings per share				
Basic earnings per share	\$0.28	\$0.30	\$0.96	\$0.72
Fully diluted earnings per share	\$0.27	\$0.30	\$0.94	\$0.70

Weighted average shares outstanding				
Basic	32,175,921	28,902,064	32,165,687	28,808,539
Fully Diluted	32,718,883	29,443,718	32,848,703	29,451,067

Alaris Royalty Corp.

Condensed consolidated statement of changes in equity (unaudited)
For the six months ended June 30, 2014

	Share Capital	Equity Reserve	Fair Value Reserve	Translation R Reserve	E
Balance at January 1, 2014	\$413,237,576	\$5,688,079	\$(4,883,951)	\$1,201,883	\$
Total comprehensive income for the period					
Earnings for the period	-	-	-	-	2
Other comprehensive income					
Net change in fair value of Preferred units	-	-	(73,940)	-	-
Tax impact of change in fair value	-	-	128,800	-	-
Foreign currency translation differences	-	-	-	(143,281)	-
Total other comprehensive income	-	-	54,860	(143,281)	-
Total comprehensive income for the period	\$-	\$-	\$54,860	(143,281)	\$
Transactions with shareholders of the Company, recognized directly in equity					
Contributions by and distributions to shareholders of the Company					
Non-cash stock based compensation	\$-	\$1,833,142	\$-	\$-	\$
Dividends to shareholders	-	-	-	-	(2)
Options exercised in the period	5,981	(528)	-	-	-
Shares issued in the period	87,417,135	-	-	-	-
Share issue costs, net of tax	(3,362,991)	-	-	-	-
Payments in lieu of dividends on RSUs	-	-	-	-	(1)
Total transactions with Shareholders of the Company	84,060,125	1,832,614	-	-	(2)
Balance at June 30, 2014	\$497,297,701	\$7,520,693	\$(4,829,091)	\$1,058,602	\$

Alaris Royalty Corp.

Condensed consolidated statement of changes in equity (unaudited)

For the six months ended June 30, 2015

	Share Capital	Equity Reserve	Fair Value Reserve	Translation Reserve
Balance at January 1, 2015	\$498,363,066	\$8,858,711	\$(2,637,352)	\$7,071,417
Total comprehensive income for the period				
Earnings for the period	-	-	-	-
Other comprehensive income				
Net change in fair value of Preferred units			2,176,700	
Tax impact of change in fair value			(1,102,806)	
Gain on partner redemption	-	-	(2,792,457)	-
Tax impact on realized gain	-	-	404,184	-
Foreign currency translation differences	-	-	-	5,414,611
Total other comprehensive income	-	-	(1,314,379)	5,414,611
Total comprehensive income for the period	\$-	\$-	\$(1,314,379)	\$5,414,611
Transactions with shareholders of the Company, recognized directly in equity				
Contributions by and distributions to shareholders of the Company				
Non-cash stock based compensation	\$-	\$2,460,878	\$-	\$-
Dividends to shareholders	-	-	-	-
Options exercised in the period	1,466,073	(261,038)	-	-
Shares issued after Director RSU vesting	356,000	(356,000)	-	-
Total transactions with Shareholders of the Company	1,822,073	1,843,840	-	-
Balance at June 30, 2015	\$500,185,139	\$10,702,551	\$(3,951,731)	\$12,486,028

Alaris Royalty Corp.

Condensed consolidated statement of cash flows (unaudited)

For the six months ended June 30

	2015	2014
Cash flows from operating activities		
Earnings from the period	\$30,759,198	\$20,704,196
Adjustments for:		
Finance costs	1,480,928	2,041,212
Deferred income tax expense	4,547,831	1,129,800
Depreciation and amortization	76,823	54,315
Unrealized foreign exchange loss/(gain)	(9,553,823)	133,017
(Gain)/Loss on forward contracts	616,966	(315,906)
(Gain)/Loss on reduction of partner interests	(2,792,457)	-
Non-cash stock based compensation	2,454,778	1,833,142
	27,590,244	25,579,776
Change in:		
-trade and other receivables	1,378,603	(1,745,412)
-prepayments	(6,804,836)	(1,192,740)
-trade and other payables	2,258,918	2,434,627
Cash generated from operating activities	24,422,929	25,076,251
Interest paid	(1,480,928)	(2,041,212)
Net cash from operating activities	\$22,942,001	\$23,035,039
Cash flows from investing activities		
Acquisition of equipment	(486,092)	(47,674)
Acquisition/disposition of Preferred LP Units	(146,918,721)	(38,872,862)
Proceeds from reduction in Preferred LP Units	44,300,000	-
Net cash used in investing activities	\$(103,104,813)	\$(38,920,536)

Cash flows from financing activities		
New share capital, net of share issue costs	-	82,933,144
Proceeds from exercise of options	1,205,035	5,453
Borrowing of senior debt	149,200,000	37,700,000
Repayment of senior debt	(40,500,000)	(82,200,000)
Promissory notes issued	(3,000,000)	(50,000)
Promissory notes repaid	3,230,055	1,000,000
Dividends paid	(24,118,995)	(20,676,546)
Payments in lieu of dividends on RSUs	-	(174,595)
Net cash from financing activities	\$86,016,095	\$18,537,456
Net increase in cash and cash equivalents	5,853,283	2,651,959
Impact of foreign exchange on cash balances	1,200,731	-
Cash and cash equivalents, Beginning of period	13,483,524	8,998,342
Cash and cash equivalents, End of period	\$20,537,538	\$11,650,301

Contact

[Alaris Royalty Corp.](#)

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