Parkland
FUEL CORPORATION

NOTICE TO READER

March 31, 2015

Refiling of Audited Consolidated Financial Statements for the Year ended December 31, 2014 – Corrected Independent Auditor's Report

The audited consolidated financial statements of the Company for the year ended December 31, 2014 (the "**Consolidated Financial Statements**") appended hereto are being refiled in order to include a corrected version of the Independent Auditor's Report of PricewaterhouseCoopers LLP (the "**Independent Auditor's Report**").

After filing the Consolidated Financial Statements on March 4, 2015, it was identified that the original Independent Auditor's Report did not include a reference to the January 1, 2013 opening statement of financial position. The Independent Auditor's Report to the Consolidated Financial Statements appended hereto includes such reference.

This was the only amendment to the Independent Auditor's Report. No changes have been made to the content of the Consolidated Financial Statements.

This notice does not form part of the Consolidated Financial Statements.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements and the notes to the financial statements are the responsibility of the management of Parkland Fuel Corporation. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board which has been adopted in Canada. Financial information that is presented in the Management's Discussion and Analysis is consistent with the financial statements.

In preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. In order to ensure that management fulfills its responsibilities for financial reporting we have established an organizational structure that provides appropriate delegation of authority, division of responsibilities, and selection and training of properly qualified personnel. Management is also responsible for the development of internal controls over the financial reporting process.

The Board of Directors (the Board) is assisted in exercising its responsibilities through the Audit Committee (the Committee) of the Board. The Committee meets regularly with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

PricewaterhouseCoopers LLP, the independent auditors appointed by the shareholders, have audited Parkland Fuel Corporation's consolidated financial statements in accordance with Canadian generally accepted auditing standards and provided an independent professional opinion. The auditors have full and unrestricted access to the Committee to discuss the audit and their related findings as to the integrity of the financial reporting process.

"signed"
Robert B. Espey
President and CEO
Red Deer, Alberta
March 4, 2015

"signed"
Michael S.H. McMillan
CFO
Red Deer, Alberta
March 4, 2015

March 4, 2015

Independent Auditor's Report

To the Shareholders of
Parkland Fuel Corporation

We have audited the accompanying consolidated financial statements of Parkland Fuel Corporation and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2014, December 31, 2013 and January 1, 2013, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and December 31, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Parkland Fuel Corporation and its subsidiaries as at December 31, 2014, December 31, 2013 and January 1, 2013 and their financial performance and their cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

Parkland Fuel Corporation

Consolidated Balance Sheets

(in 000's of Canadian Dollars)	**December 31, 2014**	December 31, 2013 (revised - see note 2)	January 1, 2013 (revised - see note 2)
Assets			
Current Assets			
Cash and cash equivalents	**203,264**	8,986	14,676
Restricted cash	**1,833**	1,833	-
Accounts receivable (Note 8)	**442,218**	499,873	316,488
Inventories (Note 9)	**121,579**	128,883	75,911
Income tax receivable	**1,373**	2,940	2,500
Risk management (Note 10)	**4,897**	646	2,015
Prepaid expenses and other	**12,044**	9,752	9,425
	787,208	652,913	421,015
Property, plant and equipment (Note 11)	**359,505**	319,344	258,404
Intangible assets (Note 12)	**163,833**	127,011	106,973
Goodwill (Note 13)	**179,607**	132,493	91,138
Long-term receivables (Note 14)	**13,682**	12,081	10,315
Other long term assets (Note 15)	**12,829**	-	-
Deferred tax asset (Note 16)	**15,127**	11,382	8,509
	1,531,791	1,255,224	896,354
Liabilities			
Current Liabilities			
Bank indebtedness	**5,969**	2,539	-
Accounts payable and accrued liabilities	**327,425**	375,799	175,351
Dividends declared and payable	**7,432**	6,225	5,777
Income tax payable	**-**	-	20,034
Deferred revenue	**7,540**	7,052	6,602
Long-term debt - current portion (Note 17)	**2,448**	1,354	906
Convertible debentures - current portion (Note 18)	**43,694**	83,239	-
Asset retirement obligations - current portion (Note 19)	**7,851**	2,995	-
Risk management (Note 10)	**5,166**	4,909	929
Other long-term liabilities - current portion	**3,350**	2,282	250
	410,875	486,394	209,849
Long-term debt (Note 17)	**435,054**	222,955	153,540
Other long-term liabilities	**14,744**	11,477	1,208
Convertible debentures (Note 18)	**-**	44,168	136,907
Asset retirement obligations (Note 19)	**52,735**	39,653	30,293
Refinery and terminal remediation accrual (Note 20)	**13,455**	11,803	13,957
Deferred tax liability (Note 16)	**35,077**	8,951	4,967
	961,940	825,401	550,721
Shareholders' Equity			
Shareholders' capital (Note 21)	**584,856**	411,503	349,591
Contributed surplus	**6,339**	5,862	2,964
Accumulated other comprehensive gain (loss)	**2,188**	-	(324)
(Deficit) Retained earnings	**(23,532)**	12,458	(6,598)
	569,851	429,823	345,633
	1,531,791	1,255,224	896,354

Contingencies and Commitments (Note 28)
Subsequent event (Note 31)

Signed on behalf of the Board of Directors:

"signed"
James Pantelidis
Chairman of the Board

"signed"
Ron Rogers
Chairman of the Audit Committee

The accompanying notes are an integral part of these consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Income

(in 000's of Canadian Dollars and shares except per share amounts)	Year ended December 31, **2014**	2013
Sales and operating revenue	**7,527,638**	5,663,422
Cost of sales, excluding depreciation	**6,989,601**	5,143,440
Customer finance income	**(2,436)**	(2,485)
Operating costs	**242,819**	190,278
Marketing, general and administrative	**132,829**	111,592
Depreciation and amortization	**75,124**	56,003
Finance costs (Note 22)	**25,145**	19,884
Foreign exchange gain (Note 10)	**(4,136)**	(940)
Loss on disposal of property, plant and equipment	**1,156**	2,440
(Gain) loss on risk management activities (Note 10)	**(2,686)**	20,243
Earnings before income taxes	**70,222**	122,967
Income tax expense (recovery) (Note 16)		
Current	**26,585**	35,303
Deferred	**(6,238)**	(4,293)
Net earnings	**49,875**	91,957
Net earnings per share (Note 7)		
- Basic	**0.66**	1.31
- Diluted	**0.66**	1.26
Shares outstanding	**82,114**	71,795

The accompanying notes are an integral part of these consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income

(in 000's of Canadian Dollars and shares except per share amounts)	**Year ended December 31, 2014**	2013
Net earnings	**49,875**	91,957
Other comprehensive income:		
Items that may be reclassified to consolidated statement of income in subsequent periods:		
Exchange differences on translation of foreign operations	**7,277**	-
Net loss on hedge of net investment in foreign operations, net of tax recovery of $763 (2013 - $nil) (Note 10)	**(5,089)**	-
Income on interest rate swaps due to de-designation of the hedging item, net of tax expense of $nil (2013 - $117)	**-**	324
Other comprehensive income, net of tax	**2,188**	324
Total comprehensive income, net of tax	**52,063**	92,281

The accompanying notes are an integral part of these consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Changes in Equity

(in 000's of Canadian Dollars and shares)	Year ended December 31,					
	Shareholders' capital	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total	Number of shares
2014						
Balance, beginning of year (revised - see Note 2)	**411,503**	**5,862**	**12,458**	**-**	**429,823**	**71,795**
Net earnings for the year	**-**	**-**	**49,875**	**-**	**49,875**	**-**
Other comprehensive income, net of tax	**-**	**-**	**-**	**2,188**	**2,188**	**-**
Issued on capital acquisition, net of issue costs	**21,484**	**-**	**-**	**-**	**21,484**	**1,163**
Dividends	**-**	**-**	**(85,865)**	**-**	**(85,865)**	**-**
Share incentive compensation	**-**	**3,618**	**-**	**-**	**3,618**	**-**
Issued under dividend reinvestment plan, net of issue costs	**60,185**	**-**	**-**	**-**	**60,185**	**2,817**
Issued under share option plan	**5,165**	**(500)**	**-**	**-**	**4,665**	**367**
Issued on vesting of restricted shares	**1,235**	**(2,641)**	**-**	**-**	**(1,406)**	**142**
Issued upon conversion of debentures	**85,284**	**-**	**-**	**-**	**85,284**	**5,830**
Balance, end of year	**584,856**	**6,339**	**(23,532)**	**2,188**	**569,851**	**82,114**
2013						
Balance, beginning of year (revised - see Note 2)	349,591	2,964	(6,598)	(324)	345,633	67,973
Net earnings for the period	-	-	91,957	-	91,957	-
Other comprehensive income, net of tax	-	-	-	324	324	-
Dividends	-	-	(72,901)	-	(72,901)	-
Share incentive compensation	-	3,348	-	-	3,348	-
Issued under dividend reinvestment plan, net of issue costs	49,613	-	-	-	49,613	2,940
Issued under share option plan	487	(25)	-	-	462	51
Issued on vesting of restricted shares	-	(425)	-	-	(425)	22
Issued upon conversion of debentures	11,812	-	-	-	11,812	809
Balance, end of year	411,503	5,862	12,458	-	429,823	71,795

The accompanying notes are an integral part of these consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Cash Flows

(in 000's of Canadian Dollars)	Year ended December 31, 2014	2013
Cash flows from operating activities		
Net earnings	**49,875**	91,957
Adjustments for:		
Depreciation and amortization	**75,124**	56,003
Loss on disposal of property, plant and equipment	**1,156**	2,440
Share incentive compensation	**4,734**	4,353
Refinery and terminal remediation accrual	**496**	544
Accretion expense on asset retirement obligation	**1,972**	338
Change in risk management activities	**(3,994)**	595
Increase in other long-term liabilities	**4,297**	2,385
Accretion on convertible debentures	**2,148**	2,312
Amortization of deferred financing costs and debt premium	**1,297**	1,410
Change in fair value of Redemption Option (Note 10)	**(2,940)**	-
Deferred taxes	**(6,238)**	(4,293)
Cash expenditures on asset retirement obligation	**(1,626)**	(2,446)
Net changes in non-cash working capital (Note 25)	**44,889**	(22,464)
Cash generated from operating activities	**171,190**	133,134
Financing Activities		
Long-term debt repayments	**(556,993)**	(525,781)
Proceeds from long-term debt	**746,230**	593,000
Convertible debenture repayments	**(577)**	-
Dividends to shareholders, net of dividend reinvestment plan	**(24,473)**	(22,636)
Shares issued for cash	**4,665**	462
Cash (used in) generated from financing activities	**168,852**	45,045
Investing Activities		
Acquisition of SPF Energy Inc., net of cash and bank indebtedness assumed (Note 24a)	**(84,528)**	-
Acquisition of Chevron-branded service stations (Note 24b)	**(16,446)**	-
Acquisition of Elbow River Marketing, net of bank indebtedness assumed (Note 24c)	**-**	(84,594)
Acquisition of Sparling's Propane (Note 24d)	**-**	(32,388)
Acquisition of TransMontaigne (Note 24e)	**-**	(11,065)
Acquisition of Scotsburn and R-Gas (Note 24f)	**-**	(2,390)
Increase in long-term receivables	**(2,223)**	(1,765)
Additions of property, plant and equipment and intangible assets	**(50,171)**	(56,477)
Proceeds on sale of property, plant and equipment and intangibles	**3,546**	4,104
Cash used in investing activities	**(149,822)**	(184,575)
Increase (decrease) in cash	**190,220**	(6,396)
Net foreign exchange difference	**628**	-
Cash, beginning of year	**8,280**	14,676
Cash, end of year	**199,128**	8,280
Represented by:		
Cash	**48,264**	8,986
Term deposits	**155,000**	-
	203,264	8,986
Restricted cash	**1,833**	1,833
Bank indebtedness	**(5,969)**	(2,539)
Total cash and cash equivalents	**199,128**	8,280
Supplementary Cash Flow Information:		
Interest paid	**20,615**	15,977
Interest received	**2,436**	2,485
Income taxes paid	**25,011**	57,193

The accompanying notes are an integral part of these consolidated financial statements

1. REPORTING ENTITY AND DESCRIPTION OF THE BUSINESS

Parkland Fuel Corporation and its wholly owned subsidiaries (collectively the "Corporation" or "Parkland") is a Canadian independent marketer and distributor of crude oil, refined fuels and other related products, managing a nationwide network of sales channels for retail, commercial, wholesale and home heating fuel customers. The consolidated financial statements include the accounts of Parkland Fuel Corporation and its wholly-owned subsidiaries. As of December 31, 2014, Parkland had the following wholly-owned subsidiaries: Parkland Industries Ltd., Bluewave Energy Ltd., Cango Inc., Neufeld Petroleum & Propane Ltd., Island Petroleum Inc., Parkland Refining Ltd., Columbia Fuels Ltd., United Petroleum Products Inc., 1472490 Alberta Ltd., Elbow River Marketing Ltd., Elbow River Marketing USA Ltd., 2362917 Ontario Inc., Sparling's Propane Co. Ltd., Sparling's Propane Inc., 1714141 Alberta Ltd., Parkland (U.S.) Holding Corp., Parkland (U.S.) Acquisition Corp., Parkland (U.S.) Financing Corp., SPF Energy Inc., Farstad Oil Inc. and Superpumper Inc.

Parkland Fuel Corporation was incorporated under the laws of the Province of Alberta on March 9, 2010 and has its corporate head office at Suite 236, Riverside Office Plaza, 4919 59th Street, Red Deer, Alberta, T4N 6C9.

2. CORRECTION OF PRIOR PERIOD ERROR

In the second quarter of 2014, a comprehensive and disciplined review of fuel tax transactions dated from 2010 onwards was completed by Parkland. This review was required to complete provincial fuel tax reporting. Upon the completion of the fuel tax transactions review, a shortfall of $9,600 from the reviewed fuel tax transactions receivable to the recorded fuel tax receivable was identified. As a result of the review conducted on transactions, Parkland has concluded the shortfall from the reviewed fuel tax transactions dates prior to January 1, 2012. Parkland has concluded this error is not material to any individual prior year financial statements. In each of the consolidated balance sheets as at December 31, 2012, March 31, 2013, December 31, 2013 and March 31, 2014 the correction of this error resulted in a decrease in retained earnings of $7,100, a decrease in accounts receivable of $9,600 and an increase in income tax receivable of $2,500. This error has been corrected and revised retroactively in these consolidated financial statements.

In the three months ended June 30, 2013 Parkland expensed $3,574 (six months ended June 30, 2013 - $3,574) relating to the fuel tax receivable. Parkland has determined that the cause of this expense is of a similar nature to the shortfall described above. For the annual periods of 2012 and 2013, $4,500 and $6,074, respectively, were recorded as expenses. These comparative amounts, individually or in aggregate, were not considered significant enough in the overall context of the quarterly and annual financial statements for these periods to warrant adjustment to prior periods and therefore have not been retrospectively adjusted in the prior periods.

3. BASIS OF PREPARATION

(a) General Information

These consolidated financial statements were approved for issue by the Board of Directors on March 4, 2015.

(b) Statement of Compliance

These audited consolidated financial statements are prepared and reported in Canadian dollars in accordance with Canadian generally accepted accounting principles as set out in Part 1 of the Chartered Professional Accountants of Canada Handbook and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB) and effective on December 31, 2014.

4. CHANGE IN ACCOUNTING POLICY

Parkland had adopted the following new standards (a) to (e) effective January 1, 2014 and (f) effective July 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(a) Amendments to IAS 32 – Financial Instruments: Presentation ("IAS 32") – Offsetting Financial Assets and Financial Liabilities

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 32. The amendment provides clarification for offsetting financial assets and financial liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on the future events. The adoption of this amendment has no impact on Parkland.

(b) Amendments to IAS 36 – Impairment of Assets ("IAS 36") – Recoverable Amount Disclosures for Non-Financial Assets

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 36. These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units ("CGUs") for which an impairment loss has been recognized or reversed during the period. The adoption of this amendment has no impact on Parkland.

(c) IFRIC 21 – Levies ("IFRIC 21")

Effective January 1, 2014, Parkland adopted retrospectively IFRIC 21. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 – *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The adoption of IFRIC 21 has no impact on Parkland.

(d) Amendments to IAS 39 – Financial Instrument: Recognition and Measurement ("IAS 39") – Novation of Derivatives and Continuation of Hedge Accounting

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 39. The amendment relates to hedge accounting and novation of derivatives. It provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedge instrument meets certain criteria. The adoption of this standard has no impact on Parkland.

(e) Amendments to IFRS 10 – Consolidated Financial Statements ("IFRS 10"), IFRS 12 – Disclosure of interests in other entities ("IFRS 12"), and IAS 27 – Separate Financial Statements ("IAS 27") – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 – *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on Parkland.

(f) Amendments to IFRS 3 – Business Combinations ("IFRS 3") – Accounting for contingent consideration in a business combination

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity. In addition, the standard clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss. This amendment has no impact on Parkland.

Parkland has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis except as detailed in the Corporation's accounting policies. The accounting policies described below have been applied consistently to all periods presented in these financial statements.

(b) Principles of Consolidation

The financial statements of the Corporation consolidate the accounts of Parkland and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are those entities which the Corporation controls by having the power to govern the financial and operating policies and being exposed to the variable returns from the investment in the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Parkland and de-consolidated from the date that control ceases.

The Corporation applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the seller and the equity interests issued by Parkland. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. Any contingent consideration to be transferred by Parkland is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the seller and the acquisition-date fair value of any previous equity interest in the seller over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

(c) Foreign Currency Translation

Functional and presentation currency:

Parkland's presentation currency is Canadian dollars. The Corporation's subsidiaries' functional currencies are either the Canadian dollar or the United States dollar. Each subsidiary determines its functional currency based on the currency of the primary economic environment in which it operates.

Effective January 1, 2014, Parkland adopted an additional accounting policy related to the translation of foreign currency. Prior to the acquisition of SPF Energy Inc., Parkland's subsidiaries' functional and presentation currency was exclusively Canadian dollars.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates applicable for the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

When the Corporation disposes of the entire interest in the foreign operation or loses control, joint control or significant influence over a foreign operation, the foreign currency gain or losses accumulated in other comprehensive income related to the foreign operation are recognized in net earnings. When the Corporation disposes of part of an interest in a foreign operation that continues to be a subsidiary, a proportionate amount of gains and losses accumulated in other comprehensive income is allocated between controlling and non-controlling interest.

Transactions and balances:

Transactions in foreign currencies are translated to the respective functional currencies at the exchange rates in effect at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into its functional currency at the rates of exchange in effect at the period end date. Any gains or losses are recorded in the consolidated statement in income.

(d) Financial Instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are de-

recognized when the contractual obligation that gives rise to the financial liability has been transferred or discharged by performance.

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Financial assets and liabilities at fair value through profit or loss:

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives, including embedded derivatives are also included in this category unless they are designated as effective hedging instrument. Risk management assets and risk management liabilities (Note 10) have been classified as a financial asset and liability at fair value through profit or loss.

Financial instruments in this category are initially recognized and subsequently measured at fair value. Transaction costs are expensed in the consolidated statements of income. Gains and losses arising from changes in fair value are presented in the consolidated statements of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the consolidated balance sheets' date, which is classified as non-current.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the host contracts are not designated at fair value through profit or loss. Reassessment occurs only if there is a change in the terms of the contract that significantly modifies the cash flows that otherwise be required or there is a reclassification of the financial asset out of the fair value through profit or loss category.

Held to maturity investments:

Held for maturity investments are measured at amortized cost using the effective interest rate method of amortization. Parkland has not designated any financial instruments as held to maturity investments.

Available-for-sale investments:

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Parkland has not designated any financial instruments as available-for-sale investments.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Parkland's loans and receivables are comprised of cash and cash equivalents, restricted cash, receivables and long-term receivables. Parkland has designated dealer loans and forgivable loans to dealers and customers as long-term receivables. Cash and cash equivalent, restricted cash and receivables, the current portion of dealer loans, and the current portion of forgivable loans to dealers and customers are included as current assets due to their short term nature.

Long-term receivables and accounts receivable are initially recognized at the amount expected to be received less a discount to reduce the loans and receivables to fair value. Subsequently, cash, restricted cash, accounts receivables and long-term receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Financial liabilities at amortized cost:

Financial liabilities at amortized cost are initially recognized at the amount required to be paid less a discount, when material, to reduce the liabilities to fair value. Subsequently, financial liabilities at amortized cost are measured at amortized cost using the effective interest method. Parkland has designated bank indebtedness, accounts payable and accrued liabilities, dividends declared and payable, long-term debt, other long-term liabilities and convertible debentures as financial liabilities at amortized cost.

Financial liabilities at amortized cost are classified as current liabilities if payment is due within twelve months of the consolidated balance sheet date. Otherwise, they are presented as non-current liabilities.

Derivatives designated as hedging instruments:

The Corporation is using a net investment hedge to mitigate foreign exchange risk. The effective portion of the hedge is recognized in other comprehensive income. The gain and loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the control in the foreign operation is lost.

In addition, Parkland used a derivative in the form of interest rate swap to manage risks related to its variable rate debt. Effective January 1, 2013. Parkland discontinued the cash flow hedge accounting of the interest rate swap due to its ineffectiveness. The interest rate swap agreement expired June 30, 2014.

Please see note 10 for more information.

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the Corporation recognizes an impairment loss as follows:

Financial assets carried at amortized cost:

The loss is the difference between the amortized cost of the long-term or accounts receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance provision.

Available-for-sale financial assets:

The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statements of comprehensive income.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale financial assets are not reversed.

(e) Inventories

Inventories are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price less applicable selling expenses. Parkland's inventory consists primarily of fuel, petroleum products, agriculture inputs and lubricants which tend to turnover quickly. Any provision for obsolescence is reduced from the value of inventory. Vendor rebates are received for high volume inventory purchases and are recorded initially as a reduction to inventory with a subsequent reduction in cost of sales when the product is sold.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash, restricted cash and term deposits that are highly liquid at the time of the purchase.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is de-recognized when replaced. Repairs and maintenance costs are expensed as incurred.

Property, plant and equipment are reviewed for impairment at the end of each reporting period to assess whether there is any indication of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated as the higher of fair value less costs of disposal and value in use. Property, plant and equipment that suffered previous impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Depreciation

Land is not depreciated. Depreciation on the other assets is provided for on a straight-line basis over the estimated useful lives of assets as follows:

Land improvements	25 years
Buildings	20 years
Equipment	5 - 30 years
Assets under capital lease	5 - 10 years (Shorter of useful life or lease term)

Parkland allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of income.

(i) Intangible Assets and Goodwill

The intangible assets are stated at cost less accumulated amortization, and include customer relationships, trade names, non-compete agreements and software systems with finite useful lives. Amortization of intangible assets is provided for on a straight line basis over the estimated useful lives of assets as follows:

Customer relationships and trade names	5 - 13 years
Non-compete agreements	Term of the agreement
Software systems	10 years

Intangible assets that are subject to amortization are reviewed for impairment at the end of each reporting period to assess whether there is any indication of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated as the higher of fair value less costs of disposal and value in use. Impairment is assessed at the CGU level. Intangible assets, other than goodwill, that suffered a previous impairment loss are reviewed for possible reversal of the impairment loss at each reporting date.

Acquisitions are accounted for using the acquisition method, whereby the purchase consideration of the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities on the basis of fair value as of the date of acquisition. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets expected to benefit from the synergies of the acquisition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. The expected cash flows are derived from budgets and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates used to evaluate goodwill and other non-financial assets could result in a material change to the results of operations. The Corporation tests whether goodwill has suffered any impairment at least annually. Other non-financial assets are tested for impairment when indicators of impairment arise.

(j) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of income on a straight-line basis over the period of the lease.

Parkland leases certain property, plant and equipment. Leases of property, plant and equipment, where Parkland has substantially all the risks and rewards of ownership, are

classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The interest element of the finance cost is charged to the consolidated statements of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired through finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

The operating leases leased are not recognized on the Parkland's consolidated balance sheets.

(k) Deferred Revenue

Deferred revenue consists of deposits and prepayments from customers for the purchase of agricultural products not yet delivered. Revenue is recorded when products are delivered to customers.

(l) Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Asset Retirement Obligations and Refinery and Terminal Remediation Accrual

Provisions for asset retirement obligations related to underground fuel storage tanks and the Bowden, Alberta refinery and terminal remediation are recognized when the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation or to restore the property to its condition upon installation of the fuel storage tanks, the construction and upgrading of the refinery and terminal; and the amount to settle or restore has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Asset retirement obligations are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax credit adjusted discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is included in finance costs.

(n) Revenue

Parkland recognizes revenue on its sale of goods and services when title passes to the purchaser, physical delivery has occurred and collection is reasonably assured. The major categories of revenue include gas and diesel fuel, crude oil, natural gas and liquids, propane and butane, lubricants, agricultural and convenience store products. Revenue is measured based on the price specified in the sales contract, net of discounts and estimated returns at the time of sale. Historical experience is used to estimate and provide for discounts and returns. Volume discounts are assessed based on anticipated annual purchases. Parkland operates an

e-loyalty program where customers accumulate earnings for purchases made, which entitle them to receive cash. The cost of e-loyalty program is recognized as a reduction to revenue. Revenue is recognized for any unclaimed earnings on non-active customer accounts at the expiry of twelve months after the initial sale.

(o) Cost of Sales

Cost of sales includes costs incurred to transport inventory.

(p) Grants of Options, Restricted Units and Deferred Share Units

Parkland accounts for its grants of options and restricted shares in accordance with the fair value based method of accounting for stock-based compensation. See Note 21 for details.

(q) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the consolidated statements of income in the period in which they are incurred.

(r) Customer Finance Income and Finance Costs

Customer finance income is recognized as it accrues in the consolidated statements of income, using the effective interest method.

Finance costs include interest expense on borrowings, accretion on asset retirement obligation and refinery and terminal remediation, change in the fair value of the Redemption Option and amortization of debt premium arising from the Redemption Option, gain on interest rate swaps due to de-designation of profits of the hedging item and change in the fair value of interest rate swap and interest income related to term deposits. All borrowing costs are recognized in the consolidated statements of income using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

(s) Dividends

Dividends to Parkland's shareholders are recognized as liabilities in the financial statements in the period in which the dividends are approved by Parkland's Board of Directors.

(t) Earnings Per Share

Basic:

Basic earnings per share are calculated by dividing the net earnings (loss) of the Corporation by the weighted average number of common shares in issue during the period.

Diluted:

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Corporation has two categories of dilutive potential common shares: Debentures and share options. The Debentures are assumed to have been converted into common shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Corporation's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options.

(u) Use of Estimates

The preparation of the consolidated financial statements necessarily involves the use of estimates and approximations. Should the underlying assumptions change, the actual amounts could differ from those estimated.

Estimates are used when appropriate for accounting purposes. These estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. The carrying values of assets and liabilities that are affected by these estimates are disclosed in the related sections of these notes to the consolidated financial statements.

Estimates are used when accounting for items such as amortization of property, plant and equipment and intangibles, asset retirement obligations, the refinery and terminal remediation accrual, value in use calculations for impairment of intangible assets and goodwill, impairment and valuation allowances for accounts receivable and inventory, contingent liabilities including matters in litigation, fair value of financial instruments, income taxes and grants of options, deferred share unit and restricted share units.

Depreciation and amortization of Parkland's capital assets and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change impacting the operation of Parkland's capital assets.

Asset retirement obligations and refinery and terminal remediation accrual represents the present value estimate of Parkland's cost to remediate the sites. Asset retirement obligations are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax credit adjusted discount rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

Parkland performs impairment tests of long-lived assets with determinable useful lives when indications of impairment exist. Application of judgement is required in determining whether an

impairment test is warranted and to calculate the value in use by making the assumptions about the future cash flows. When indicators support the asset is no longer impaired, Parkland will reverse impairment losses. Similar to the impairment, application of judgement is required to determine whether a reversal should be considered. Goodwill is tested for impairment annually regardless of indications of impairment.

Parkland regularly performs a review of outstanding accounts receivable balances greater than 90 days past due to determine eventual collectability. If an account is deemed uncollectable, a provision for bad debt is recorded. Parkland also analyzes the bad debt provision regularly to determine if any of the accounts provided for should be written off. These accounts which are deemed uncollectible could materially change as a result of changes in a customer's financial situation.

Parkland's inventory is comprised mainly of products purchased for resale including: gas and diesel, crude oil, natural gas and liquids, propane and butane, lubricants, agricultural and convenience store products. The products are valued at the lesser of cost or net realizable value. The determination of the net realizable value includes certain estimates and judgements which could affect the ending inventory valuations.

The fair value of financial instruments is determined by using third-party models, independent price publications, market exchanges, investment dealer quotes and valuation methodology that utilize observable data.

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before the deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. Parkland maintains provisions for uncertain tax positions using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Parkland reviews the adequacy of these provisions at each reporting period.

Compensation expense for options under the Share Option Plan and Restricted Share Unit Plan are estimated based on various assumptions at grant date, such as volatility and expected life using the Black-Scholes methodology to produce an estimate of the fair value of such compensation and are re-measured at the end of each reporting period. Compensation expense for options under the Deferred Share Unit Plan is estimated based on Parkland's trading price of the shares on the Toronto stock exchange at the end of the reporting period.

No value is assigned to the conversion feature related to convertible debentures.

Prior to the conversion to a corporation, the conversion feature did not qualify as an equity instrument and was instead treated as a derivative liability. Upon conversion to a corporation, the shares that would be issued upon conversion were no longer putable instruments and the debentures could be converted to a fixed number of equity shares. Therefore, Parkland re-

assessed the conversion feature and determined it would qualify as an equity instrument. Using a binomial model, the conversion feature was re-valued and it was determined that it had a nominal value, accordingly no amount was reclassified to equity. Since the conversion feature was classified as equity, there is no requirement to re-value the conversion feature subsequently.

(v) Segmented Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to President and Chief Executive Officer (CEO) in order to allocate resources to the segments and to assess their performance.

6. RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS

The Corporation is in the process of evaluating the impact of the following new requirements:

(a) IFRS 9 – Financial Instruments ("IFRS 9")

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 – Financial Instruments, which replaces IAS 39 – Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The new standard introduces requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and the fair value of an entity's own debt. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Parkland has not yet determined the impact of this standard on the Corporation's consolidated financial statements and has not decided whether to early adopt this standard.

(b) IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers and applies to annual reporting periods beginning on or after January 1, 2017. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more relevant disclosures. The standard supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and early adoption is permitted. Parkland has not yet determined the impact of this standard on the Corporation's consolidated financial statements and has not decided whether to early adopt this standard.

(c) Amendments to IFRS 13 – Fair value measurements ("IFRS 13") – Short-term receivables and payables

The IASB clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is applicable for annual periods beginning on or after July 1, 2014.

(d) Amendments to IFRS 8 – *Operating Segments* ("IFRS 8") – Aggregation of operating segments and reconciliation of total of the reportable segments' assets to the entity's assets

Amendments to IFRS 8 requires 1) disclosure of the economic characteristics used to assess whether the segments are similar, where operating segments are combined or aggregated, and 2) disclosure of reconciliation of segment assets to total assets of the reconciliation is reported to the chief operating decision maker. The amendment is applicable for annual periods beginning on or after July 1, 2014.

(e) Amendments to IFRS 10 – *Consolidated Financial Statements* ("IFRS 10") and IAS 28 – *Investments in Associates and Joint Ventures* ("IAS 28")

These amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective from annual periods commencing on or after 1 January 2016.

(f) Annual Improvements to IFRSs 2012 – 2014 Cycle: Amendments to IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* ("IFRS 5"), IFRS 7 – *Financial Instruments: Disclosures* ("IFRS 7"), IAS 19 – *Employee Benefits* ("IAS 19") and IAS 34 – *Interim Financial Reporting* ("IAS 34")

The Annual Improvements to IFRSs 2012 – 2014 Cycle are a series of amendments to IFRSs in response to issues raised during the 2012 to 2014 cycle for annual improvements. The amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34 have an effective date of January 1, 2016.

(g) Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In December 2014, the IASB issued amendments to IAS 1 to encourage companies to apply professional judgment in determining what information to disclose and where and what order information is presented in the financial statements. The amendments to IAS 1 will be effective for annual period beginning on or after January 1, 2016, with earlier adoption permitted.

(h) Amendments to IFRS 10 – Consolidated Financial Statements ("IFRS 10"), IFRS 12 – Disclosure of Interest in Other Entities ("IFRS 12"), and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

In December 2014, the IASB issued amendments to IFRS 10, IFRS 12 and IAS 28 to introduce clarifications to the requirements when accounting for investment entities. In addition, the amendments provide relief in particular circumstances which will reduce the costs of applying the Standards. The amendments to IFRS 10, IFRS 12 and IAS 28 will be effective January 1, 2016.

Based on Parkland's preliminary assessment, items (c) to (h) are not expected to have a significant effect on the consolidated financial statements of the Corporation.

7. EARNINGS ANALYSIS AND NET EARNINGS PER SHARE

	Year ended December 31,	
	2014	2013
Net earnings, basic	**49,875**	91,957
Interest and accretion on convertible debentures, net of tax	**-**	7,592
Net earnings, diluted	**49,875**	99,549
Net earnings per share		
- Basic	**0.66**	1.31
- Diluted	**0.66**	1.26
Equivalent shares outstanding, beginning of year	**71,795**	67,973
Weighted average of common shares issued	**1,137**	-
Weighted average of equivalent shares issued pursuant to:		
- Restricted share unit plan	**95**	22
- Dividend reinvestment plan	**1,543**	1,569
- Exercise of share options	**143**	27
- Conversion of convertible debentures	**1,144**	724
Denominator utilized in basic earnings per share	**75,857**	70,315
Incremental equivalent share options that were dilutive	**201**	152
Incremental equivalent shares for debentures that were dilutive	**-**	8,417
Denominator utilized in diluted earnings per share	**76,058**	78,884

In computing diluted per share amounts as at December 31, 2014, convertible debentures have been excluded from the calculation as their effect was antidilutive.

8. ACCOUNTS RECEIVABLE

	December 31, 2014	December 31, 2013 (revised - see note 2)
Trade accounts receivable	**338,678**	409,124
Miscellaneous, government and other non-trade accounts receivable	**114,711**	102,912
Allowance for doubtful accounts	**(11,171)**	(12,163)
	442,218	499,873

Trade accounts receivable, net of the allowance for doubtful accounts is $327,507 (December 31, 2013 – $396,961).

9. INVENTORIES

	December 31, 2014	December 31, 2013
Gas and diesel	**49,434**	68,107
Lubricants	**29,703**	18,984
Crude oil	**12,441**	10,347
Agricultural inputs	**4,744**	5,047
Natural gas and NGL MX	**3,059**	1,212
Propane and Butane	**18,737**	23,187
Other	**3,461**	1,999
	121,579	128,883

For the year ended December 31, 2014, the amount of inventory recognized as cost of goods sold amounted to $6,989,601 ($5,143,440 for the year ended December 31, 2013). Inventory write downs recognized as an expense as at December 31, 2014 is $3,973 (December 31, 2013 - $nil).

10. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Parkland periodically enters into derivative contracts which are believed to be economically effective at managing exposure to movements in commodity prices, US dollar exchange rates and market interest rates. While these derivative contracts form a component of the Corporation's overall risk management program, they are not accounted for as hedges under IFRS because they have not been documented as such, or do not qualify under IFRS. In addition, Parkland's Senior Unsecured Notes (Note 17) contain Redemption Options which have been accounted for as embedded derivative financial instruments under IFRS (the "Redemption Options"). Parkland's financial assets and liabilities that are measured at fair value in the consolidated balance sheets are categorized by level according to the significance of the inputs used in making the measurements. The fair value measurement hierarchy levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

Parkland's recurring measurements of the put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts, interest rate swaps and Redemption Options were at fair value based on Level 2 inputs.

Parkland used the following techniques to value financial instruments categorized in Level 2:

- The fair value of the outstanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts are determined using external counterparty information, which is compared to observable data.
- The fair value of commodities forward contracts, future contracts and US dollar forward exchange contracts are determined using independent price publications, third party pricing services, market exchanges and investment dealer quotes.
- Parkland used interest rate swaps to limit its credit risk by executing counterparty risk procedures which include transacting only with financial institutions within Parkland's Credit Facility (see Note 17). The fair value of the interest rate swap was determined using external counterparty information, which is compared to observable data. The interest rate swaps expired on June 30, 2014.
- The fair value of the Redemption Options are determined using a valuation model based on inputs from observable market data, including independent price publications, third party pricing services, and market exchanges.

The fair value of the outstanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts, interest rate swaps and Redemption Options are reflected on the consolidated balance sheets with the changes in fair value during the period recorded in the consolidated statements of income within loss (gain) on risk management activities and finance costs.

Risk management positions

	December 31, 2014	December 31, 2013
Risk management assets		
Call option contracts	**-**	61
Commodities forward contracts	**4,897**	281
Future contracts	**-**	304
Total risk management assets	**4,897**	646
Risk management liabilities		
Commodities forward contracts	**(331)**	(4,073)
Future contracts	**(4,059)**	-
US dollar forward exchange contract	**(776)**	(488)
Interest rate swap	**-**	(348)
Total risk management liabilities	**(5,166)**	(4,909)
Net fair value of risk management	**(269)**	(4,263)

Reconciliation of net risk management positions

January 1, 2014 to December 31, 2014	Interest rate swap [(1)]	Put option contracts	Call option contracts	Commodities forward contracts	US dollar forward exchange contracts	Future contracts	Total net asset (liability)
Total fair value, beginning of year	**(348)**	**-**	**61**	**(3,792)**	**(488)**	**304**	**(4,263)**
Additions	**-**	**-**	**54**	**-**	**-**	**-**	**54**
Change in fair value - unrealized gain (loss)	**-**	**-**	**(39)**	**8,358**	**(288)**	**(4,363)**	**3,668**
Change in fair value - realized gain (loss)	**348**	**-**	**(4)**	**3,717**	**(2,696)**	**(1,999)**	**(634)**
Value (received) paid upon exercising	**-**	**-**	**(72)**	**(3,717)**	**2,696**	**1,999**	**906**
Total fair value, end of year	**-**	**-**	**-**	**4,566**	**(776)**	**(4,059)**	**(269)**

(1) Adjustments to the fair value of the interest rate swap are also included in finance costs

January 1, 2013 to December 31, 2013	Interest rate swap [(1)]	Put option contracts	Call option contracts	Commodities forward contracts	US dollar forward exchange contracts	Future contracts	Total net asset (liability)
Total fair value, beginning of year	(929)	2,015	-	-	-	-	1,086
Additions	-	-	88	(5,436)	151	-	(5,197)
Change in fair value - unrealized gain (loss)	581	-	(27)	1,644	(639)	304	1,863
Change in fair value - realized gain (loss)	-	(17)	-	(20,921)	(709)	97	(21,550)
Value (received) paid upon exercising	-	(1,998)	-	20,921	709	(97)	19,535
Total fair value, end of year	(348)	-	61	(3,792)	(488)	304	(4,263)

(1) Adjustments to the fair value of the interest rate swap are also included in finance costs

Offsetting risk management positions

Financial assets and liabilities are only offset if Parkland has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Parkland offsets risk management assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. No additional unrealized risk management positions are subject to an enforceable master netting arrangement or similar agreements that are not otherwise offset.

	December 31, 2014			December 31, 2013		
	Asset	**Liability**	**Net**	Asset	Liability	Net
Recognized risk management positions:						
Gross amount	**8,710**	**8,979**	**(269)**	5,744	10,007	(4,263)
Amount offset	**(3,813)**	**(3,813)**	**-**	(5,098)	(5,098)	-
Total risk management	**4,897**	**5,166**	**(269)**	646	4,909	(4,263)

As at December 31, 2014 Parkland had commodities forward contracts (relating to the sale of butane, propane, natural gasoline, crude oil and ethanol), future contracts, call option contracts and US dollar forward exchange contracts outstanding. Details of the fair value of these financial instruments are as follows:

Risk management contracts outstanding:

Commodities forward contracts

Settlement dates	Average Monthly Volume (bbl)	Price $/(bbl)	Fair value
Crude and Heavy Oil			
January - March 2015	103,035	$53.27 - $98.15	**3,973**
April - June 2015	30,333	$53.27 - $98.15	**195**
			4,168
Liquid Petroleum Gases			
January - March 2015	72,337	$19.64 - $67.20	**(1,893)**
April - June 2015	6,333	$21.05 - $36.23	**(328)**
October - December 2015	732	$22.71 - $34.55	**(15)**
January - March 2016	607	$22.79 - $34.55	**(9)**
			(2,245)
Refined Fuels			
January - March 2015	53,722	$60.28 - $113.30	**1,812**
April - June 2015	16,420	$64.79 - $113.30	**831**
			2,643
Total fair value of commodities forward contracts			**4,566**

Future contracts

Settlement dates	Average Monthly Volume (bbl)	Price $/(bbl)	Fair value
Crude and Heavy Oil			
January - March 2015	16,667	$53.70 - $120.96	**(2,087)**
April - June 2015	15,667	$55.65 - $94.18	**(1,972)**
Total fair value of future contracts			**(4,059)**

US dollar forward exchange contracts

Settlement dates	Amount (USD)	Forward rates (CAD)	Fair value
January - March 2015	19,330	1.1608 - 1.1624	**(552)**
April - June 2015	2,286	1.1632 - 1.1649	**(103)**
July - September 2015	1,404	1.1657 - 1.1671	**(55)**
October - December 2015	1,404	1.1678 - 1.1689	**(50)**
January - March 2016	468	1.1692 - 1.1692	**(16)**
Total fair value of US dollar forward exchange contracts	26,296		**(776)**
Net fair value of risk management as at December 31, 2014			**(269)**

Redemption Options

The Senior Unsecured Notes contain Redemption Options that allows the Corporation to redeem the notes prior to maturity at a premium. The Redemption Options have been accounted for as an embedded derivative financial instrument under IFRS. On initial recognition, the Redemption Options were ascribed a fair value of $8,380, which is recorded within other long-term assets in the consolidated balance sheet. On initial recognition, the carrying value of the Senior Unsecured Notes was increased by the fair value of the Redemption Options, which is amortized to finance costs in the consolidated statements of income over the term of the Senior Unsecured Notes. The amortization was $291 for the year ended December 31, 2014.

The Redemption Options are fair valued at the end of the reporting date and any change in the fair value is recognized in the consolidated statements of income in finance costs. The fair value of the Redemption Options was $11,320 as at December 31, 2014. The change in fair value of the Redemption Options for the year ended December 31, 2014 was a gain of $2,940.

Deferred financing costs have been accounted for as a reduction to the Senior Unsecured Notes and amortized over the remaining term of the Senior Unsecured Notes using the effective interest rate method.

Fair value measurement hierarchy transfers

The Corporation's policy is to recognize transfers between fair value measurement hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the year.

Other financial instruments

Financial instruments that are not measured at fair value on the balance sheet are cash and cash equivalents, restricted cash, accounts receivable, long-term receivables, bank indebtedness, accounts payable and accrued liabilities, dividends declared and payable, long-term debt, other long-term liabilities and convertible debentures. The fair value of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, account payable and accrued liabilities and dividends declared and payable approximate their carrying values as at December 31, 2014 due to the short term nature of these instruments. The carrying value of the long-term receivables approximates fair value as at December 31, 2014, as Parkland currently issues loans and advances to dealers and customers with similar terms. The carrying value of long-term debt approximates fair value as at December 31, 2014 as either the interest rate on the long-term debt is adjusted monthly or debt was issued recently. The carrying value of other long-term liabilities approximates fair value as at December 31, 2014 as either it is adjusted to the fair value on a quarterly basis or it is related to liabilities recently incurred. The convertible debentures had a carrying value of $43,694 as at December 31, 2014 (December 31, 2013 – $127,407) and a fair value of $43,654 as at December 31, 2014 (December 31, 2013 – $130,450).

MARKET RISKS

Credit risk

A substantial portion of Parkland's trade accounts receivable and long-term receivable balances are with customers in the oil and gas, mining and forestry industries and is subject to normal industry credit risks. The credit risk is minimized by Parkland's broad customer and geographic base. Parkland manages its exposure to credit risk through rigorous credit granting procedures, typically short payment terms and security interests where applicable. Parkland attempts to closely monitor the financial conditions of its customers and the industries in which they operate. Parkland performs ongoing credit evaluations of its customers and outstanding debts are regularly monitored and when deemed uncollectible a provision is established. At December 31, 2014, the provision for impairment of credit losses on trade accounts receivable was $11,171 (December 31, 2013 – $12,163). No provision has been made for long-term receivables.

Parkland does not have a significant credit exposure to any individual customer. Parkland reviews each new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The maximum exposure to credit risk at the reporting date is the carrying value of Parkland's accounts receivable balance. Parkland mitigates credit risk for certain customers through the use of standby and commercial letters of credit.

The following table details the aging of trade accounts receivable, net of allowance for doubtful accounts and accounts payable and accrued liabilities:

December 31, 2014	**Current or within terms**	**31 - 60 days past terms**	**61 - 90 days past terms**	**Over 90 days past terms**	**Total**
Trade accounts receivable	**305,040**	**6,941**	**3,072**	**23,625**	**338,678**
Allowance for doubtful accounts	**(1,693)**	**(104)**	**(610)**	**(8,764)**	**(11,171)**
	303,347	**6,837**	**2,462**	**14,861**	**327,507**
Accounts payable and accrued liabilities	**326,723**	**437**	**99**	**166**	**327,425**

December 31, 2013	Current or within terms	31 - 60 days past terms	61 - 90 days past terms	Over 90 days past terms	Total
Trade accounts receivable	374,083	10,443	4,470	20,128	409,124
Allowance for doubtful accounts	(350)	(80)	(623)	(11,110)	(12,163)
	373,733	10,363	3,847	9,018	396,961
Accounts payable and accrued liabilities	372,235	330	203	3,031	375,799

Commodity price risk

Parkland is exposed to commodity price risk. The Corporation enters into derivative instruments from time to time to mitigate commodity price risk volatility. These financial instruments are subject to financial controls, risk management and monitoring procedures. The Corporation does not use derivative contracts for speculative purposes. As at December 31, 2014, a 5% change in commodity forward contract pricing, with other variables held constant, would cause an increase or decrease to net earnings of approximately $606 (December 31, 2013 – $1,733).

Interest rate risk

Parkland is exposed to market risk from changes in the Canadian prime interest rate, Bankers' Acceptance rate and LIBOR rate which can impact its borrowing costs. Parkland analyzes the interest rate risk on a regular basis and mitigates that risk by considering refinancing, renewal of existing credit line, hedging options and issuing long-term debt at the fixed rate. A 1% change in these interest rates, with all other variables assumed constant, would have caused an increase or decrease to consolidated net earnings for the year ended December 31, 2014 of $434 ($685 for the year ended December 31, 2013).

On March 15, 2012, Parkland entered into interest rate swaps covering $150,000 of borrowings under its Credit Facility (see Note 17). The swaps required Parkland to pay a fixed interest rate of 1.69% plus 2.0%. The interest rate swaps expired on June 30, 2014.

Effective January 1, 2013, Parkland discontinued the cash flow hedge accounting of the interest rate swaps due to its ineffectiveness. As a result, the loss on this hedge derivative was reclassified to net earnings under financing costs from accumulated other comprehensive income and subsequent changes in fair value were recognized in financing costs.

On May 29, 2014 and on November 21, 2014, the Corporation completed two private placements of Senior Unsecured Notes each with a principle amount of $200,000 (Note 17) at the fixed rate of 5.5% and 6.0%, respectively, per annum.

US dollar currency rate risk

Parkland's foreign exchange risk exposure is from fluctuation in the US dollar relative to the Canadian dollar, relating to the Corporation's operating activities (including purchasing and selling certain products in US dollars) and the Corporation's net investments in foreign subsidiaries. The Corporation's risk exposure from its net investing in foreign subsidiaries is partially mitigated through net investment hedges. The following table demonstrates the sensitivity to a $0.01 change in US dollar to Canadian dollar exchange rates as at December 31, 2014 and December 31, 2013 on financial instruments that are denominated in a foreign currency, with all other variables held constant. The impact on the Corporation's net earnings that arises on financial instruments denominated in a foreign currency is due to changes in the fair value of monetary assets and liabilities, including the fair value of US dollar forward

exchange contracts outstanding. The impact on the Corporation's other comprehensive income, net of tax that arises on financial instruments denominated in a foreign currency is due to changes in the net investment hedge.

	Year Ended December 31,	
	2014	2013
$0.01 increase in USD-CAD exchange rate:		
- Effect on net earnings	**207**	349
- Effect on other comprehensive income, net of tax	**(227)**	-

Hedge of net investments in foreign operations

The Corporation has long-term foreign exchange exposure on its investment in US subsidiaries. Specifically, the Corporation's net investment in SPF Energy Inc., whose functional currency is US dollars, presents a foreign exchange risk to the Corporation, whose functional currency is Canadian dollars. Parkland is using a net investment hedge to partially mitigate this risk. The Corporation has designated US$26,500 borrowings under the revolving operating loan of the Credit Facility as a hedge of the first US$26,500 of net investment in SPF Energy Inc. This designation has the effect of partially mitigating volatility on other comprehensive income by offsetting long-term foreign exchange gains and losses on US dollar denominated long-term debt and gains and losses on the US dollar investment in SPF Energy Inc.

Foreign currency translation of the net earnings of SPF Energy Inc. will impact consolidated net earnings. Foreign currency translation of the Corporation's investment in SPF Energy Inc. will impact other comprehensive income. During the year ended December 31, 2014, the effective portion recognized in other comprehensive income was an unrealized foreign exchange loss, net of tax, of $5,089, which was used to offset the $7,277 gain on translation of the net investment in SPF Energy Inc. There was no ineffectiveness during the year ended December 31, 2014.

Foreign exchange (gain) loss

The following table details the foreign exchange (gain) loss as presented on the consolidated statements of income:

	Year ended December 31,	
	2014	2013
Unrealized (gain) loss on foreign exchange	**(432)**	592
Realized gain on foreign exchange	**(3,704)**	(1,532)
Foreign exchange gain	**(4,136)**	(940)

Liquidity risk

Liquidity risk is the risk that Parkland will encounter difficulties in meeting its short term financial obligations. Cash liquidity of Parkland is mainly provided by cash flows from operating activities and borrowings available under its Credit Facility and Senior Unsecured Notes (see Note 17). In managing liquidity risk, Parkland has access to various credit products at competitive rates. At December 31, 2014, Parkland has available unused credit facilities in the amount of $317,935 (December 31, 2013 – $176,283). Parkland believes it has sufficient funding through the use of its facility to meet foreseeable borrowing requirements.

Undiscounted cash outflows relating to financial liabilities are outlined in the tables below:

December 31, 2014	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**	**Total**
Bank indebtedness	**5,969**	**-**	**-**	**-**	**-**	**-**	**5,969**
Accounts payable and accrued liabilities	**327,425**	**-**	**-**	**-**	**-**	**-**	**327,425**
Dividends declared and payable	**7,432**	**-**	**-**	**-**	**-**	**-**	**7,432**
Long-term debt, including capital lease obligations [(1)]	**26,130**	**26,439**	**24,303**	**25,422**	**54,373**	**451,535**	**608,202**
Convertible debentures [(1)]	**46,630**	**-**	**-**	**-**	**-**	**-**	**46,630**

(1) Principal and interest, including current portion

December 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total
Bank indebtedness	2,539	-	-	-	-	-	2,539
Accounts payable and accrued liabilities	375,799	-	-	-	-	-	375,799
Dividends declared and payable	6,225	-	-	-	-	-	6,225
Long-term debt, including capital lease obligations [(1)]	8,437	7,144	7,095	227,680	66	450	250,872
Convertible debentures [(1)]	92,630	47,553	-	-	-	-	140,183

(1) Principal and interest, including current portion

11. PROPERTY, PLANT AND EQUIPMENT

December 31, 2014	Land	Land Improvements	Buildings	Assets under Capital Lease	Plant and Equipment	Asset Retirement Costs	Total
Cost							
Balance, January 1, 2014	**37,103**	**29,148**	**77,129**	**8,229**	**352,672**	**31,743**	**536,024**
Additions	**305**	**3,249**	**4,812**	**-**	**35,942**	**-**	**44,308**
Change in asset retirement obligation	**-**	**-**	**-**	**-**	**-**	**7,728**	**7,728**
Additions due to acquisitions (Note 24)	**5,993**	**1,891**	**7,255**	**-**	**15,466**	**8,590**	**39,195**
Disposals	**(1,906)**	**(269)**	**(2,814)**	**-**	**(7,512)**	**-**	**(12,501)**
Transfers	**-**	**-**	**327**	**(4,091)**	**3,761**	**-**	**(3)**
Exchange differences	**267**	**142**	**501**	**-**	**2,611**	**447**	**3,968**
Balance, December 31, 2014	**41,762**	**34,161**	**87,210**	**4,138**	**402,940**	**48,508**	**618,719**
Depreciation and impairment							
Balance, January 1, 2014	**-**	**6,722**	**29,682**	**5,911**	**168,042**	**6,323**	**216,680**
Depreciation charge for the year	**-**	**933**	**5,181**	**516**	**33,605**	**10,093**	**50,328**
Disposals	**-**	**(174)**	**(1,521)**	**-**	**(6,094)**	**(1,689)**	**(9,478)**
Transfers	**-**	**-**	**165**	**(3,885)**	**3,717**	**-**	**(3)**
Exchange differences	**-**	**234**	**(85)**	**-**	**1,488**	**50**	**1,687**
Balance, December 31, 2014	**-**	**7,715**	**33,422**	**2,542**	**200,758**	**14,777**	**259,214**
Carrying amount							
December 31, 2014	**41,762**	**26,446**	**53,788**	**1,596**	**202,182**	**33,731**	**359,505**

December 31, 2013	Land	Land Improvements	Buildings	Assets under Capital Lease	Plant and Equipment	Asset Retirement Costs	Total
Cost							
Balance, January 1, 2013	37,528	28,741	70,844	7,141	282,640	22,460	449,354
Additions	885	527	5,594	-	49,705	-	56,711
Change in asset retirement obligation	-	-	-	-	-	9,283	9,283
Additions due to acquisitions	1,207	187	1,705	1,200	28,251	-	32,550
Disposals	(2,517)	(307)	(1,014)	-	(8,036)	-	(11,874)
Transfers	-	-	-	(112)	112	-	-
Balance, December 31, 2013	37,103	29,148	77,129	8,229	352,672	31,743	536,024
Depreciation and impairment							
Balance, January 1, 2013	-	6,112	25,955	5,326	148,325	5,232	190,950
Depreciation charge for the year	-	737	4,464	690	25,953	1,091	32,935
Disposals	-	(127)	(737)	-	(6,341)	-	(7,205)
Trasnfers	-	-	-	(105)	105	-	-
Balance, December 31, 2013	-	6,722	29,682	5,911	168,042	6,323	216,680
Carrying amount							
December 31, 2013	37,103	22,426	47,447	2,318	184,630	25,420	319,344

As at December 31, 2014, Parkland had assets under construction of $8,269 (December 31, 2013 – $10,695) consisting primarily of constructing and upgrading retail stations.

12. INTANGIBLE ASSETS

December 31, 2014	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
Cost						
Balance, January 1, 2014	**191,417**	**12,245**	**6,111**	**1,550**	**18,072**	**229,395**
Additions	**-**	**-**	**-**	**-**	**5,863**	**5,863**
Additions due to acquisitions (Note 24)	**43,594**	**7,725**	**432**	**297**	**-**	**52,048**
Exchange differences	**3,217**	**570**	**32**	**22**	**-**	**3,841**
Balance, December 31, 2014	**238,228**	**20,540**	**6,575**	**1,869**	**23,935**	**291,147**
Accumulated amortization						
Balance, January 1, 2014	**84,438**	**6,570**	**5,050**	**452**	**5,874**	**102,384**
Amortization charge for the period	**19,559**	**1,662**	**832**	**538**	**2,067**	**24,658**
Exchange differences	**227**	**40**	**4**	**1**	**-**	**272**
Balance, December 31, 2014	**104,224**	**8,272**	**5,886**	**991**	**7,941**	**127,314**
Carrying amount						
Balance, December 31, 2014	**134,004**	**12,268**	**689**	**878**	**15,994**	**163,833**

December 31, 2013	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
Cost						
Balance, January 1, 2013	158,304	6,601	3,835	-	18,072	186,812
Additions due to acquisitions	33,113	5,829	2,276	1,550	-	42,768
Disposals	-	(185)	-	-	-	(185)
Balance, December 31, 2013	191,417	12,245	6,111	1,550	18,072	229,395
Accumulated amortization						
Balance, January 1, 2013	67,452	5,781	2,540	-	4,066	79,839
Amortization charge for the period	16,986	795	2,510	452	1,808	22,551
Disposals	-	(6)	-	-	-	(6)
Balance, December 31, 2013	84,438	6,570	5,050	452	5,874	102,384
Carrying amount						
December 31, 2013	106,979	5,675	1,061	1,098	12,198	127,011

13. GOODWILL

	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Balance, beginning of year	**132,493**	91,138
Acquisition of SPF Energy Inc. (Note 24a)	**34,548**	-
Acquisition of Chevron-branded service stations (Note 24b)	**9,885**	-
Acquisition of Elbow River Marketing (Note 24c)	**-**	35,900
Acquired through Sparling's Propane (Note 24d)	**-**	5,284
Acquired through TransMontaigne (Note 24e)	**-**	12
Acquired through Scotsburn and R-Gas (Note 24f)	**-**	159
Exchange differences	**2,681**	-
Balance, end of year	**179,607**	132,493

The Corporation tested goodwill for impairment as at December 31, 2014 and December 31, 2013 and no impairment of goodwill was recorded as a result of this analysis. The recoverable amount of each Cash Generating Unit ("CGU") was determined on a value in use basis. Value in use is calculated using pre-tax cash flow projections based on the 2015 financial budget approved by management. The 2015 financial budget and cash flows are based on past experience and historical trends. Cash flows beyond the one year period were extrapolated using the estimated growth rates below. The growth rates used were consistent with the forecasts included in industry reports which were developed based on macro-economic factors

such as inflation rates and supply and demand fundamentals. A period greater than five years for projecting cash flow is appropriate as it reflects the useful life of CGUs. The future cash flow estimates are discounted using a pre-tax discount rate which is calculated based on the weighted average cost of capital.

The goodwill balance of $179,607 has been allocated to each CGU as follows:

	December 31, 2014	December 31, 2013
Retail Fuels	**11,791**	1,905
Commerical Fuels	**94,674**	94,676
SPF Energy Inc.	**37,229**	-
Wholesale, Supply and Distribution	**35,913**	35,912
	179,607	132,493

The key assumptions used for the calculations of recoverable amounts at December 31, 2014 and December 31, 2013 are as follows:

	2014	2013
Long term growth rate	2.0%	2.0%
Pre-tax discount rate	8.0%	10.0%
EBITDA multiple	5	5
Budgeted Gross Margin Cents Per Litre (CPL)	5-9 CPL	5-9 CPL

14. LONG-TERM RECEIVABLES

Long-term receivables consist of dealer loans and forgivable loans to dealers and customers:

	December 31, 2014	December 31, 2013
Dealer loans	**2,634**	1,903
Forgivable loans to dealers and customers	**11,048**	10,178
Long-term receivables	**13,682**	12,081

Dealer loans receivable are repayable in monthly instalments of $222 (December 31, 2013 – $218), bear interest at rates ranging between nil% and 6% (December 31, 2013 – nil% and 10.00%) and are secured by specific assets of the borrower.

Forgivable loans to dealers and customers are amortized based on the volume of fuel product purchased from Parkland. For every litre of fuel product purchased by the dealer or customer a portion of the loan is recognized as a reduction of sales and operating revenue. Forgivable loans to dealers and customers are secured by specific assets of the dealers and customers.

The current portion of the dealer loans of $887 (December 31, 2013 – $180) and the forgivable loans to dealers and customers of $2,509 (December 31, 2013 – $2,603) are included in accounts receivable under current assets.

15. OTHER LONG TERM ASSETS

	December 31, 2014	December 31, 2013
Redemption Option (Note 10)	**11,320**	-
Other	**1,509**	-
Other long term assets	**12,829**	-

16. INCOME TAXES

Income tax expense

	Year ended December 31,	
	2014	2013
Current tax:		
Current tax on earnings for the year	**26,585**	38,988
Adjustments in respect of prior years	**-**	(3,685)
Total current tax	**26,585**	35,303
Deferred tax:		
Origination and reversal of temporary differences	**(7,219)**	(3,640)
Adjustments in respect of prior years	**981**	(653)
Total deferred tax (recovery)	**(6,238)**	(4,293)
Income tax expense	**20,347**	31,010

The tax on Parkland's earnings before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	Year ended December 31,	
	2014	2013
Canada	**65,623**	122,967
United States	**4,599**	-
Earnings before income tax	**70,222**	122,967
Tax calculated at statutory Canadian tax rates	**17,891**	31,971
Tax effects of:		
Non-taxable portion of loss (gain) on sale of property, plant and equipment	**8**	(133)
Non-taxable portion of loss on foreign exchange	**426**	-
Non-deductible expenses	**1,591**	1,370
Non-taxable change in redemption option	**(843)**	-
Foreign tax rate differential	**699**	-
Adjustments in respect of prior years	**981**	(4,338)
Rate differential and other items	**(406)**	2,140
Tax charge	**20,347**	31,010

The statutory tax rate was 25.5% (2013 – 26.0%). The decrease in the statutory tax rate was primarily due to a change in the provincial allocation of earnings.

Deferred income tax

	December 31, 2014	December 31, 2013
Deferred tax assets	**15,127**	11,382
Deferred tax liabilities	**(35,077)**	(8,951)
Deferred tax assets (net)	**(19,950)**	2,431

Deferred tax assets of $280 (December 31, 2013 - $323) and deferred tax liabilities of $nil (December 31, 2013 - $2,101) are expected to reverse during the next 12 months.

The gross movement on the deferred income tax account is as follows:

	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Balance, beginning of year	**2,431**	3,542
Acquisition of subsidiary - SPF Energy Inc. (Note 24a)	**(29,382)**	-
Acquisition of subsidiary - Sparling's Propane (Note 24d)	**-**	(5,284)
Income statement charge	**6,238**	4,293
Other comprehensive income charge	**763**	(120)
Balance, end of year	**(19,950)**	2,431

The movement in deferred income tax assets and liabilities during the year is as follows:

	Consolidated Statements of comprehensive income		Consolidated Balance Sheets	
	December 31, 2014	December 31, 2013	**December 31, 2014**	December 31, 2013
Property, plant and equipment	**1,436**	1,481	**(34,698)**	(23,453)
Intangibles	**(3,283)**	(168)	**(10,945)**	8,657
Deferred expenditures	**(1,728)**	119	**1,955**	50
Asset retirement obligations	**(3,194)**	(3,160)	**16,826**	11,278
Refinery remediation	**(413)**	784	**3,364**	2,951
Contingent liabilities	**863**	(2,823)	**1,960**	2,823
Fair value gains	**(2,101)**	320	**4**	(2,101)
Derivatives and hedges	**1,007**	1,357	**(1,243)**	(236)
Unrealized foreign exchange losses	**683**	(121)	**215**	135
Loss carryforwards	**(121)**	(1,731)	**2,221**	2,100
Other	**613**	(351)	**391**	227
	(6,238)	(4,293)	**(19,950)**	2,431

17. FINANCING AND CREDIT FACILITY

Long-Term Debt

	December 31, 2014	December 31, 2013
Credit Facility (a)	**30,743**	224,000
Unamortized discount: deferred financing costs	**(918)**	(1,685)
	29,825	222,315
Senior Unsecured Notes (b)		-
5.5% Notes, due 2021	**200,000**	
Unamortized premium: Redemption Option	**2,986**	-
Unamortized discount: deferred financing costs	**(4,603)**	
6.0% Notes, due 2022	**200,000**	
Unamortized premium: Redemption Option	**5,102**	-
Unamortized discount: deferred financing costs	**(4,629)**	-
	398,856	-
Capital lease obligations (c)	**1,580**	1,842
Collateralized notes (d)	**7,204**	-
Other loans	**37**	152
	8,821	1,994
Total long-term debt	**437,502**	224,309
Less: current portion	**(2,448)**	(1,354)
Long-term debt	**435,054**	222,955

The following table details the estimated long-term debt repayments for the next five years and thereafter:

	2015	**2016**	**2017**	**2018**	**2019**	**Thereafter**	**Interest included in minimum lease payments**	**Total**
Credit Facility (a)	**-**	**-**	**-**	**30,743**	**-**	**-**	**-**	**30,743**
Senior Unsecured Notes (b)	**-**	**-**	**-**	**-**	**-**	**400,000**		**400,000**
Capital lease obligations (c)	**1,074**	**60**	**163**	**66**	**66**	**386**	**(235)**	**1,580**
Collateralized notes (d)	**1,411**	**2,769**	**530**	**1,746**	**259**	**489**	**-**	**7,204**
Other loans	**35**	**-**	**-**	**-**	**-**	**-**	**-**	**35**
	2,520	**2,829**	**693**	**32,555**	**325**	**400,875**	**(235)**	**439,562**

(a) Credit Facility

A revolving extendible credit facility (the "Credit Facility") agreement was last amended on June 30, 2014 to extend the maturity to June 30, 2018. The facility is extendible each year for a rolling four-year period at the option of Parkland. If the Credit Facility is not extended past the maturity date of June 30, 2018, all amounts outstanding are repayable on the maturity date.

The Credit Facility includes the following components:

i) A revolving operating loan with interest only payable to a maximum of $320,000 and US$30,000 less the value of letters of credit issued (December 31, 2013 – $450,000). At December 31, 2014, the outstanding borrowings totalled $30,743 (December 31, 2013 – $229,980). The revolving operating loan bears interest at prime plus 0.75% (December 31, 2013 – prime plus 1.00%), Bankers' Acceptance rate plus 1.75% (December 31, 2013 – Bankers' Acceptance rate plus 2.00%) or LIBOR rate plus 1.75%. The interest rate at December 31, 2014 was 3.75% for prime-based loans (December 31, 2013 – 4.00%), 3.00% for Bankers' Acceptance based loans (December 31, 2013 – 3.23%) and the range from 1.98% to 1.99% for LIBOR loans.

ii) A letter of credit facility to a maximum of $100,000 and US$10,000 (December 31, 2013 – $85,000). At December 31, 2014, outstanding balances totalled $7,145 (December 31, 2013 – $43,737) which mature at various dates up to November 30, 2015.

The revolving operating loan incurs standby fees for any unused portion of the facility at a rate of 0.300% to 0.619% (December 31, 2013 – 0.394% to 0.675%) depending on the ratio of funded debt to earnings (including pre-acquisition earnings) before finance costs, taxes and depreciation and amortization, gain (loss) on disposal of property, plant and equipment, non-cash stock based compensation, non-recurring transactions related to earnings (losses), cash payments related to non-cash charges that were added back previously, unrealized (gain) loss from foreign exchange and unrealized (gain) loss from the change in fair value of commodities forward contracts, future contracts and US dollar forward exchange contracts included in risk management activities ("Credit Facility EBITDA" – as defined under the terms of the credit facility). Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900,000 creating a first floating charge over all of the undertaking, property and assets of Parkland.

At December 31, 2014, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter Credit Facility EBITDA basis. The financial covenants under the Credit Facility are as follows:

1. Ratio of Senior Funded Debt (as defined in Note 23) to Credit Facility EBITDA shall not exceed 3.00 to 1.00 during the second and third quarters and shall not exceed 3.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year;
2. Ratio of Total Funded Debt (as defined in Note 23) to Credit Facility EBITDA shall not exceed 4.00 to 1.00 during the second and third quarters and shall not exceed 4.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year; and
3. Credit Facility Fixed Charge Coverage Ratio (as defined in Note 23) at each quarter shall not be less than 1.15 to 1.00;

As at December 31, 2014, the Corporation provided $577,891 (December 31, 2013 – $326,324) of unsecured guarantees to counter parties of commodity and US dollar forward exchange contracts used in natural gas liquids and crude oil purchases.

(b) Senior Unsecured Notes

On May 29, 2014 and November 21, 2014, the Corporation completed private placements of senior unsecured notes due May 28, 2021 and November 21, 2022, each with an aggregate principal amount of $200,000 (the "Senior Unsecured Notes"). The Senior Unsecured Notes issued on May 29, 2014 bear interest of 5.5% per annum, payable semi-annually in arrears on May 28, and November 28 of each year until maturity. The Senior Unsecured Notes issued on November 21, 2014 bear interest of 6.0% per annum, payable semi-annually in arrears on May 21 and November 21 of each year until maturity. The first interest payment was paid on November 28, 2014. The Senior Unsecured Notes are guaranteed by Parkland subsidiaries and are unsecured obligations.

At December 31, 2014, Parkland was in compliance with all of the covenants limiting Parkland's ability to:

- Incur additional debt;
- Make certain restricted payments and investments;
- Create liens;
- Enter into transactions with affiliates; and
- Consolidate, merge, transfer or sell all or substantially all of its property and assets.

Deferred financing costs have been accounted for as a reduction of Senior Unsecured Notes and amortized over the remaining term of the Senior Unsecured Notes using the effective interest rate method.

(c) Capital Lease Obligations

Capital leases are payable in monthly instalments totalling $23 (December 31, 2013 – $22) including interest varying from 3.4% to 10.2% (December 31, 2013 – 3.4% to 10.2%). The leases are for land, buildings and equipment with a net book value of $1,596 (December 31, 2013 – $2,318), and mature at various dates ending up to July 2022.

(d) Collateralized Notes

On January 8, 2014, in connection with the acquisition of SPF Energy Inc., the Corporation assumed various collateralized notes held by SPF Energy Inc. of $7,901. The collateralized notes are held with various financial institutions, carry fixed interest rates ranging from 0% to 6.24%, are denominated in US dollars and are secured by various real estate and equipment of SPF Energy Inc. Payments are due monthly with maturity dates ranging from 2015 to 2028. At December 31, 2014, the outstanding amounts due on the collateralized notes were $7,204 (December 31, 2013 – $nil).

18. CONVERTIBLE DEBENTURES

On December 1, 2009, Parkland issued $97,750 principal amount of 6.5% series 1 convertible unsecured subordinated debentures ("Series 1 Debentures"), at a price of $1 per debenture. Interest on the Series 1 Debentures was paid semi-annually in arrears, on November 30 and May 31 in each year commencing May 31, 2010. Series 1 Debentures were convertible at the option of the holder at any time into common shares of the Corporation at a conversion price of $14.60 per share. The Series 1 Debentures matured on November 30, 2014.

On December 21, 2010, Parkland issued $45,000 principal amount of 5.75% series 2 convertible unsecured subordinated debentures ("Series 2 Debentures"), at a price of $1 per debenture. Interest on the Series 2 Debentures is paid semi-annually in arrears, on June 30 and December 31 in each year commencing June 30, 2011. Series 2 Debentures are convertible at the option of the holder at any time into common shares of the Corporation at a conversion price off $18.00 per share. The Series 2 Debentures will mature on December 31, 2015. The Series 2 Debentures may be redeemed in whole or in part at the option of Parkland on or after December 31, 2013 and prior to December 31, 2014, on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price of the common shares of Parkland on the date immediately preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. The Series 2 Debenture may be redeemed prior to their maturity dates in whole or in part at a price equal to their principal amount plus accrued and unpaid interest on or after December 31, 2014.

Collectively, the Series 1 Debentures and the Series 2 Debentures are referred to as the "Debentures". Upon the maturity or redemption of the Debentures, Parkland may pay the outstanding principal of the Debentures in cash or may, at its option, on not greater than 60 days and not less than 40 days prior notice and subject to regulatory approval, elect to satisfy its obligations to repay all or a portion of the principal amount of the Debentures which have matured or been redeemed by issuing and delivering that number of common shares obtained by dividing the aggregate principal amount of the Debentures which have matured or redeemed by 95% of the weighted average trading price of the common shares of Parkland on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.

Upon issuance, the conversion feature values of the Series 1 Debentures and the Series 2 Debentures were considered immaterial.

The following table reconciles the principal amount, debt component of the Debentures.

	January 1, 2014 to December 31, 2014		January 1, 2013 to December 31, 2013	
	Principal amount of convertible debentures	**Carrying value of convertible debentures**	Principal amount of convertible debentures	Carrying value of convertible debentures
Current Portion:				
Series 1 Debentures				
Balance, beginning of year	**84,990**	**83,239**	96,794	93,130
Conversion to common shares	**(84,990)**	**(84,412)**	(11,804)	(11,804)
Cash payout	**-**	**(577)**	-	-
Change due to passage of time	**-**	**1,750**	-	1,913
Balance, current portion, end of year	**-**	**-**	84,990	83,239
Current Portion:				
Series 2 Debentures				
Balance, beginning of year	**44,967**	**44,168**	44,975	43,777
Conversion to common shares	**(872)**	**(872)**	(8)	(8)
Change due to passage of time	**-**	**398**	-	399
Balance, current portion, end of year	**44,095**	**43,694**	44,967	44,168
Series 1 and Series 2 Debentures, end of year	**44,095**	**43,694**	129,957	127,407

19. ASSET RETIREMENT OBLIGATIONS

	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Asset retirement obligations, beginning of the year	**42,648**	30,293
Additional provisions made during the year	**8,726**	20,236
Additions due to acquisitions (Note 24)	**8,590**	-
Amounts used during the year	**(1,626)**	(2,446)
Unused amounts reversed during the year	**(5,460)**	(3,053)
Change due to passage of time, exchange differences and discount rate	**7,708**	(2,382)
Asset retirement obligations, end of the year	**60,586**	42,648
Current	**7,851**	2,995
Non-current	**52,735**	39,653
Asset retirement obligations, end of the year	**60,586**	42,648

Parkland is liable for the environmental obligations related to the removal of its storage tanks at properties that it leases and owns. The asset retirement obligation represents the present value estimate of Parkland's cost to remove these tanks. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $88,848 at December 31, 2014 (December 31, 2013 – $70,872). The costs are expected to be paid up to 2046. At December 31, 2014, the discount rates used to determine the present value of the future costs was in the range of 3.84% – 4.21% (December 31, 2013 – 5.01%).

20. REFINERY AND TERMINAL REMEDIATION ACCRUAL

	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Refinery remediation accrual, beginning of year	**11,803**	13,957
Additions during the year	**1,245**	-
Unused amounts reversed during the year	**(2,783)**	-
Change due to passage of time and discount rate	**3,190**	(2,154)
Refinery remediation accrual, end of year	**13,455**	11,803

Parkland has estimated the discounted cost of remediation on the basis that remediation would be part of a multi-year management plan. Remediation costs have been estimated using engineering studies conducted in December 2007 and updated by the Corporation’s management in 2014. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $30,343 at December 31, 2014 (December 31, 2013 – $31,777). The costs are expected to be incurred between 2018 and 2041 (December 31, 2013 – 2018 to 2041). At December 31, 2014, the discount rate used to determine the present value of the future costs was 3.84% (December 31, 2013 – 5.01%).

21. SHAREHOLDERS’ CAPITAL

(a) Shareholders' Capital

Authorized capital of Parkland consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. Changes to shareholders’ capital were as follows:

	January 1, 2014 to December 31, 2014		January 1, 2013 to December 31, 2013	
	Number of common shares	**Amount**	Number of common shares	Amount
Shareholders' capital, beginning of year	**71,795**	**$ 411,503**	67,973	$ 349,591
Issued on capital acquisition, net of issue costs	**1,163**	**21,484**	-	-
Issued under dividend reinvestment plan	**2,817**	**60,185**	2,940	49,613
Issued under share option plan	**367**	**5,165**	51	487
Issued on vesting of restricted shares	**142**	**1,235**	22	-
Issued upon conversion of debentures	**5,830**	**85,284**	809	11,812
Shareholders' capital, end of year	**82,114**	**$ 584,856**	71,795	$ 411,503

In January 2011, Parkland launched the Premium Dividend and Enhanced Dividend Reinvestment Plan as a means to incrementally raise equity capital for growth and other corporate purposes.

The Premium Dividend Plan provides eligible shareholders with a 2% cash premium on top of their regular cash dividend. Participants electing this option will receive a monthly payment of $0.0901 per share for dividend declared to shareholders of record on and after March 21, 2014. Prior to March 21, 2014, the participants received $0.0885 per share under this option. The

Enhanced Dividend Reinvestment Plan allows shareholders to purchase additional shares with their dividend at a 5% discount to the volume weighted average price as defined by the plan. Those shareholders who do not elect to participate in the Premium Dividend and Enhanced Dividend Reinvestment Plan will still receive their regular monthly dividend of $0.0883 per share for dividend declared on and after March 21, 2014. Prior to March 21, 2014, the participants received $0.0867 per share under this option. The Corporation recognizes the dividend payable related to the Premium Dividend and Enhanced Dividend Reinvestment Plan based on the market value of Parkland's common shares on the day of the payment.

During 2014, Parkland declared dividends amounted to $85,865 or $1.05 per share (2013 - $72,901 or $1.04 per share). On January 13, 2015 Parkland declared a monthly dividend of $0.088 per share for a total dividend of $7,805. On February 11, 2015 Parkland declared a monthly dividend of $0.088 per share for a total dividend of approximately $7,826. The dividend declared on January 13, 2015 was paid on February 13, 2015 to the shareholders of record on January 22, 2015. The dividend declared on February 11, 2015 will be paid on March 13, 2015 to the shareholders of record on February 23, 2015.

(b) Stock Option Plans

Parkland has two stock option plans under which Parkland may issue from treasury, together with any other compensation arrangement, an amount not to exceed 10% of the issued and outstanding common shares. The eligible participants are officers, employees or consultants of the Corporation. The exercise price shall be fixed by the Board of Directors at the time of grant; provided that the exercise price shall not be less than fair market value of the common shares.

Under the Share Option Plan, each annual vesting tranche is considered a separate award with its own vesting period and grant date fair value. Fair value of each annual vesting tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Effective May 13, 2014, Parkland introduced a new grant agreement, the Penny Plan Stock Option Plan. Stock options granted under this plan vest on a fixed basis at 100% only when specific entity performance criteria such as non-acquired Adjusted EBITDA improvement and total Adjusted EBITDA targets are met. Adjusted EBITDA is defined as net earnings before finance costs, income taxes, depreciation and amortization, gain (loss) on disposal of property, plant and equipment, acquisition costs, unrealized (gain) loss from the change in fair value of commodities forward contracts, future contracts and US dollar forward exchange contracts included in risk management activities and unrealized gain (loss) on foreign exchange. The fair value of the vesting tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any change immediately recognized.

Share options outstanding at December 31, 2014 have the following expiry dates and exercise prices:

Grant-vest	Expiry date	Exercise price ($ per share)	Share options outstanding as at December 31, 2014	Share options outstanding as at December 31, 2013
2005-8	Jan 2015	$ 7.27	**-**	30
2011-12	May 2019	10.47	**-**	29
2011-12	May 2019	12.25	**99**	126
2011-13	May 2019	10.47	**-**	29
2011-13	May 2019	12.25	**99**	126
2011-14	May 2019	10.47	**-**	29
2011-14	May 2019	12.25	**101**	135
2012-13	May 2020	13.8	**80**	134
2012-14	May 2020	13.8	**80**	137
2012-15	May 2020	13.8	**105**	137
2013-14	March 2021	17.74	**41**	42
2013-15	March 2021	17.74	**41**	41
2013-16	March 2021	17.74	**41**	42
2013-14	May 2021	17.79	**153**	216
2013-15	May 2021	17.79	**165**	216
2013-16	May 2021	17.79	**165**	216
2014-15	May 2022	20.57	**174**	-
2014-16	May 2022	20.57	**649**	-
2014-17	May 2022	20.57	**174**	-
2014-15	May 2022	20.71	**3**	-
2014-16	May 2022	20.71	**3**	-
2014-17	May 2022	20.71	**3**	-
2014-15	May 2022	19.81	**10**	-
2014-16	May 2022	19.81	**10**	-
2014-17	May 2022	19.81	**10**	-
2014-15	May 2022	20.07	**12**	-
2014-16	May 2022	20.07	**12**	-
2014-17	May 2022	20.07	**12**	-
			2,242	1,685

The total share option compensation cost that has been included in marketing, general and administrative expenses for the year ended December 31, 2014 amounted to $883 ($947 for the year ended December 31, 2013).

Changes in the number of options with their average exercise price per option are summarized below:

	January 1, 2014 to December 31, 2014		January 1, 2013 to December 31, 2013	
	Number of options	**Average exercise price per option**	Number of options	Average exercise price per option
Share options, beginning of year	**1,685**	**$ 14.97**	991	$ 12.40
Granted	**1,222**	**20.54**	774	17.78
Exercised	**(367)**	**12.72**	(51)	9.21
Forfeited	**(298)**	**18.69**	(29)	12.62
Share options, end of year	**2,242**	**$ 17.88**	1,685	$ 14.97
Exercisable options, end of year	**655**	**$ 14.27**	475	$ 12.13

Out of the 2,242 outstanding options (December 31, 2013 – 1,685), 655 options were exercisable (December 31, 2013 – 475). Options exercised during the period ended December 31, 2014 resulted in 367 (December 31, 2013 – 51) shares being issued at a weighted average price of $12.72 each (December 31, 2013 – $9.21 each). The related weighted average share price over the period of exercise was $20.61 (December 31, 2013 – $17.84) per share.

The weighted average fair value of options granted during the year ended December 31, 2014, using the Black-Scholes valuation model was $1.45 (December 31, 2013 – $1.75) per option. The significant inputs into the model were weighted average share price of $20.54 (December 31, 2013 – $17.78) at the grant date, exercise price of $20.54 (December 31, 2013 – $17.78), volatility of 21.6% (December 31, 2013 – 27.1%), dividend yield of 5.15% (December 31, 2013 – 5.85%), an expected option life of eight years and an annual risk-free interest rate of 1.16% (December 31, 2013 – 1.15%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last two years.

(c) Restricted Share Unit Plans

Parkland awards certain directors, officers, employees and consultants restricted share units ("RSUs") under two plans: the Restricted Share Unit Plan and the Penny Plan Restricted Share Unit Plan. The units are awarded under both plans at no cost to the recipient and the fair market value determined at the date of the grant is expensed uniformly over their vesting period. The fair market value of the award is based on the volume weighted average trading price for the shares on the Toronto stock exchange for the five trading days immediately preceding the date of the grant.

Restricted share units are earned over a three year period with vesting at the third anniversary of the grant. The number of shares earned can range from 0 to 200% of the grant amount based on entity performance criteria, specifically Total Shareholder Return ("TSR") ranking versus a

specified peer group of companies. Additional RSUs are granted upon each dividend payment made by the Corporation.

Effective May 13, 2014, Parkland introduced a new grant agreement, the Penny Plan Restricted Share Unit Plan. The restricted share units under this plan vest on a fixed basis at 100% only when specific entity performance criteria such as non-acquired Adjusted EBITDA improvement and total Adjusted EBITDA targets are met.

Changes in the number of RSUs with their average share price are summarized below:

	January 1, 2014 to December 31, 2014		January 1, 2013 to December 31, 2013	
	Number of RSU's	**Weighted Average Share Price**	Number of RSU's	Weighted Average Share Price
Restricted share units, beginning of year	**548**	**$ 14.73**	336	$ 13.14
Granted	**308**	**19.27**	256	17.79
Dividend equivalents	**13**	**19.31**	12	16.52
Issued on vesting	**(210)**	**12.57**	(45)	13.18
Cancelled	**(95)**	**14.75**	(11)	-
Restricted share units, end of year	**564**	**$ 18.12**	548	$ 14.73

The total compensation cost that has been included in marketing, general and administrative expenses for the year ended December 31, 2014 amounted to $2,936 ($2,404 for the year ended December 31, 2013, respectively).

(d) Deferred Share Unit Plan

Parkland established the deferred share units ("DSUs") plan for non-executive members of the Board of Directors as a long-term incentive plan. Under this plan, each director is entitled to receive DSUs as a result of a grant and/or in lieu of directors' fees. Furthermore, directors receive additional DSUs upon each dividend payment made by the Corporation. The fair value of the DSUs on the grant day is based on the weighted average trading price of the shares on the Toronto stock exchange for the five trading days immediately preceding the date of the grant. DSUs vest immediately on the day of the grant and they are redeemed for cash when the director ceases to be a member of the Board of Directors. Compensation expense is recognized in the marketing, general and administrative expense immediately upon the vesting of DSUs.

The Corporation has recorded a liability of $3,027 at December 31, 2014 (December 31, 2013 – $2,209) in the Consolidated Balance Sheets for DSUs based on the market value of Parkland's common shares as December 31, 2014. The total compensation costs that have been included in marketing, general and administrative expenses for the year ended December 31, 2014 amounted to $1,116 ($1,001 for the year ended December 31, 2013).

Changes in the number of DSU's are summarized below:

	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
	Number of DSU's	Number of DSU's
Deferred share units, beginning of year	**120**	87
Granted	**26**	27
Dividends equivalent	**7**	6
Redeemed	**(14)**	-
Deferred share units, end of year	**139**	120

(e) Shareholder Rights Plan

The Shareholder Rights Plan is intended to ensure that in the context of an unsolicited take-over proposal for the common shares of Parkland, the Board of Directors has sufficient time to explore and develop strategic alternatives that are in the best interests of Parkland's investors.

The Board of Directors has authorized the issuance of one right in respect of each common share of the Corporation outstanding at the close of business on March 18, 2014 and each share issued thereafter. The rights will become exercisable if a person, together with its affiliates, associates and joint actors, acquires or announces an intention to acquire beneficial ownership of common shares which, when aggregated with its current holdings, total 20 per cent or more of the outstanding common shares of the Corporation (determined in the manner set out in the Rights Plan). Following the acquisition of 20 per cent or more of the outstanding common shares, each right held by a person other than the acquiring person and its affiliates, associates and joint actors would, upon exercise, entitle the holder to purchase the common shares at a substantial discount to the market price of the common shares at that time.

22. FINANCE COSTS

	Year ended December 31,	
	2014	2013
Interest on long-term debt	**15,447**	7,188
Interest and accretion on convertible debentures	**9,456**	10,544
Amortization of deferred financing costs	**1,597**	1,410
Accretion on refinery remediation	**496**	544
Accretion on asset retirement obligation	**1,972**	338
Change in fair value of redemption option	**(2,940)**	-
Amortization of debt premium arising from redemption option	**(291)**	-
Gain on interest rate swap	**(348)**	(140)
Interest income	**(244)**	-
Finance costs	**25,145**	19,884

23. CAPITAL MANAGEMENT

Parkland's capital structure is comprised of bank indebtedness, long-term debt including current portion, convertible debentures and shareholders' equity, less cash and cash equivalents and restricted cash. Parkland's objectives when managing its capital structure are to:

I. Maintain financial flexibility so as to preserve the Corporation's access to capital markets and its ability to meet its financial obligations; and
II. Finance internally generated growth as well as potential acquisitions.

Parkland monitors its capital structure and financing requirements using non-GAAP financial metrics consisting of Senior Funded Debt to Credit Facility EBITDA, Total Funded Debt to Credit Facility EBITDA and Credit Facility Fixed Charge Coverage Ratio. The metrics are used to monitor and guide the Corporation's overall financial strength and flexibility of capital structure.

Parkland currently targets a Senior Funded Debt to Credit Facility EBITDA ratio and Total Funded Debt to Credit Facility EBITDA of under 2.0 and 3.0, respectively on a long-term basis. This target may be exceeded if strategic acquisitions are available. At December 31, 2014, the Senior Funded Debt to Credit Facility EBITDA ratio and Total Funded Debt to Credit Facility EBITDA was less than zero and 1.43, respectively (December 31, 2013 – 1.22 and 1.22, respectively), calculated as follows:

	December 31,	
(in thousands of Canadian dollars)	**2014**	2013
Senior Funded Debt		
Long-term debt-current portion	**2,448**	1,354
Bank indebtedness	**5,969**	2,539
Long-term debt - long term portion (excluding Senior Unsecured Notes)	**36,198**	222,955
Letters of Credit/Bonds	**7,145**	43,737
Cash	**(205,097)**	(10,819)
Senior Funded Debt	**(153,337)**	259,766
Senior Unsecured Notes	**398,856**	-
Total Funded Debt	**245,519**	259,766
Credit Facility EBITDA - Previous four quarters	**172,242**	212,527
Senior Funded Debt to Credit Facility EBITDA	**-**	1.22
Total Funded Debt to Credit Facility EBITDA	**1.43**	1.22

Parkland currently targets a Credit Facility Fixed Charge Coverage ratio greater than 2.0. This target may be exceeded if strategic acquisitions are available. At December 31, 2014 the Credit Facility Fixed Charge Coverage ratio was 2.85 (December 31, 2013 – 3.55) calculated on a trailing twelve-month basis as follows:

	TTM ended December 31,	
(in thousands of Canadian dollars)	**2014**	2013
Credit Facility EBITDA	**172,242**	212,527
Less:		
Maintenance capital expenditures	**18,530**	20,816
Taxes paid	**25,011**	57,193
Adjusted Credit Facility EBITDA	**128,701**	134,518
Fixed Charges		
Interest	**20,615**	15,280
Distributions	**24,473**	22,636
Total Fixed Charges	**45,088**	37,916
Credit Facility Fixed Charge Coverage Ratio	**2.85**	3.55

The Corporation manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving objectives stated above. To manage the capital structure, Parkland may adjust capital spending, adjust dividends paid to shareholders, issue new equity, issue new debt or repay existing debt.

24. ACQUISITIONS

(a) SPF Energy

On January 8, 2014, the Corporation completed the acquisition of 100% of outstanding shares of SPF Energy Inc. ("SPF Energy") based in North Dakota, USA. SPF Energy supplies and distributes approximately 1.1 billion litres (300 million gallons) of refined petroleum products through North Dakota, Montana, Minnesota, South Dakota and Wyoming. This acquisition provides Parkland with an expandable platform for growth in the Northwest United States and export opportunities for excess refined product in Western Canada. In addition, it enhances supply capabilities leveraging Elbow River Marketing rail assets.

The fair value of the identifiable assets and liabilities of SPF Energy are as follows:

	January 8, 2014 (restated)
Assets	
Cash	**2,576**
Accounts receivable	**44,347**
Prepaid expenses and other	**3,177**
Inventory	**14,451**
Income tax receivable	**227**
Property, plant and equipment (Note 11)	**31,002**
Intangible assets (Note 12)	**52,048**
	147,828
Liabilities	
Accounts payable and accrued liabilities	**(32,272)**
Deferred revenue	**(739)**
Asset retirement obligation (Note 19)	**(5,354)**
Bank indebtedness	**(10,455)**
Collateralized notes	**(7,901)**
Deferred tax liability	**(27,522)**
	(84,243)
Goodwill arising on acquisition (Note 13)	**34,548**
Purchase consideration transferred	**98,133**
Fair value analysis of purchase consideration transferred	
Cash paid	**76,649**
Common shares (Note 21)	**21,484**
Total purchase consideration	**98,133**
Analysis of cash flows on acquisition	
Cash paid	**76,649**
Net cash acquired	**(2,576)**
Bank indebtedness assumed	**10,455**
Net cash outflow (included in cash used in investing activities)	**84,528**

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on the fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisition, with the excess of the purchase price over the fair value being allocated to goodwill. During the three months ended June 30, 2014, the Corporation made revisions to certain preliminary estimates that resulted in an increase of $3,446 to property, plant and equipment and an increase of $3,446 to asset retirement obligation. These adjustments have been applied retrospectively to the acquisition date of January 8, 2014, resulting in revised property, plant and equipment and asset retirement obligation balances of $31,002 and $5,354 respectively.

The fair value of accounts receivable amounts to $44,347. The gross amount of trade receivables is $45,726. None of the accounts receivable amounts have been impaired and it is expected that the full contractual amounts can be collected. Accounts payable and accrued liabilities acquired have a fair value that equal their gross contractual value and expected cash outflow at the acquisition date.

The goodwill of $34,548 is attributable to the anticipated future revenue from the expansion of Parkland in the Northwest United States, export opportunities for excess refined product in Western Canada, and expected synergies from combining the assets and liabilities of SPF Energy Inc. with those of the Corporation. The total amount of goodwill recognized is not deductible for income tax purposes.

Share consideration was calculated using the trading price of $18.48 per common share.

Since the date of acquisition, revenue of $1,134,618 and net income of $9,155 are included in the December 31, 2014 consolidated statement of comprehensive income.

(b) Chevron-branded service stations

On April 2, 2014, the Corporation completed the acquisition of twelve Chevron-branded service stations located in northern British Columbia. The service stations acquired are expected to sell approximately 36 million litres of fuel annually and provide Parkland with access to an additional major retail fuel brand. Chevron's strong brand equity will enhance the development of Parkland's dealer business and will support Parkland's growing retail presence in British Columbia.

The fair value of the identifiable assets and liabilities of the acquired twelve Chevron-branded service stations are as follows:

	April 2, 2014
Assets	
Inventory	**1,604**
Property, plant and equipment (Note 11)	**8,193**
	9,797
Liabilities	
Asset retirement obligation (Note 19)	**(3,236)**
	(3,236)
Goodwill arising on acquisition (Note 13)	**9,885**
Purchase consideration transferred	**16,446**
Fair value analysis of purchase consideration transferred	
Cash paid	**16,446**
Total purchase consideration	**16,446**
Analysis of cash flows on acquisition	
Cash paid	**16,446**
Net cash outflow (included in cash used in investing activities)	**16,446**

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on the fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisition, with the excess of the purchase price over the fair value being allocated to goodwill.

The goodwill of $9,885 is attributable to the anticipated future revenue from the service stations, location and characteristics of the service stations and expected synergies arising from the acquisition. Seventy five percent of the amount of goodwill recognized is deductible for income tax purposes.

Since the date of acquisition, revenue of $26,724 and net income of $1,508 are included in the December 31, 2014 consolidated statement of comprehensive income. If the acquisition had been completed on January 1, 2014, the impact on the reported revenue and net income for the year ended December 31, 2014 would be immaterial.

(c) Elbow River Marketing

On February 15, 2013, Parkland acquired the assets and liabilities of Elbow River Marketing Limited Partnership ("Elbow River Marketing"), a business specializing in the transportation, supply and marketing of petroleum products including liquefied petroleum gases (butane, propane and condensate), crude oil, heavy fuel oil, and a growing portfolio of refined fuel and bio-fuel products, for total consideration of $84,594. The purchase priced included $80,000 paid in cash and the assumption of bank indebtedness of $4,594. The acquisition of Elbow River Marketing diversifies Parkland's earnings and further differentiates Parkland from other Canadian fuel marketers. The transaction was an asset purchase and has been accounted for using the acquisition method.

The fair value of Elbow River Marketing net assets acquired is as follows:

	December 31, 2013
Fair value of net assets acquired:	
Intangible asset - customer relationships	31,050
Intangible asset - non-compete agreement	2,100
Intangible asset - trade names	3,450
Fair value of rail car leases	1,550
Property, plant and equipment	2,535
Goodwill	35,900
Capital lease obligations	(71)
Risk management - net	(5,285)
Bank indebtedness	(4,594)
Other long-term liabilities	(4,509)
Working capital	17,874
	80,000
Consideration:	
Cash paid to vendor	80,000
Bank indebtedness assumed	4,594
Cash consideration	84,594

The goodwill of $35,900 which arose from the acquisition was attributable to the anticipated future earnings of Elbow River Marketing and purchasing synergies now available to Parkland. The total amount of goodwill recognized is expected to be deductible for income tax purposes.

Trade and other receivables acquired in the transaction have a fair value of $90,364 that equal their gross contractual value and expected cash flow at the acquistion date.

Trade and other payables acquired in the transaction have a fair value of $102,993 that equal their gross contractual value and expected cash outflow at the acquisition date.

Since the date of acquisition, revenue of $980,484 and net earnings of $17,351 are included in the December 31, 2013 consolidated statement of comprehensive income.

(d) Sparling's Propane

On April 2, 2013, Parkland acquired all of the outstanding shares of Sparling's Propane Co. Limited, G.S.D. Sparling Holdings Ltd. Sparling's Propane Tank Co Ltd. Grand River Propane Inc. and Sparling's Propane Inc. (collectively "Sparling's Propane") for cash consideration of $32,388. The acquisition is expected to leverage the propane supply options achieved through Elbow River Marketing and its existing business platform will be utilized to grow Parkland's propane business across Canada. As a result these amounts are subject to change. The transaction has been accounted for using the acquisition method.

The fair value of Sparling's net assets acquired is as follows:

	December 31, 2013
Fair value of net assets acquired:	
Intangible asset - customer relationships	1,387
Intangible asset - non-compete agreement	175
Intangible asset - trade names	2,379
Property, plant and equipment	28,587
Goodwill	5,284
Deferred Tax Liability	(5,284)
Capital lease obligations	(1,128)
Working capital	1,807
	33,207
Consideration:	
Cash paid to vendor	33,207
Cash assumed	(819)
Cash consideration	32,388

The goodwill of $5,284, which arose from the acquisition was attributable to the anticipated future revenue from the potential expansion of Parkland's propane business and increased market presence in Eastern Canada. The total amount of goodwill recognized is not deductible for income tax purposes.

Trade and other receivables acquired in the transaction have a fair value of $7,136 that equal their gross contractual value and expected cash flow at the acquistion date.

Trade and other payables acquired in the transaction have a fair value of $6,405 that equal their gross contractual value and expected cash outflow at the acquisition date.

Since the date of acquisition, revenue of $47,878 and net income of $230 are included in the December 31, 2013 consolidated statement of comprehensive income.

(e) TransMontaigne

On May 13, 2013, Parkland entered into agreements to become Morgan Stanley's fuel marketer for the province of Quebec, to assume customers and assets of TransMontaigne Marketing Canada Inc. ("TransMontaigne"), to lease terminal storage through CanTerm Canadian Terminals Inc. and to purchase inventory from Morgan Stanley Capital Group Inc., for total cash consideration of $11,065. This agreement is expected to provide a new supply platform for growth in the Province of Quebec and add to Parkland's strategic supply infrastructure portfolio. The transaction was an asset purchase and has been accounted for using the acquisition method.

The fair value of TransMontaigne net assets acquired is as follows:

	December 31, 2013
Fair value of net assets acquired:	
Intangible asset - customer relationships	1
Property, plant and equipment	488
Goodwill	12
Working capital	50,115
	50,616
Consideration:	
Accounts payable	39,551
Cash paid to vendor	11,065
	50,616
Liabilities settled	(39,551)
Cash consideration	11,065

The goodwill of $12, which arose from the acquisition was attributable to the anticipated future earnings of TransMontaigne and increased market presence in Quebec for Parkland. The total amount of goodwill recognized is expected to be deductible for income tax purposes.

Trade and other receivables acquired in the transaction have a fair value of $39,596 that Parkland agreed to collect on behalf of TransMontaigne. Subsequent to the acquisition, Parkland collected $39,551 and settled the liability with TransMontaigne for the same amount.

Since the date of acquisition, revenue of $448,748 and a net loss of $142 are included in the December 31, 2013 consolidated statement of comprehensive income.

(f) R-Gas and Scotsburn

On May 1, 2013, Parkland announced the acquisition of Scotsburn Co-operative Services Limited ("Scotsburn") net assets for cash consideration of $1,322. Additionally on April 30th, 2013 Parkland acquired the net assets of R-Gas Propane Supply Corporation ("R-Gas") for cash consideration of $1,068. These acquisitions are expected to add over three million litres of diesel fuel and furnace oil sales to Parkland and increase market presence in the Ontario propane market. These transactions were asset purchases and have been accounted for using the acquisition method.

The combined fair value of R-Gas and Scotsburn's net assets acquired are as follows:

	December 31, 2013
Fair value of net assets acquired:	
Intangible asset - customer relationships	673
Property, plant and equipment	991
Goodwill	159
Working capital	567
	2,390
Consideration:	
Accounts payable	
Cash paid to vendor	2,390
	2,390

The goodwill of $159 which arose from the acquisitions was attributable to the anticipated future revenue from expanded customer base, synergies from combining offices and increased market presence in Eastern Canada. The total amount of goodwill recognized is expected to be deductible for income tax purposes.

Trade and other receivables acquired in the transactions have a fair value of $537 that equal their gross contractual value and expected cash flow at the acquistion date.

No trade or other payables were acquired in these transactions.

Since the date of acquisitions, combined revenue of $3,332 and net earnings of $199 are included in the December 31, 2013 consolidated statement of comprehensive income.

Had Parkland acquired and consolidated the above mentioned acquisitions in notes 24(c) through 2d(f) on January 1, 2013, the consolidated statement of comprehensive income would include additional revenue of $586,187 (Elbow River Marketing - $172,894, Sparling's Propane - $53,497, TransMontaigne - $358,130, R-Gas & Scotsburn - $1,666) and additional net earnings of $3,758 (Elbow River Marketing - $2,204, Sparling's Propane - $1,454 , R-Gas & Scotsburn - $100) for the year ended December 31, 2013. This pro-forma financial information is not necessarily indicitive of the financial position or results of operations that would have resulted had the relevant transactions taken place at the beginning of the year.

(g) Acquisition of Pioneer Energy

On September 17, 2014, the Corporation entered into a definitive agreement to acquire substantially all of the assets and select liabilities comprising the Pioneer Energy business ("Pioneer Energy"), domiciled in Ontario, Canada. Subject to the satisfaction of closing conditions and the receipt of customary third party and regulatory consents and approvals, the assets of Pioneer Energy will be purchased for approximately $378 million, which will include approximately $259 million in cash and $119 million in common shares of the Corporation. On

January 20, 2015 the parties to the transaction mutually agreed to amend the closing date from January 31, 2015 to March 31, 2015.

The Corporation is in the process of assessing the purchase price allocation and the final adjusted purchase price will be determined subject to customary post-closing adjustments. With 393 retail gas stations located across Ontario and Manitoba and a recently acquired commercial operation in Ontario, New Brunswick and Nova Scotia, this acquisition is expected to provide Parkland with access to key markets, material supply synergies and an expandable platform for growth in Ontario and Manitoba.

25. NET CHANGES IN NON-CASH WORKING CAPITAL

	Year ended December 31st,	
	2014	2013
Accounts receivable	**105,091**	(45,915)
Inventories	**24,281**	(14,263)
Income taxes receivable	**392**	(440)
Prepaid expenses and other	**165**	3,203
Accounts payable and accrued liabilities	**(84,775)**	57,672
Income tax payable	**-**	(20,034)
Deferred revenue	**(265)**	(2,687)
Total net changes in non-cash working capital	**44,889**	(22,464)

26. SEGMENTED INFORMATION

During the first quarter of 2014, Parkland changed its internal organizational structure resulting in the following operating segments based on the nature of their products and services: i) Retail Fuels, ii) Commercial Fuels iii) Wholesale, Supply and Distribution. At the time of the change in the organizational structure SPF Energy Inc. ("SPF Energy") had recently been acquired and it was anticipated that it would be aggregated with the segments named above. During the fourth quarter of 2014, Parkland changed the internal reporting structure of its operating segments to follow national geographic boundaries. This change resulted in the addition of SPF Energy located in the United States of America as separate operating segment. The Corporation also reports activities not directly attributable to an operating segment under Corporate. Parkland has changed its segmented information to be in line with its internal reorganization and has amended its prior year segment information to conform to the current year presentation. These segments are defined as follows

Retail Fuels

Retail Fuels operates and services a network of retail service stations that serve motorists in Canada.

Parkland is a retail branded distributor for Esso in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories and a retail branded distributor for Chevron in British Columbia. Parkland also maintains two proprietary brands: Fas Gas Plus and Race Trac.

Commercial Fuels

Commercial Fuels delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services to commercial, industrial and residential customers across Canada. Commercial Fuels' brands include: Bluewave Energy, Columbia Fuels, Sparlings Propane Co. Ltd. and Island Petroleum.

SPF Energy

SPF Energy Inc. operates and services a network of retail service stations in the United States. In addition, SPF Energy delivers gasoline, distillates, propane and lubricating oils across the Northwestern United States.

The segregation of total assets and total liabilities is not practical as the reportable segments are not being presented or reviewed by the chief operating decision maker.

Intersegment sales are accounted for at market values and included, for segment reporting, in revenues of the segment making the transfer and expenses of the segment receiving the transfer. Inter-segmental transactions are eliminated upon consolidation.

Depreciation and amortization, finance costs, loss (gain) on disposal of property, plant and equipment, acquisition related costs, unrealized (gains) loss from the change in fair value commodities forward contracts, future contracts and US dollar forward exchange contracts included in risk management activities, unrealized (gain) loss on foreign exchange and income taxes are not allocated to segments because they are not reviewed as part of segmented information by the chief operating decision maker. Accordingly, there are certain asymmetries in the allocation of earnings to segments with respect to these items.

Wholesale, Supply and Distribution

Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply contracts, purchasing fuel from refiners, distribution through third party rail and highway carriers as well as serving wholesale and reseller customers. This segment includes profits from Parkland's February 2013 acquisition of Elbow River Marketing, profits derived through supply management and profits from wholesale fuel sales.

Segmented information	**Retail Fuels**		**Commercial Fuels**		**SPF Energy**		**Wholesale, Supply and Distribution**		**Corporate**		**Consolidated**	
For the year ended December 31,	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fuel and petroleum products volume (thousands of litres)	1,733,960	1,747,421	1,565,207	1,545,011	1,185,568	-	4,370,413	3,366,943	-	-	8,855,148	6,659,375
Sales and operating revenue - external and inter-segmental												
Fuel and petroleum product revenue	1,658,457	1,646,952	1,468,862	1,423,036	1,019,414	-	7,052,859	5,424,196	-	-	11,199,592	8,494,184
Non-fuel revenue	19,545	17,817	279,420	279,259	87,333	-	61,769	58,074	386	366	448,453	355,516
Total sales and operating revenue - external and intersegmental	1,678,002	1,664,769	1,748,282	1,702,295	1,106,747	-	7,114,628	5,482,270	386	366	11,648,045	8,849,700
Less: inter-segment revenues	-	-	(33,057)	(29,234)	-	-	(4,087,350)	(3,157,044)	-	-	(4,120,407)	(3,186,278)
Sales and operating revenue	1,678,002	1,664,769	1,715,225	1,673,061	1,106,747	-	3,027,278	2,325,226	386	366	7,527,638	5,663,422
Cost of sales, excluding depreciation												
Fuel and petroleum product cost of sales	1,571,695	1,564,354	1,304,949	1,269,639	981,196	-	6,925,426	5,227,293	-	-	10,783,266	8,061,286
Non-fuel costs of sales	-	2	218,266	218,931	59,029	-	49,346	49,944	71	(461)	326,712	268,416
Total cost of sales, excluding depreciation	1,571,695	1,564,356	1,523,215	1,488,570	1,040,225	-	6,974,772	5,277,237	71	(461)	11,109,978	8,329,702
Less: inter-segment cost of sales	-	-	(33,057)	(29,234)	-	-	(4,087,350)	(3,157,044)	30	16	(4,120,377)	(3,186,262)
Net cost of sales	1,571,695	1,564,356	1,490,158	1,459,336	1,040,225	-	2,887,422	2,120,193	101	(445)	6,989,601	5,143,440
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	86,762	82,598	163,913	153,397	38,218	-	127,433	196,903	-	-	416,326	432,898
Realized loss on risk management activities	-	-	-	-	-	-	(978)	(21,533)	-	-	(978)	(21,533)
Realized gain (loss) on foreign exchange	-	-	-	-	-	-	3,752	1,577	(48)	(45)	3,704	1,532
Fuel and petroluem product adjusted gross profit	86,762	82,598	163,913	153,397	38,218	-	130,207	176,947	(48)	(45)	419,052	412,897
Non-fuel adjusted gross profit	19,545	17,815	61,154	60,328	28,304	-	12,423	8,130	285	811	121,711	87,084
Total adjusted gross profit	106,307	100,413	225,067	213,725	66,522	-	142,630	185,077	237	766	540,763	499,981
Customer finance income	-	(8)	(1,929)	(2,287)	(260)	-	(25)	(72)	(222)	(118)	(2,436)	(2,485)
Operating costs	25,913	25,560	136,164	128,909	36,098	-	44,644	26,001	-	9,808	242,819	190,278
Marketing, general and administration	12,608	12,914	25,015	25,446	6,964	-	33,967	31,336	54,275	41,896	132,829	111,592
Loss on risk management activities	-	-	43	-	-	-	-	17	-	2	43	19
less: acquisition costs (1)	-	-	-	-	-	-	-	-	(15,699)	(6,852)	(15,699)	(6,852)
Adjusted EBITDA	67,786	61,947	65,774	61,657	23,720	-	64,044	127,795	(38,117)	(43,970)	183,207	207,429
Depreciation and amortization	-	-	-	-	-	-	-	-	75,124	56,003	75,124	56,003
Finance costs	-	-	-	-	-	-	-	-	25,145	19,884	25,145	19,884
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	1,156	2,440	1,156	2,440
Acquisition related costs (1)	-	-	-	-	-	-	-	-	15,699	6,852	15,699	6,852
Unrealized gain from the change in fair value commodities	-	-	-	-	-	-	-	-	(3,707)	(1,309)	(3,707)	(1,309)
forward contracts, US dollar forward exchange contracts and future contracts	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized (gain) loss on foreign exchange	-	-	-	-	-	-	-	-	(432)	592	(432)	592
Income tax expense (recovery)									20,347	31,010	20,347	31,010
Net Earnings											49,875	91,957
Additions to property, plant and equipment	20,138	13,170	20,743	54,994	30,082	-	2,403	15,047	1,547	6,050	74,913	89,261

(1) Acquisition costs include direct and indirect costs related to acquisition targets.

Geographic Information

	Year ended December 31,	
	2014	2013
Revenue from external customers - Canada	**6,420,891**	5,663,422
Revenue from external customers - United States	**1,106,747**	-
Sales and operating revenue	**7,527,638**	5,663,422

	December 31, 2014		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**326,587**	**32,918**	**359,505**
Intangible assets	**113,572**	**50,261**	**163,833**
Goodwill	**142,377**	**37,230**	**179,607**
Total	**582,536**	**120,409**	**702,945**

	December 31, 2013		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	319,344	-	319,344
Intangible assets	127,011	-	127,011
Goodwill	132,493	-	132,493
Total	578,848	-	578,848

27. RELATED PARTY TRANSACTIONS

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The amounts related to fees expensed for the year ended December 31, 2014 was $4,181 (December 31, 2013 – $2,693), and the amounts payable as at December 31, 2014 was $1,780 (December 31, 2013 – $180).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

28. CONTINGENCIES AND COMMITMENTS

(a) Legal

The Corporation is involved in various legal claims and legal notices arising in the ordinary course of business. Parkland believes it has made adequate provisions for such legal claims.

The Corporation recognized $9,800 for legal claims in the fourth quarter of 2013, primarily for the mitigation of contamination at sites where the Corporation has had operations and where the amounts were more likely than not to be incurred. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on Parkland's financial position, results of operations, or cash flows. No additional amounts have been recorded during the year ended December 31, 2014. The liability balance related to these claims as of December 31, 2014 was $7,514.

(b) Commitments

Parkland has operating leases primarily for buildings, offices, rail tank cars, warehouses, equipment and land. These operating leases expire at various dates over the next 32 years. The minimum payments required under these commitments are as follows:

	2015	**2016**	**2017**	**2018**	**2019**	**Thereafter**	**Total**
Obligations under operating leases	37,714	32,574	27,245	22,123	15,266	25,982	160,904

Capital expenditures contracted but not yet incurred are as follows:

	December 31, 2014	December 31, 2013
Property, plant and equipment	**8,361**	8,302

29. EXPENSE BY NATURE

Employee costs included in the consolidated statement of comprehensive income are shown below:

	Year ended December 31,	
	2014	2013
Operating costs	**82,145**	59,570
Marketing, general and administrative	**85,952**	74,502
	168,097	134,072

30. KEY MANAGEMENT COMPENSATION

The remuneration of key management personnel of the Corporation, which includes both members of the Board of Directors and leadership team including the President and CEO, CFO and vice presidents, is set out below in aggregate:

	Year ended December 31,	
	2014	2013
Salaries and short-term employee benefits	**5,616**	5,165
Share-based payments	**2,826**	2,555
	8,442	7,720

The liability balance for annual incentive plan and share-based compensation to key management personnel was $4,434 as at December 31, 2014 (December 31, 2013 - $3,533).

31. SUBSEQUENT EVENT

Chevron Canada

Subsequent to December 31, 2014, the Corporation entered into an agreement to acquire eleven Chevron-branded service stations located in British Columbia for the total consideration of approximately $17,100. The Corporation is expecting to close the acquisition in the second quarter of 2015.

Parkland Fuel Corporation
Segmented Information
For the three months ended December 31, 2014 and 2013 (unaudited)
In 000's of Canadian Dollars, shares and options (except per share amounts)

Segmented information	**Retail Fuels**		**Commercial Fuels**		**SPF Energy**		**Wholesale, Supply and Distribution**		**Corporate**		**Consolidated**	
For the three months ended December 31, (unaudited)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fuel and petroleum products volume (thousands of litres)	426,957	432,107	400,231	452,120	309,990	-	1,190,635	1,032,681	-	-	2,327,813	1,916,908
Sales and operating revenue - external and intersegmental												
Fuel and petroleum product revenue	357,826	397,975	330,543	420,394	246,577	-	1,630,182	1,749,948	-	-	2,565,128	2,568,317
Non-fuel revenue	5,152	4,619	72,343	70,806	22,626	-	13,701	16,340	105	73	113,927	91,838
Total sales and operating revenue - external and intersegmental	362,978	402,594	402,886	491,200	269,203	-	1,643,883	1,766,288	105	73	2,679,055	2,660,155
Less: intersegment revenues	-	-	(8,537)	(7,816)	-	-	(932,039)	(1,053,478)	-	-	(940,576)	(1,061,294)
Sales and operating revenue	362,978	402,594	394,349	483,384	269,203	-	711,844	712,810	105	73	1,738,479	1,598,861
Cost of sales, excluding depreciation												
Fuel and petroleum product cost of sales	334,917	377,983	283,998	374,349	235,058	-	1,606,893	1,688,597	-	-	2,460,866	2,440,929
Non-fuel costs of sales	-	-	57,381	55,299	14,960	-	13,116	13,536	(48)	(331)	85,409	68,504
Total cost of sales, excluding depreciation	334,917	377,983	341,379	429,648	250,018	-	1,620,009	1,702,133	(48)	(331)	2,546,275	2,509,433
Less: intersegment cost of sales	-	-	(8,537)	(7,816)	-	-	(932,039)	(1,053,478)	6	2	(940,570)	(1,061,292)
Net cost of sales	334,917	377,983	332,842	421,832	250,018	-	687,970	648,655	(42)	(329)	1,605,705	1,448,141
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	22,909	19,992	46,545	46,045	11,519	-	23,289	61,351	-	-	104,262	127,388
Realized gain (loss) on risk management activities	-	-	-	-	-	-	5,948	(9,398)	-	-	5,948	(9,398)
Realized gain (loss) on foreign exchange	-	-	-	-	-	-	2,839	630	(54)	(46)	2,785	584
Fuel and petroleum product adjusted gross profit	22,909	19,992	46,545	46,045	11,519	-	32,076	52,583	(54)	(46)	112,995	118,574
Non-fuel adjusted gross profit	5,152	4,619	14,962	15,507	7,666	-	585	2,804	147	402	28,512	23,332
Total adjusted gross profit	28,061	24,611	61,507	61,552	19,185	-	32,661	55,387	93	356	141,507	141,906
Customer finance income	-	(4)	(318)	(611)	(57)	-	47	(54)	(113)	(27)	(441)	(696)
Operating costs	6,470	5,923	35,073	35,509	9,315	-	9,265	9,042	-	9,800	60,123	60,274
Marketing, general and administration	2,941	3,249	6,100	5,939	1,879	-	10,055	13,386	17,534	11,954	38,509	34,528
Loss on risk management activities	-	-	53	-	-	-	-	-	-	2	53	2
less: acquisition costs (1)	-	-	-	-	-	-	-	-	(7,802)	(2,764)	(7,802)	(2,764)
Adjusted EBITDA	18,650	15,443	20,599	20,715	8,048	-	13,294	33,013	(9,526)	(18,609)	51,065	50,562
Depreciation and amortization	-	-	-	-	-	-	-	-	17,630	14,612	17,630	14,612
Finance costs	-	-	-	-	-	-	-	-	5,887	4,856	5,887	4,856
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	68	823	68	823
Acquisition costs (1)	-	-	-	-	-	-	-	-	7,802	2,764	7,802	2,764
Unrealized loss (gain) from the change in fair value of commodities	-	-	-	-	-	-	-	-	4,436	(648)	4,436	(648)
forward contracts, US dollar forward exchange contracts and future contracts	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized loss on foreign exchange	-	-	-	-	-	-	-	-	1,251	433	1,251	433
Income tax expense (recovery)									3,769	5,685	3,769	5,685
Net Earnings											10,222	22,037
Additions to property, plant and equipment	7,398	8,025	6,990	10,631	1,402	-	252	9,055	499	2,762	16,541	30,473

(1) Acquisition costs include direct and indirect costs related to acquisition targets.