Parkland Fuel Corporation

Consolidated Balance Sheets

(Unaudited)

(In 000's of Canadian Dollars)	**June 30, 2015**	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	**30,940**	203,264
Restricted cash	**1,833**	1,833
Accounts receivable	**347,085**	442,218
Inventories	**122,956**	121,579
Income tax receivable	**8,714**	1,373
Risk management (Note 7)	**1,210**	4,897
Prepaid expenses and other	**48,927**	12,044
	561,665	787,208
Property, plant and equipment (Note 8)	**484,601**	359,505
Intangible assets (Note 9)	**193,902**	163,833
Goodwill (Note 10)	**518,728**	179,607
Long-term receivables	**17,550**	13,682
Other long term assets	**10,806**	12,829
Deferred tax asset	**32,303**	15,127
	1,819,555	1,531,791
Liabilities		
Current Liabilities		
Bank indebtedness	**15,294**	5,969
Accounts payable and accrued liabilities	**398,970**	327,425
Dividends declared and payable	**7,721**	7,432
Deferred revenue	**1,951**	7,540
Long-term debt - current portion (Note 11)	**3,591**	2,448
Convertible debentures - current portion (Note 12)	**40,327**	43,694
Asset retirement obligations - current portion (Note 14)	**17,911**	7,851
Risk management (Note 7)	**3,665**	5,166
Other long-term liabilities - current portion	**1,930**	3,350
	491,360	410,875
Long-term debt (Note 11)	**436,492**	435,054
Other long-term liabilities	**10,030**	14,744
Asset retirement obligations (Note 14)	**96,158**	52,735
Refinery and terminal remediation accrual	**13,769**	13,455
Deferred tax liability	**34,276**	35,077
	1,082,085	961,940
Shareholders' Equity		
Shareholders' capital (Note 15)	**778,811**	584,856
Contributed surplus	**11,436**	6,339
Accumulated other comprehensive income	**8,291**	2,188
Deficit	**(61,068)**	(23,532)
	737,470	569,851
	1,819,555	1,531,791

Contingencies and Commitments (Note 20)

See accompanying notes to the interim condensed consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Income (Loss)

(Unaudited)

(In 000's of Canadian Dollars and shares, except per share amounts)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Sales and operating revenue	**1,389,910**	1,873,109	**2,781,536**	3,890,469
Cost of sales, excluding depreciation	**1,265,767**	1,749,827	**2,503,416**	3,602,210
Customer finance income	**(690)**	(867)	**(1,166)**	(1,496)
Operating costs	**60,377**	60,135	**126,871**	125,373
Marketing, general and administrative	**42,230**	28,913	**76,934**	65,297
Depreciation and amortization	**17,590**	20,407	**37,297**	38,882
Finance costs (Note 13)	**11,074**	7,113	**17,471**	12,963
Foreign exchange loss (gain)	**565**	2,006	**(2,606)**	(906)
(Gain) loss on disposal of property, plant and equipment	**(225)**	27	**131**	1,177
Loss on risk management activities	**2,429**	(3,382)	**4,926**	6,052
Earnings (loss) before income taxes	**(9,207)**	8,930	**18,262**	40,917
Income tax expense (recovery) (Note 18)				
Current	**2,307**	4,420	**12,169**	15,475
Deferred	**(990)**	(2,414)	**(3,161)**	(3,791)
Net earnings (loss)	**(10,524)**	6,924	**9,254**	29,233
Net earnings (loss) per share (Note 6)				
- Basic	**(0.13)**	0.09	**0.11**	0.40
- Diluted	**(0.13)**	0.09	**0.11**	0.40
Shares outstanding (Note 15)	**89,928**	74,765	**89,928**	74,765

See accompanying notes to the interim condensed consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(In 000's of Canadian Dollars)	Three months ended June 30, **2015**	2014	Six months ended June 30, **2015**	2014
Net earnings (loss)	**(10,524)**	6,924	**9,254**	29,233
Other comprehensive income (loss):				
Items that may be reclassified to consolidated statement of income in subsequent periods:				
Exchange differences on translation of foreign operations	**(1,938)**	(3,405)	**8,072**	(1,140)
Net gain (loss) on hedge of net investment in foreign operations, net of tax expense of $31 and tax benefit of $343 (2014 - tax expense of $489 and $79)	**524**	2,913	**(1,969)**	472
Other comprehensive income (loss), net of tax	**(1,414)**	(492)	**6,103**	(668)
Total comprehensive income (loss), net of tax	**(11,938)**	6,432	**15,357**	28,565

See accompanying notes to the interim condensed consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Changes in Equity

(Unaudited)

(in 000's of Canadian Dollars and shares)	Shareholders' capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total shareholders' equity	Number of shares
At January 1, 2015	**584,856**	**6,339**	**(23,532)**	**2,188**	**569,851**	**82,114**
Net earnings	**-**	**-**	**9,254**	**-**	**9,254**	**-**
Other comprehensive income, net of tax	**-**	**-**	**-**	**6,103**	**6,103**	**-**
Issued on acquisition of Pioneer Energy (Note 17)	**150,116**	**-**	**-**	**-**	**150,116**	**5,830**
Share issuance costs	**(170)**	**-**	**-**	**-**	**(170)**	**-**
Dividends	**-**	**-**	**(46,790)**	**-**	**(46,790)**	**-**
Share incentive compensation	**-**	**13,534**	**-**	**-**	**13,534**	**-**
Issued under dividend reinvestment plan, net of costs	**33,928**	**-**	**-**	**-**	**33,928**	**1,418**
Issued under share option plan	**1,730**	**(149)**	**-**	**-**	**1,581**	**103**
Issued under vesting of restricted share units	**4,797**	**(8,288)**	**-**	**-**	**(3,491)**	**265**
Issued upon conversion of convertible debentures	**3,554**	**-**	**-**	**-**	**3,554**	**198**
At June 30, 2015	**778,811**	**11,436**	**(61,068)**	**8,291**	**737,470**	**89,928**
At January 1, 2014	411,503	5,862	12,458	-	429,823	71,795
Net earnings	-	-	29,233	-	29,233	-
Other comprehensive loss, net of tax	-	-	-	(668)	(668)	-
Issued on acquisition of SPF Energy Inc.	21,484	-	-	-	21,484	1,163
Dividends	-	-	(38,943)	-	(38,943)	-
Share incentive compensation	-	2,359	-	-	2,359	-
Issued under dividend reinvestment plan, net of costs	26,895	-	-	-	26,895	1,421
Issued under share option plan	1,292	(111)	-	-	1,181	84
Issued on vesting of restricted shares	1,235	(2,641)			(1,406)	142
Issued upon conversion of convertible debentures	2,365	-	-	-	2,365	160
At June 30, 2014	464,774	5,469	2,748	(668)	472,323	74,765

See accompanying notes to the interim condensed consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Cash Flows
(Unaudited)

(in 000's of Canadian Dollars)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Cash flows from operating activities				
Net earnings (loss)	**(10,524)**	6,924	**9,254**	29,233
Adjustments for:				
Depreciation and amortization	**17,590**	20,407	**37,297**	38,882
(Gain) / loss on disposal of property, plant and equipment	**(225)**	27	**131**	1,177
Share incentive compensation	**2,395**	1,144	**4,517**	3,171
Refinery and terminal remediation accrual	**123**	128	**249**	241
Accretion expense on asset retirement obligation	**486**	558	**965**	980
Change in risk management activities	**1,166**	(3,791)	**2,186**	(1,377)
Change in other long-term liabilities	**439**	14	**1,906**	1,238
Accretion on convertible debentures	**91**	576	**187**	1,146
Amortization of deferred financing costs and debt premium	**321**	502	**434**	920
Change in fair value of Redemption Option	**3,320**	80	**2,100**	80
Deferred taxes	**(990)**	(2,414)	**(3,161)**	(3,791)
Cash expenditures on asset retirement obligation	**(516)**	(361)	**(683)**	(582)
Net changes in non-cash working capital (Note 16)	**30,610**	42,316	**83,736**	(11,884)
Cash generated from operating activities	**44,286**	66,110	**139,118**	59,434
Financing Activities				
Long-term debt repayments	**(371)**	(265,290)	**(709)**	(483,019)
Proceeds from long-term debt	**-**	257,484	**-**	550,229
Dividends paid to shareholders, net of dividend reinvestment plan	**(6,577)**	(6,121)	**(12,574)**	(11,671)
Shares issued for cash	**1,368**	1,093	**1,581**	1,180
Share issuance costs	**(170)**	-	**(170)**	-
Cash (used in) generated from financing activities	**(5,750)**	(12,834)	**(11,872)**	56,719
Investing Activities				
Acquisition of Pioneer Energy (Note 17)	**(254,090)**	-	**(254,090)**	-
Acquisition of North Dakota service stations, net of cash assumed (Note 17)	**(17,633)**	-	**(17,633)**	-
Acquisition of Chevron-branded service stations (2015) (Note 17)	**(18,252)**	-	**(18,252)**	-
Acquisition of Chevron-branded service stations (2014)	**-**	(16,446)	**-**	(16,446)
Acquisition of SPF Energy Inc., net of cash and bank indebtedness assumed	**-**	-	**-**	(84,528)
Change in long-term receivables	**232**	(176)	**72**	(410)
Additions of property, plant and equipment and intangible assets	**(11,563)**	(7,449)	**(21,158)**	(14,749)
Proceeds on sale of property, plant and equipment and intangible assets	**1,080**	420	**1,280**	676
Cash used in investing activities	**(300,226)**	(23,651)	**(309,781)**	(115,457)
Increase (decrease) in net cash	**(261,690)**	29,625	**(182,535)**	696
Net foreign exchange difference	**(651)**	(130)	**886**	(300)
Net cash, beginning of period	**279,820**	(20,819)	**199,128**	8,280
Net cash, end of period	**17,479**	8,676	**17,479**	8,676
Represented by:				
Cash and cash equivalents	**30,940**	12,281	**30,940**	12,281
Restricted cash	**1,833**	1,833	**1,833**	1,833
Bank indebtedness	**(15,294)**	(5,438)	**(15,294)**	(5,438)
Net cash	**17,479**	8,676	**17,479**	8,676
Supplementary Cash Flow Information:				
Interest paid	**13,167**	5,203	**13,668**	7,733
Interest received	**690**	867	**1,166**	1,496
Income taxes paid	**8,032**	8,010	**19,497**	24,564

See accompanying notes to the interim condensed 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 interim condensed consolidated financial statements include the accounts of Parkland Fuel Corporation and its wholly-owned subsidiaries.

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 100, 4919 – 59th Street, Red Deer, Alberta, T4N 6C9.

2. BASIS OF PREPARATION

(a) General Information

The interim condensed consolidated financial statements were approved for issue by the Board of Directors on August 6, 2015.

(b) Statement of Compliance

The interim condensed consolidated financial statements are prepared and reported in Canadian dollars in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Corporation's annual consolidated financial statements for the year ended December 31, 2014 (the “Annual Consolidated Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements, except for the adoption of new standards and interpretations effective as of January 1, 2015, and for the purposes of calculating income taxes during the interim periods where the Corporation utilizes estimated annualized income tax rates.

(b) Use of estimates

The preparation of the interim condensed consolidated financial statements involves the use of estimates and approximations which are consistent with those stated in the Annual Consolidated Financial Statements, with exception of the additional source of estimation uncertainty described below.

Fair value of assets acquired and liabilities assumed in a business combination are estimated based on information available at the date of acquisition and involves considerable judgment in determining the fair values assigned to property, plant and equipment and intangible assets acquired and liabilities assumed on acquisition. The determination of these fair values may involve various widely accepted valuation techniques and analysis, including but not limited to the use of discounted cash flows, estimated future margins, future growth rates, market rents, capitalization rates, reference to market-based evidence, reference to comparable rates adjusted for specific market factors, such as nature, location and condition of the property, and other established methodologies and techniques. There is measurement uncertainty inherent in this analysis and actual results could differ from estimates.

4. CHANGE IN ACCOUNTING POLICIES

(a) Annual Improvements 2010-2012 Cycle

These improvements are applicable for annual periods beginning on or after July 1, 2014 and the Corporation has applied these amendments for the first time in these interim condensed consolidated financial statements effective January 1, 2015. They include:

i) IFRS 2 – Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Corporation has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Corporation's accounting policies.

ii) IFRS 3 – Business Combination

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Corporation's current accounting policy, and thus this amendment does not impact the Corporation's accounting policies.

iii) IFRS 8 – Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Corporation has not applied the aggregation criteria in IFRS 8 paragraph 12. The Corporation does not disclose a reconciliation of segment assets to total assets as the reconciliation is not reported to the chief operating decision maker.

iv) IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Corporation did not record any revaluation adjustments during the current interim period.

v) IAS 24 – Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Corporation as it does not receive any management services from other entities.

(b) Annual Improvements 2011-2013 Cycle

These improvements are applicable for annual periods beginning on or after July 1, 2014 and the Corporation has applied these amendments for the first time in these interim condensed consolidated financial statements effective January 1, 2015. They include:

i) IFRS 3 – Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that joint arrangements, not just joint ventures, are outside the scope of IFRS 3, and that this scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The Corporation has no joint arrangements, and thus this amendment is not relevant for the Corporation and its subsidiaries.

ii) IFRS 13 – Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Corporation does not apply the portfolio exception in IFRS 13.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Corporation's interim consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Corporation reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

(a) IAS 1 – Presentation of Financial Statements

In December 18, 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports. The amendments to IAS 1 will be effective for annual periods beginning on or after January 1, 2016.

In 000's of Canadian Dollars, shares and options, except per share amounts

(b) IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, 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.

(c) IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more relevant disclosures. IFRS 15 supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts, and a number of revenue-related interpretations and applies to annual reporting periods beginning on or after January 1, 2017. 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.

6. EARNINGS ANALYSIS AND NET EARNINGS PER SHARE

	Three months ended June 30,		**Six months ended June 30,**	
	2015	2014	**2015**	2014
Net (loss) earnings - basic	**(10,524)**	6,924	**9,254**	29,233
Interest and accretion on convertible debentures, net of tax	**-**	1,908	**-**	3,769
Net (loss) earnings - diluted	**(10,524)**	8,832	**9,254**	33,002
Weighted average number of common shares	**83,884**	74,404	**83,209**	73,900
Effects of dilution from				
- Share options	**112**	291	**340**	311
- Convertible debentures	**-**	8,159	**-**	8,159
Weighted average number of common shares adjusted for the effect of dilution	**83,996**	82,854	**83,549**	82,370
Net (loss) earnings per share				
- Basic	**(0.13)**	0.09	**0.11**	0.40
- Diluted	**(0.13)**	0.09	**0.11**	0.40

In computing the diluted net (loss) earnings per share amounts for the three and six months ended June 30, 2015, the impact of convertible debentures was excluded as their effect was antidilutive.

In 000's of Canadian Dollars, shares and options, except per share amounts

7. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

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 following table presents information about the financial assets and liabilities measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques used to determine such fair values.

	Fair value at June 30, 2015			
	Quoted prices in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Redemption Options	**-**	**9,220**	**-**	**9,220**
Risk management assets				
Commodities swaps and forward contracts	**-**	**1,112**	**-**	**1,112**
US dollar forward exchange contract	**-**	**98**	**-**	**98**
Total risk management assets	**-**	**1,210**	**-**	**1,210**
Risk management liabilities				
Commodities swaps and forward contracts	**-**	**(3,003)**	**-**	**(3,003)**
US dollar forward exchange contract	**-**	**(662)**	**-**	**(662)**
Total risk management liabilities	**-**	**(3,665)**	**-**	**(3,665)**

	Fair value at December 31, 2014			
	Quoted prices in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Redemption Options	-	11,320	-	11,320
Risk management assets				
Commodities swaps and forward contracts	-	4,897	-	4,897
Total risk management assets	-	4,897	-	4,897
Risk management liabilities				
Commodities swaps and forward contracts	-	(331)	-	(331)
US dollar forward exchange contract	-	(776)	-	(776)
Future contracts	-	(4,059)	-	(4,059)
Total risk management liabilities	-	(5,166)	-	(5,166)

Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, account payable and accrued liabilities and dividends declared and payable approximate their fair values as June 30, 2015 due to the short term nature of these instruments. The carrying value of the long-term receivables approximates fair value as at June 30, 2015, as Parkland currently issues loans and advances to dealers and customers with similar terms. The senior unsecured notes had a carrying value of $400,000 and an estimated fair value of $395,141 as at June 30, 2015 (December 31, 2014 – carrying value approximates fair value). The carrying value of other long-term debt approximates fair value as at June 30, 2015 as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying value of other long-term liabilities approximates fair value as at June 30, 2015 as either it is adjusted to its fair value on a quarterly basis or it is related to liabilities recently incurred. The convertible debentures had a carrying value of $40,327 and an estimated fair value of $40,784 as at June 30, 2015 (December 31, 2014 – carrying value of $43,694 and estimated fair value of $43,654).

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 during the six months ended June 30, 2015. There were also no changes in the purpose of any financial asset or financial liability that subsequently resulted in a different classification of that asset or liability.

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 on May 29, 2014 and November 21, 2014, the Redemption Options were ascribed a fair value of $3,220 and $5,160, respectively, which was 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 $232 and $459 for the three and six months ended June 30, 2015 (three and six months ended June 30, 2014 – $40 and $40).

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 $9,220 as at June 30, 2015 (December 31, 2014 – $11,320). The change in fair value of the Redemption Options for the three and six months ended June 30, 2015 was a loss of $3,320 and $2,100 (three and six months ended June 30, 2014 – loss of $80 and $80).

In 000's of Canadian Dollars, shares and options, except per share amounts

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Assets under Capital Lease	Plant and Equipment	Asset Retirement Costs	Total
Cost							
At January 1, 2015	**41,762**	**34,161**	**87,210**	**4,138**	**402,940**	**48,508**	**618,719**
Additions	**1,451**	**1**	**6,408**	**-**	**10,727**	**-**	**18,587**
Change in asset retirement obligation	**-**	**-**	**-**	**-**	**-**	**858**	**858**
Additions due to acquisitions (Note 17)	**52,378**	**6,640**	**33,253**	**-**	**37,368**	**-**	**129,639**
Disposals	**(244)**	**(181)**	**(724)**	**-**	**(3,680)**	**-**	**(4,829)**
Exchange differences	**320**	**147**	**600**	**-**	**3,027**	**500**	**4,594**
At June 30, 2015	**95,667**	**40,768**	**126,747**	**4,138**	**450,382**	**49,866**	**767,568**
Depreciation and impairment							
At January 1, 2015	**-**	**7,715**	**33,422**	**2,542**	**200,758**	**14,777**	**259,214**
Depreciation	**-**	**554**	**2,496**	**166**	**17,933**	**4,708**	**25,857**
Disposals	**-**	**(87)**	**(389)**	**-**	**(2,941)**	**(698)**	**(4,115)**
Exchange differences	**-**	**23**	**154**	**-**	**1,749**	**85**	**2,011**
At June 30, 2015	**-**	**8,205**	**35,683**	**2,708**	**217,499**	**18,872**	**282,967**
Carrying amount							
At June 30, 2015	**95,667**	**32,563**	**91,064**	**1,430**	**232,883**	**30,994**	**484,601**

	Land	Land Improvements	Buildings	Assets under Capital Lease	Plant and Equipment	Asset Retirement Costs	Total
Cost							
At 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 acquistions	5,993	1,891	7,255	-	15,466	8,590	39,195
Disposals	(1,906)	(269)	(2,814)	-	(7,512)	-	(12,501)
Transfer	-	-	327	(4,091)	3,761	-	(3)
Exchange Differences	267	142	501	-	2,611	447	3,968
At December 31, 2014	41,762	34,161	87,210	4,138	402,940	48,508	618,719
Depreciation and impairment							
At January 1, 2014	-	6,722	29,682	5,911	168,042	6,323	216,680
Depreciation	-	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
At December 31, 2014	-	7,715	33,422	2,542	200,758	14,777	259,214
Carrying amount							
At December 31, 2014	41,762	26,446	53,788	1,596	202,182	33,731	359,505

As at June 30, 2015, Parkland had assets under construction of $8,541 (December 31, 2014 – $8,269) consisting primarily of constructing and upgrading retail stations.

In 000's of Canadian Dollars, shares and options, except per share amounts

9. INTANGIBLE ASSETS

	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
Cost						
At January 1, 2015	**238,228**	**20,540**	**6,575**	**1,869**	**23,935**	**291,147**
Additions	**25**	**-**	**-**	**-**	**2,546**	**2,571**
Additions due to acquisitions (Note 17)	**12,817**	**10,640**	**12,012**	**382**	**-**	**35,851**
Exchange differences	**3,523**	**624**	**35**	**24**	**-**	**4,206**
At June 30, 2015	**254,593**	**31,804**	**18,622**	**2,275**	**26,481**	**333,775**
Accumulated amortization						
At January 1, 2015	**104,224**	**8,272**	**5,886**	**991**	**7,941**	**127,314**
Amortization	**9,734**	**761**	**153**	**270**	**1,188**	**12,106**
Exchange differences	**377**	**67**	**7**	**2**	**-**	**453**
At June 30, 2015	**114,335**	**9,100**	**6,046**	**1,263**	**9,129**	**139,873**
Carrying amount						
At June 30, 2015	**140,258**	**22,704**	**12,576**	**1,012**	**17,352**	**193,902**

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

10. GOODWILL

	January 1, 2015 to June 30, 2015	January 1, 2014 to December 31, 2014
Balance, beginning of period	**179,607**	132,493
Acquisition of Pioneer Energy (Note 17)	**319,757**	-
Acquisition of North Dakota services stations (Note 17)	**7,646**	-
Acquisition of Chevron-branded service stations (2015) (Note 17)	**8,837**	-
Acquisition of Chevron-branded service stations (2014)	**-**	9,885
Acquisition of SPF Energy Inc.	**-**	34,548
Exchange differences	**2,881**	2,681
Balance, end of period	**518,728**	179,607

The Corporation did not identify any indicators of impairment during the six months ended June 30, 2015.

In 000's of Canadian Dollars, shares and options, except per share amounts

11. FINANCING AND CREDIT FACILITY

Long-Term Debt

	June 30, 2015	December 31, 2014
Credit Facility (a)	33,056	30,743
Unamortized discount: deferred financing costs	(576)	(918)
	32,480	29,825
Senior Unsecured Notes (b)		
5.5% Notes, due 2021	200,000	200,000
Unamortized premium: Redemption Option	2,788	2,986
Unamortized discount: deferred financing costs	(4,299)	(4,603)
6.0% Notes, due 2022	200,000	200,000
Unamortized premium: Redemption Option	4,843	5,102
Unamortized discount: deferred financing costs	(4,422)	(4,629)
	398,910	398,856
Capital lease obligations (c)	1,469	1,580
Collateralized notes (d)	7,215	7,204
Other loans	9	37
	8,693	8,821
Total long-term debt	440,083	437,502
Less: current portion	(3,591)	(2,448)
Long-term debt	436,492	435,054

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)	-	-	-	33,056	-	-	-	33,056
Senior Unsecured Notes (b)	-	-	-	-	-	400,000	-	400,000
Capital lease obligations (c)	999	60	163	66	66	384	(269)	1,469
Collateralized notes (d)	976	2,607	485	1,634	242	1,271	-	7,215
Other loans	9	-	-	-	-	-	-	9
	1,984	2,667	648	34,756	308	401,655	(269)	441,749

(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 (December 31, 2014 – $320,000 and US$30,000) less the value of letters of credit issued. At June 30, 2015, the outstanding borrowings totalled $33,056 (December 31, 2014 – $30,743). The revolving operating loan bears interest at prime plus 0.75% (December 31, 2014 – prime plus 0.75%), Bankers' Acceptance rate plus 1.75% (December 31, 2014 – Bankers' Acceptance rate plus 1.75%) or LIBOR rate plus 1.75%. The interest rate at June 30, 2015 was 3.60% for prime-based loans (December 31, 2014 – 3.75%), and 2.04% for LIBOR loans. As of June 30, 2015, there were no Bankers' Acceptance based loans outstanding.

ii) A letter of credit facility to a maximum of $100,000 and US$10,000 (December 31, 2014 – $100,000 and US$10,000). At June 30, 2015, outstanding balances totalled $18,323 (December 31, 2014 – $7,145) 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, 2014 – 0.300% to 0.619%) 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 swap and 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 June 30, 2015, 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 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 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 at each quarter shall not be less than 1.15 to 1.00.

As at June 30, 2015, the Corporation provided $597,774 (December 31, 2014 – $577,891) 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, respectively, 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 Senior Unsecured Notes are guaranteed by Parkland subsidiaries and are unsecured obligations.

At June 30, 2015, Parkland was in compliance with all of the covenants limiting Parkland's ability to:

- Incur additional debt;

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- 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, 2014 – $23) including interest varying from 3.4% to 10.2% (December 31, 2014 – 3.4% to 10.2%). The leases are for land, buildings and equipment with a net book value of $1,430 (December 31, 2014 – $1,596), 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 June 30, 2015, the outstanding amounts due on the collateralized notes were $7,215 (December 31, 2014 – $7,204).

12. CONVERTIBLE DEBENTURES

The following table provides information on the principal amount and carrying value of the convertible debentures outstanding.

	January 1, 2015 to June 30, 2015		January 1, 2014 to December 31, 2014	
	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 period	-	-	84,990	83,239
Conversion to common shares	-	-	(84,990)	(84,412)
Cash payout		-	-	(577)
Change due to passage of time	-	-	-	1,750
Balance, end of period	-	-	-	-
Series 2 Debentures				
Balance, beginning of period	**44,095**	**43,694**	44,967	44,168
Conversion to common shares	**(3,554)**	**(3,554)**	(872)	(872)
Change due to passage of time	**-**	**187**	-	398
Balance, end of period	**40,541**	**40,327**	44,095	43,694
Total convertible debentures, end of period	**40,541**	**40,327**	44,095	43,694

In 000's of Canadian Dollars, shares and options, except per share amounts

13. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	**2015**	2014
Interest on long-term debt	**6,695**	3,375	**13,258**	5,894
Interest and accretion on convertible debentures	**686**	2,630	**1,403**	5,196
Amortization of deferred financing costs	**531**	542	**894**	960
Accretion on refinery remediation	**123**	128	**249**	241
Accretion on asset retirement obligation	**486**	558	**965**	980
Change in fair value of Redemption Options	**3,320**	80	**2,100**	80
Amortization of debt premium arising from Redemption Options	**(232)**	(40)	**(459)**	(40)
Gain on interest rate swap	**-**	(160)	**-**	(348)
Interest income	**(535)**	-	**(939)**	-
Finance costs	**11,074**	7,113	**17,471**	12,963

14. ASSET RETIREMENT OBLIGATIONS

	January 1, 2015 to June 30, 2015	January 1, 2014 to December 31, 2014
Asset retirement obligations, beginning of the period	**60,586**	42,648
Additional provisions made in the period	**2,034**	8,726
Additions due to acquisitions (Note 17)	**51,857**	8,590
Amounts used during the period	**(683)**	(1,626)
Unused amounts reversed during the period	**(1,325)**	(5,460)
Change due to passage of time, foreign exchange and discount rate	**1,600**	7,708
Asset retirement obligations, end of the period	**114,069**	60,586
Current	**17,911**	7,851
Non-current	**96,158**	52,735
Asset retirement obligations, end of the period	**114,069**	60,586

Parkland is liable for the environmental obligations related to the removal of its structures and 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 structures and storage tanks. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $172,991 at June 30, 2015 (December 31, 2014 – $88,848). The costs are expected to be paid up to 2046. At June 30, 2015, the discount rates used to determine the present value of the future costs was in the range of 3.75% to 4.48% (December 31, 2014 – 3.84% to 4.21%).

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15. 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, 2015 to June 30, 2015		January 1, 2014 to December 31, 2014	
	Number of common shares	**Amount**	Number of common shares	Amount
Shareholders' capital, beginning of period	**82,114**	**$ 584,856**	71,795	$ 411,503
Issued on acquisition of Pioneer Energy (Note 17)	**5,830**	**150,116**	-	-
Issued on acquisition of SPF Energy Inc.	**-**	**-**	1,163	21,484
Share issuance costs	**-**	**(170)**	-	-
Issued under dividend reinvestment plan	**1,418**	**33,928**	2,817	60,185
Issued on vesting of restricted share units	**265**	**4,797**	142	1,235
Issued under share option plan	**103**	**1,730**	367	5,165
Issued upon conversion of convertible debentures	**198**	**3,554**	5,830	85,284
Shareholders' capital, end of period	**89,928**	**$ 778,811**	82,114	$ 584,856

(b) Share options

The following table summarizes the information related to share options held by directors, officers and employees:

	January 1, 2015 to June 30, 2015		January 1, 2014 to December 31, 2014	
	Number of options	**Average exercise price per option**	Number of options	Average exercise price per option
Share options, beginning of period	**2,242**	**$ 17.88**	1,685	$ 14.97
Granted	**696**	**24.88**	1,222	20.54
Exercised	**(103)**	**15.39**	(367)	12.72
Forfeited	**(86)**	**19.81**	(298)	18.69
Share options, end of period	**2,749**	**$ 19.69**	2,242	$ 17.88
Exercisable options, end of period	**1,028**	**$ 15.85**	655	$ 14.27

The share option compensation expense that has been included in marketing, general and administrative expenses for the three months and six months ended June 30, 2015 was $377 and $708 (three and six months ended June 30, 2014 – $263 and $497).

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(c) Restricted share units

The following table summarizes the information related to restricted share units ("RSUs") held by directors, officers and employees:

	January 1, 2015 to June 30, 2015		January 1, 2014 to December 31, 2014	
	Number of RSUs	**Weighted average share price**	Number of RSUs	Weighted average share price
Restricted share units, beginning of period	**564**	**$ 18.12**	548	$ 14.73
Granted	**637**	**22.38**	308	19.27
Dividend equivalents	**6**	**22.70**	13	19.31
Issued on vesting	**(374)**	**17.89**	(210)	12.57
Forfeited	**(40)**	**19.07**	(95)	14.75
Restricted share units, end of period	**793**	**$ 21.75**	564	$ 18.12

Expenses related to RSUs included in marketing, general and administrative expenses for the three and six months ended June 30, 2015 was $1,436 and $2,782 respectively (three and six months ended June 30, 2014 – $454 and $1,861).

(d) Deferred share units

The following table summarizes the information related to deferred share units ("DSUs") held by non-executive members of the Board of Directors:

	January 1, 2015 to June 30, 2015	January 1, 2014 to December 31, 2014
	Number of DSUs	Number of DSUs
Deferred share units, beginning of period	**139**	120
Granted	**23**	26
Dividend equivalent	**3**	7
Redeemed	**(17)**	(14)
Deferred share units, end of the period	**148**	139

The Corporation has recorded a liability of $3,690 as at June 30, 2015 (December 31, 2014 – $3,027) in the Consolidated Balance Sheets for the DSUs based on the market value of Parkland's common shares as at June 30, 2015. Expenses related to DSUs included in marketing, general and administrative expenses for the three and six months ended June 30, 2015 was $600 and $1,100 respectively (three and six months ended June 30, 2014 – $427 and $813).

16. NET CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended June 30,		**Six months ended June 30,**	
	2015	2014	**2015**	2014
Accounts receivable	**28,308**	64,840	**112,710**	24,991
Inventories	**5,581**	(4,565)	**28,810**	6,162
Income taxes receivable	**(5,726)**	(4,150)	**(7,365)**	(10,573)
Prepaid expenses and other	**(3,035)**	5,657	**(7,381)**	(729)
Accounts payable and accrued liabilities	**12,964**	(11,266)	**(37,449)**	(27,030)
Deferred revenue	**(7,482)**	(8,200)	**(5,589)**	(4,705)
Total net changes in non-cash working capital	**30,610**	42,316	**83,736**	(11,884)

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17. BUSINESS COMBINATIONS

(a) Acquisition of Pioneer Energy

On June 25, 2015, the Corporation completed the acquisition of substantially all of the assets and select liabilities comprising the Pioneer Energy business ("Pioneer Energy"), domiciled in Ontario, Canada (the "Pioneer Acquisition"). At the date of acquisition, Pioneer Energy's network consists of 397 retailer and dealer operated service stations in Ontario and Manitoba, which included 152 Pioneer-branded and 230 Esso-branded service stations. The Pioneer Acquisition is expected to expand the Corporation's retailer and dealer operated service station network and provide access to key markets, material supply synergies and an expandable platform for growth in Ontario and Manitoba.

The preliminary fair values of the identifiable assets and liabilities of Pioneer Energy and the purchase consideration are presented below. The corporation expects to finalize these amounts no later than one year from the acquisition date.

	Pioneer Energy
Assets	
Accounts receivable	**15,239**
Prepaid expenses and other	**33,325**
Inventory	**19,137**
Property, plant and equipment (Note 8)	**109,696**
Intangible assets (Note 9)	**35,851**
Deferred tax asset	**15,353**
	228,601
Liabilities	
Accounts payable and accrued liabilities	**(104,002)**
Asset retirement obligations (Note 14)	**(48,209)**
	(152,211)
Goodwill arising on acquisition (Note 10)	**319,757**
Purchase consideration transferred	**396,147**
Fair value analysis of purchase consideration transferred	
Cash paid on date of acquisition	**254,090**
Preliminary working capital adjustment	**(8,059)**
Common shares issued on date of acquisition	**150,116**
Purchase consideration transferred	**396,147**

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on a provisional assessment of 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 Corporation engaged independent valuators to determine the fair value allocated to the property, plant and equipment and intangible assets. However, given the timing of the acquisition, the independent valuators have not completed the valuations of certain assets, and therefore the allocation of the purchase price is based on the Corporation's best estimate and is currently considered preliminary. As a result, these amounts are subject to change.

The fair value of accounts receivable amounts to $15,239. The gross amount of trade receivables is $15,573. None of the accounts receivable amounts have been impaired and it is expected that the fair value 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.

Goodwill arising on acquisition is attributable to the anticipated future revenue from the service stations, expected cash flow benefits attributable to the geographical location and characteristics of the service stations, as well as expected synergies and other benefits from the acquisition. Goodwill has been allocated entirely to the Retail Fuels segment. A deferred tax asset of $15,353 was recognized for differences between tax and accounting values of the property, plant and equipment acquired. Goodwill calculated for tax purposes is expected to be tax deductible at an inclusion rate of 75%.

The Corporation issued 5,830 shares on the date of acquisition as consideration for Pioneer Energy. The fair value of the shares is calculated with reference to the quoted price of the shares of the Corporation as at the date of acquisition, which was $25.75 per share. The fair value of the share consideration given was therefore $150,116. The costs of the issuance of shares of $170 have been charged directly to equity as a reduction in share capital.

The Corporation paid cash of $254,090 on the date of acquisition as consideration for Pioneer Energy, net of initial purchase adjustments. The preliminary working capital adjustment is subject to change to the extent that the final determination of net working capital as at the date of acquisition exceeds or is below a pre-determined target level. The final working capital adjustment and purchase consideration is subject to change and will be determined upon completion of customary post-closing activities.

Revenue and net income of Pioneer Energy included in the consolidated statement of comprehensive income (loss) since the acquisition date is $32,981 and $1,343 respectively.

Hold Separate Assets
On May 29, 2015, the Competition Tribunal of Canada (the "Tribunal") issued an interim order (the "Interim Order") in respect of the application by the Commissioner of Competition (the "Commissioner") that permitted Parkland to close the Pioneer Acquisition. Notwithstanding that closing of the Pioneer Acquisition has occurred, the Interim Order requires that; (i) the Pioneer Energy supply agreements with independent dealers and Pioneer owned corporate sites in six local communities are to be held separate from Parkland's other assets and operations and be managed by an independent third party manager (the "Hold Separate Assets"), and (ii) Parkland maintain the economic viability, marketability and competitiveness of the Parkland supply agreements with independent dealers and Parkland owned corporate sites in six local communities. The Interim Order will continue in effect until the Commissioner's application challenging Parkland's acquisition of Pioneer Energy's assets in 14 communities is resolved or until there is an agreement with the Commissioner in respect of these six communities subject to the Interim Order. Parkland will pursue negotiations with the Commissioner with the objective of resolving the Commissioner's concerns in 11 of the 14 communities (including the six communities subject to the Interim Order). Parkland is consulting with its advisors to assess its approach to resolving the Commissioner's concerns in each of the 14 communities (including the six communities subject to the Interim Order). Parkland will continue to vigorously contest the Commissioner's application before the Tribunal in the communities where there is no resolution of the dispute. As Parkland does not control the Hold Separate Assets, the equity interest in these assets has been recorded within prepaid expenses and other.

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Pioneer Commercial Business

In connection with the Pioneer Acquisition, the Corporation has entered into an agreement (the "Commercial Assets Agreement") with the vendor providing that Parkland will not, directly or indirectly, in any capacity, own, operate, control or otherwise be involved with the commercial assets of Pioneer or the operations thereof in Ontario, New Brunswick, and Nova Scotia (collectively, the "Pioneer Commercial Assets"). The Pioneer Commercial Assets will continue to be owned, operated and controlled solely by the vendor and its employees and the vendor has commenced a strategic review and evaluation of opportunities for the vendor to sell the Pioneer Commercial Assets to a third party in one or more transactions. The vendor has retained a third party to administer and conduct any sale process involving the Pioneer Commercial Assets. Under the Commercial Assets Agreement, Parkland will have an indirect economic interest in the Pioneer Commercial Assets and the proceeds of any disposition thereof. As Parkland does not control these assets, the economic interest in the Pioneer Commercial Assets has been recorded within prepaid expenses and other.

(b) Acquisition of North Dakota service stations

In April 2015, the Corporation completed the acquisition of five service stations located in North Dakota. This acquisition, which increases the size of the Corporation's existing network of service stations in North Dakota acquired in 2014, is expected to support Parkland's growing retail presence in the Bismarck and Dickinson areas. The preliminary fair value of the identifiable assets and liabilities of the acquired five North Dakota service stations are presented below. The corporation expects to finalize these amounts no later than one year from the acquisition date.

	North Dakota service stations
Assets	
Inventory	**884**
Property, plant and equipment (Note 8)	**9,587**
Deferred tax asset	**335**
	10,806
Liabilities	
Asset retirement obligations (Note 14)	**(819)**
	(819)
Goodwill arising on acquisition (Note 10)	**7,646**
Purchase consideration transferred	**17,633**
Fair value analysis of purchase consideration transferred	
Cash paid on date of acquisition, net of cash assumed of $6	**17,633**
Purchase consideration transferred	**17,633**

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on the preliminary 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. Given the recent timing of the transaction, Parkland is still assessing the fair value of the net assets acquired. As a result, these amounts are subject to change.

Goodwill arising on acquisition is attributable to the anticipated future revenue from the service stations, expected cash flow benefits attributable to the geographical location and characteristics of the service stations, as well as expected synergies and other benefits from the acquisition. Goodwill has been allocated entirely to the SPF Energy segment. A deferred tax asset of $335 was recognized for differences between tax and accounting values of the property, plant and equipment acquired. Goodwill calculated for tax purposes is expected to be tax deductible over 15 years.

In 000's of Canadian Dollars, shares and options, except per share amounts

Revenue and net income of the North Dakota service stations included in the consolidated statement of comprehensive income (loss) since the acquisition date is $6,283 and $382 respectively.

(c) Acquisition of Chevron-branded service stations (2015)

On April 7, 2015, the Corporation completed the acquisition of eleven Chevron-branded service stations located in British Columbia. This acquisition, which increases the size of the Corporation's existing network of corporately owned Chevron-branded service stations acquired in 2014, is expected to support Parkland's growing retail presence in British Columbia. The preliminary fair value of the identifiable assets and liabilities of the acquired eleven Chevron-branded service stations are presented below. The corporation expects to finalize these amounts no later than one year from the acquisition date.

	Chevron-branded service stations
Assets	
Inventory	1,121
Property, plant and equipment (Note 8)	10,356
Deferred tax asset	767
	12,244
Liabilities	
Asset retirement obligations (Note 14)	(2,829)
	(2,829)
Goodwill arising on acquisition (Note 10)	8,837
Purchase consideration transferred	18,252
Fair value analysis of purchase consideration transferred	
Cash paid on date of acquisition	18,252
Purchase consideration transferred	18,252

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on the preliminary 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. Given the recent timing of the transaction, Parkland is still assessing the fair value of the net assets acquired. As a result, these amounts are subject to change.

Goodwill arising on acquisition is attributable to the anticipated future revenue from the service stations, expected cash flow benefits attributable to the geographical location and characteristics of the service stations, as well as expected synergies and other benefits from the acquisition. Goodwill has been allocated entirely to the Retail Fuels segment. A deferred tax asset of $767 was recognized for differences between tax and accounting values of the property, plant and equipment acquired. Goodwill calculated for tax purposes is expected to be tax deductible at an inclusion rate of 75%.

In 000's of Canadian Dollars, shares and options, except per share amounts

Revenue and net income of the Chevron-branded service stations included in the consolidated statement of comprehensive income (loss) since the acquisition date is $7,627 and $436, respectively.

Other information

The estimated revenue and net income of the Corporation for the six month ended June 30, 2015 would have been approximately $3,711,272 and $25,788, respectively, if the acquisition date for all business combinations occurred on January 1, 2015. Although these amounts represent the Corporation's best estimate, there can be no assurance that this would have been the actual results had the business combinations occurred on January 1, 2015. Acquisition costs are recognized as an expense in marketing, general and administrative expenses within acquisition, integration and other costs.

18. INCOME TAXES

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	**2015**	2014
Current tax:				
Current tax (recovery) on earnings for the period	**(222)**	4,420	**9,640**	15,475
Adjustments in respect of prior years	**2,529**	-	**2,529**	-
Current income tax expense	**2,307**	4,420	**12,169**	15,475
Deferred tax:				
Origination and reversal of temporary differences	**(990)**	(2,414)	**(3,199)**	(4,339)
Adjustments in respect of prior years	**-**	-	**38**	548
Deferred income tax recovery	**(990)**	(2,414)	**(3,161)**	(3,791)
Income tax expense	**1,317**	2,006	**9,008**	11,684

Income tax expense reflects an effective tax rate that differs from the statutory tax rate. A reconciliation of the difference between income tax expense and earnings before income taxes multiplied by Parkland's Canadian statutory tax rate is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	**2015**	2014
Canada	**(8,943)**	9,222	**18,918**	41,839
United States	**(264)**	(292)	**(656)**	(922)
Earnings (loss) before income taxes	**(9,207)**	8,930	**18,262**	40,917
Canadian statutory tax rate	**26.3%**	25.6%	**26.3%**	25.6%
Tax calculated at statutory Canadian tax rate	**(2,420)**	2,289	**4,799**	10,487
Tax effects of:				
Non-taxable portion of loss (gain) on sale of property, plant & equipment	**(3)**	(7)	**(4)**	(8)
Non-deductible expenses	**707**	411	**1,306**	1,064
Non-taxable change in Redemption Option	**814**	-	**436**	-
Effect of foreign tax rate differential	**(37)**	(46)	**(95)**	(141)
Adjustments in respect of prior years	**2,529**	-	**2,567**	548
Rate differential and other items	**(273)**	(641)	**(1)**	(266)
Income tax expense	**1,317**	2,006	**9,008**	11,684

The Alberta statutory corporate income tax rate increased from 10% to 12%, effective July 1, 2015. Changes during the period are pro-rated resulting in a 1% increase to the Alberta statutory tax rate for the 2015 year.

19. SEGMENTED INFORMATION

The Corporation has the following operating segments: i) Retails Fuels, ii) Commercial Fuels, iii) SPF Energy, and iv) Wholesale, Supply and Distribution. These reportable operating segments are differentiated by the nature of their products, services and national geographic boundaries. The Corporation also reports activities not directly attributable to an operating segment under Corporate. 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 three proprietary brands: Pioneer, 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.

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.

General information

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. Intersegment 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 swap and 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.

Acquisition, integration and other costs for the three months ended June 30, 2015 were comprised of acquisition costs of $4,950, a refinery billing adjustment of $3,184, integration costs of $3,068 and other one-time costs (three months ended June 30, 2014 – acquisition costs of $2,424). Acquisition, integration and other costs for the six months ended June 30, 2015 were comprised of acquisition costs of $7,612, a refinery billing adjustment of $3,184, integration costs of $3,068 and other one-time costs (six months ended June 30, 2014 – acquisition costs of $4,636).

In 000's of Canadian Dollars, shares and options, except per share amounts

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.

During the fourth quarter of 2014, the Corporation revised its segmented information reporting structure. SPF Energy was presented as its own segment in the Annual Consolidated Financial Statements. To conform to the presentation used in the Annual Consolidated Financial Statements:

a) Certain comparative intersegment revenues and intersegment cost of sales amounts have been reclassified.
b) Certain comparative non-fuel revenues have been presented on a net basis based on the related contracts.

Furthermore, during the first quarter of 2015, the Corporation completed a review of the sales activities within the Commercial Fuels segment and determined that certain revenue and cost of sales activities would be more appropriately presented on a net basis. As a result, these intersegment revenues and intersegment cost of sales for the comparative period have been presented on a net basis to conform to the presentation used in the current period.

Comparative period information has been reclassified to reflect these changes in presentation, and there was no impact on adjusted gross margin, adjusted EBITDA, or net earnings. The impact of these changes is summarized as follows:

	Three months ended June 30, 2014	Six months ended June 30, 2014
Impact on sales and operating revenue		
Fuel and petroleum product revenue	(20,699)	(39,093)
Non-fuel revenue	(13,451)	(29,433)
Total sales and operating revenue - external and intersegmental	(34,150)	(68,526)
Less: Intersegment revenues	28,106	55,578
Sales and operating revenue	(6,044)	(12,948)
Cost of sales, excluding depreciation		
Fuel and petroleum product cost of sales	(23,215)	(43,981)
Non-fuel costs of sales	(10,936)	(24,545)
Total cost of sales, excluding depreciation - external and intersegmental	(34,151)	(68,526)
Less: Intersegment cost of sales	28,107	55,578
Cost of sales, excluding depreciation	(6,044)	(12,948)
Impact on adjusted gross margin, adjusted EBITDA and net earnings	-	-

Parkland Fuel Corporation

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2015

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 June 30,	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Fuel and petroleum products volume (000's of litres)	**463,094**	434,368	**294,500**	319,332	**264,287**	290,765	**1,009,071**	877,980	**-**	-	**2,030,952**	1,922,445
Sales and operating revenue												
Fuel and petroleum product revenue	**366,278**	450,023	**213,477**	307,773	**165,955**	259,498	**1,301,573**	1,740,643	**-**	-	**2,047,283**	2,757,937
Non-fuel revenue	**8,139**	4,799	**65,939**	71,054	**26,652**	22,745	**14,665**	14,010	**114**	232	**115,509**	112,840
Total sales and operating revenue - external and intersegmental	**374,417**	454,822	**279,416**	378,827	**192,607**	282,243	**1,316,238**	1,754,653	**114**	232	**2,162,792**	2,870,777
Less: Intersegment revenues	**-**	-	**-**	-	**-**	-	**(772,882)**	(997,507)	**-**	(161)	**(772,882)**	(997,668)
Sales and operating revenue	**374,417**	454,822	**279,416**	378,827	**192,607**	282,243	**543,356**	757,146	**114**	71	**1,389,910**	1,873,109
Cost of sales, excluding depreciation												
Fuel and petroleum product cost of sales	**342,689**	428,567	**182,702**	277,126	**157,147**	251,423	**1,270,604**	1,709,299	**-**	-	**1,953,142**	2,666,415
Non-fuel costs of sales	**2,245**	-	**53,509**	54,886	**19,283**	15,801	**10,465**	10,355	**5**	(123)	**85,507**	80,919
Total cost of sales, excluding depreciation - external and intersegmental	**344,934**	428,567	**236,211**	332,012	**176,430**	267,224	**1,281,069**	1,719,654	**5**	(123)	**2,038,649**	2,747,334
Less: Intersegment cost of sales	**-**	-	**-**	-	**-**	-	**(772,882)**	(997,507)	**-**	-	**(772,882)**	(997,507)
Cost of sales, excluding depreciation	**344,934**	428,567	**236,211**	332,012	**176,430**	267,224	**508,187**	722,147	**5**	(123)	**1,265,767**	1,749,827
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**23,589**	21,456	**30,775**	30,647	**8,808**	8,075	**30,969**	31,344	**-**	-	**94,141**	91,522
Realized loss on risk management activities	**-**	-	**24**	-	**-**	-	**(1,264)**	(270)	**-**	-	**(1,240)**	(270)
Realized gain (loss) on foreign exchange	**-**	-	**-**	-	**-**	-	**76**	(1,613)	**61**	43	**137**	(1,570)
Fuel and petroleum product adjusted gross profit (loss)	**23,589**	21,456	**30,799**	30,647	**8,808**	8,075	**29,781**	29,461	**61**	43	**93,038**	89,682
Non-fuel adjusted gross profit	**5,894**	4,799	**12,430**	16,168	**7,369**	6,944	**4,200**	3,655	**109**	194	**30,002**	31,760
Total adjusted gross profit (loss)	**29,483**	26,255	**43,229**	46,815	**16,177**	15,019	**33,981**	33,116	**170**	237	**123,040**	121,442
Customer finance (income) loss	**2**	-	**(355)**	(624)	**(51)**	(70)	**(48)**	(133)	**(238)**	(40)	**(690)**	(867)
Operating costs	**7,983**	6,702	**29,387**	32,143	**9,403**	8,956	**13,604**	12,331	**-**	3	**60,377**	60,135
Marketing, general and administration	**3,407**	3,305	**5,692**	6,601	**1,887**	1,523	**6,880**	5,068	**24,364**	12,416	**42,230**	28,913
Loss (gain) on risk management activities	**-**	-	**24**	-	**-**	-	**-**	-	**-**	(7)	**24**	(7)
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(12,956)**	(2,424)	**(12,956)**	(2,424)
Adjusted EBITDA	**18,091**	16,248	**8,481**	8,695	**4,938**	4,610	**13,545**	15,850	**(11,000)**	(9,711)	**34,055**	35,692
Depreciation and amortization									**17,590**	20,407	**17,590**	20,407
Finance costs									**11,074**	7,113	**11,074**	7,113
(Gain) / loss on disposal of property, plant and equipment									**(225)**	27	**(225)**	27
Acquisition, integration and other costs									**12,956**	2,424	**12,956**	2,424
Unrealized loss (gain) from the change in fair value of commodities swaps and									**1,165**	(3,645)	**1,165**	(3,645)
forward contracts, US dollar forward exchange contracts and future contracts											**-**	
Unrealized loss on foreign exchange									**702**	436	**702**	436
Income tax expense									**1,317**	2,006	**1,317**	2,006
Net earnings											**(10,524)**	6,924
Additions to property, plant and equipment	**125,908**	6,008	**1,459**	4,329	**10,757**	699	**1,127**	488	**188**	203	**139,439**	11,727

Segmented information	Retail Fuels		Commercial Fuels		SPF Energy		Wholesale, Supply and Distribution		Corporate		Consolidated	
For the six months ended June 30,	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Fuel and petroleum products volume (000's of litres)	**843,514**	829,624	**751,042**	836,290	**530,705**	568,017	**2,143,672**	1,960,757	**-**	-	**4,268,933**	4,194,688
Sales and operating revenue												
Fuel and petroleum product revenue	**632,031**	831,073	**542,701**	834,080	**322,540**	510,359	**2,567,084**	3,603,154	**-**	-	**4,064,356**	5,778,666
Non-fuel revenue	**12,906**	9,332	**118,277**	126,281	**52,190**	41,872	**27,510**	31,128	**208**	520	**211,091**	209,133
Total sales and operating revenue - external and intersegmental	**644,937**	840,405	**660,978**	960,361	**374,730**	552,231	**2,594,594**	3,634,282	**208**	520	**4,275,447**	5,987,799
Less: Intersegment revenues	**-**	-	**-**	-	**-**	-	**(1,493,911)**	(2,096,991)	**-**	(339)	**(1,493,911)**	(2,097,330)
Sales and operating revenue	**644,937**	840,405	**660,978**	960,361	**374,730**	552,231	**1,100,683**	1,537,291	**208**	181	**2,781,536**	3,890,469
Cost of sales, excluding depreciation												
Fuel and petroleum product cost of sales	**589,933**	792,445	**449,996**	744,889	**304,659**	493,282	**2,499,079**	3,521,990	**-**	-	**3,843,667**	5,552,606
Non-fuel costs of sales	**2,245**	-	**92,660**	94,657	**37,844**	28,602	**21,035**	23,432	**(124)**	(96)	**153,660**	146,595
Total cost of sales, excluding depreciation - external and intersegmental	**592,178**	792,445	**542,656**	839,546	**342,503**	521,884	**2,520,114**	3,545,422	**(124)**	(96)	**3,997,327**	5,699,201
Less: Intersegment cost of sales	**-**	-	**-**	-	**-**	-	**(1,493,911)**	(2,096,991)	**-**	-	**(1,493,911)**	(2,096,991)
Cost of sales, excluding depreciation	**592,178**	792,445	**542,656**	839,546	**342,503**	521,884	**1,026,203**	1,448,431	**(124)**	(96)	**2,503,416**	3,602,210
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**42,098**	38,628	**92,705**	89,191	**17,881**	17,077	**68,005**	81,164	**-**	-	**220,689**	226,060
Realized loss on risk management activities	**-**	-	**(5)**	-	**-**	-	**(2,740)**	(7,148)	**-**	-	**(2,745)**	(7,148)
Realized gain (loss) on foreign exchange	**-**	-	**-**	-	**-**	-	**3,192**	326	**(362)**	-	**2,830**	326
Fuel and petroleum product adjusted gross profit (loss)	**42,098**	38,628	**92,700**	89,191	**17,881**	17,077	**68,457**	74,342	**(362)**	-	**220,774**	219,238
Non-fuel adjusted gross profit	**10,661**	9,332	**25,617**	31,624	**14,346**	13,270	**6,475**	7,696	**332**	277	**57,431**	62,199
Total adjusted gross profit (loss)	**52,759**	47,960	**118,317**	120,815	**32,227**	30,347	**74,932**	82,038	**(30)**	277	**278,205**	281,437
Customer finance (income) loss	**1**	-	**(671)**	(1,224)	**(98)**	(141)	**(85)**	(91)	**(313)**	(40)	**(1,166)**	(1,496)
Operating costs	**14,073**	12,734	**67,189**	71,237	**18,902**	17,623	**26,707**	23,776	**-**	3	**126,871**	125,373
Marketing, general and administration	**6,866**	6,472	**11,712**	13,221	**3,790**	3,243	**16,666**	17,976	**37,900**	24,385	**76,934**	65,297
Gain on risk management activities	**-**	-	**(4)**	-	**-**	-	**-**	-	**-**	(7)	**(4)**	(7)
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(15,618)**	(4,636)	**(15,618)**	(4,636)
Adjusted EBITDA	**31,819**	28,754	**40,091**	37,581	**9,633**	9,622	**31,644**	40,377	**(21,999)**	(19,428)	**91,188**	96,906
Depreciation and amortization									**37,297**	38,882	**37,297**	38,882
Finance costs									**17,471**	12,963	**17,471**	12,963
Loss on disposal of property, plant and equipment									**131**	1,177	**131**	1,177
Acquisition, integration and other costs									**15,618**	4,636	**15,618**	4,636
Unrealized loss (gain) from the change in fair value of commodities swaps and forward contracts, US dollar forward exchange contracts and future contracts									**2,185**	(1,089)	**2,185**	(1,089)
Unrealized loss (gain) on foreign exchange									**224**	(580)	**224**	(580)
Income tax expense									**9,008**	11,684	**9,008**	11,684
Net earnings											**9,254**	29,233
Additions to property, plant and equipment	**129,957**	7,059	**4,462**	8,044	**11,543**	26,781	**1,939**	1,610	**325**	587	**148,226**	44,081

In 000's of Canadian Dollars, shares and options, except per share amounts

Geographic Information

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	**2015**	2014
Revenue from external customers - Canada	**1,197,303**	1,590,866	**2,406,806**	3,338,238
Revenue from external customers - United States	**192,607**	282,243	**374,730**	552,231
Sales and operating revenue	**1,389,910**	1,873,109	**2,781,536**	3,890,469

	June 30, 2015		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**441,337**	**43,264**	**484,601**
Intangible assets	**142,883**	**51,019**	**193,902**
Goodwill	**470,972**	**47,756**	**518,728**
Total	**1,055,192**	**142,039**	**1,197,231**

	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

20. CONTINGENCIES AND COMMITMENTS

(a) Legal

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

The Corporation accrues a liability for legal claims, 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. No additional amounts have been recorded during the three and six months ended June 30, 2015. The liability balance related to these claims as of June 30, 2015 was $7,196 (December 31, 2014 – $7,514).

(b) Commitments

Capital expenditures contracted but not yet incurred are as follows:

	June 30, 2015	December 31, 2014
Property, plant and equipment	**30,469**	8,361

21. SEASONALITY

Parkland's Retail Fuels segment typically experiences higher volumes during the second and third quarters of the year, due to consumer purchases during the summer months. The Commercial Fuels segment typically experiences higher volumes during the first and fourth quarters of the year, due to higher heating fuel demand during the colder months.