Parkland Fuel Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018

Parkland

FUEL CORPORATION

Parkland Fuel Corporation

Consolidated Balance Sheets
(Unaudited)

($ millions)	Note	**March 31, 2018**	December 31, 2017[1]
Assets			
Current assets			
Cash and cash equivalents		**32**	23
Accounts receivable		**704**	699
Inventories		**414**	398
Income taxes receivable		**25**	19
Risk management and other derivatives	7	**14**	19
Prepaid expenses and other		**29**	33
		1,218	1,191
Property, plant and equipment	5	**2,177**	2,110
Intangible assets		**702**	719
Goodwill		**1,222**	1,221
Long-term receivables		**39**	38
Other long-term assets		**44**	40
Deferred tax assets		**90**	93
		5,492	5,412
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**994**	942
Dividends declared and payable		**13**	13
Deferred revenue		**17**	15
Long-term debt – current portion	6	**4**	4
Asset retirement obligations – current portion	9	**6**	5
Risk management and other derivatives	7	**13**	9
Other liabilities – current portion	10	**279**	310
		1,326	1,298
Long-term debt	6	**2,033**	2,010
Asset retirement obligations	9	**270**	238
Other liabilities	10	**55**	51
Deferred tax liabilities		**166**	170
		3,850	3,767
Shareholders' equity			
Shareholders' capital	11	**1,829**	1,816
Contributed surplus		**20**	21
Accumulated other comprehensive income		**10**	7
Deficit		**(217)**	(199)
		1,642	1,645
		5,492	5,412

[1] Certain comparative figures have been revised. See Note 12 – Business Combinations.

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Income
(Unaudited)

		Three months ended March 31,	
($ millions, unless otherwise stated)	Note	**2018**	2017
Sales and operating revenue	14	**3,342**	1,785
Expenses			
Cost of purchases	14	**2,901**	1,590
Operating costs		**207**	86
Marketing, general and administrative		**70**	35
Acquisition, integration and other costs	12	**17**	8
Depreciation and amortization		**69**	26
Finance costs	13	**41**	14
Foreign exchange gain		**(2)**	—
Loss (gain) on risk management and other derivatives	7	**10**	(4)
Earnings before income taxes		**29**	30
Income tax expense		**9**	8
Net earnings		**20**	22
Net earnings per share ($ per share)	4		
- Basic		**0.15**	0.23
- Diluted		**0.15**	0.22
Weighted average number of common shares (000's of shares)	4	**131,435**	96,406

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income (Unaudited)

($ millions)	Three months ended March 31, 2018	2017
Net earnings	**20**	22
Other comprehensive income (loss):		
Item that may be reclassified to consolidated statements of income in subsequent periods:		
Exchange differences on translation of foreign operations	**3**	(1)
Total comprehensive income, net of tax	**23**	21

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

($ millions)	Note	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
As at January 1, 2018		**1,816**	**21**	**7**	**(199)**	**1,645**
Net earnings		**–**	**–**	**–**	**20**	**20**
Other comprehensive income, net of tax		**–**	**–**	**3**	**–**	**3**
Dividends		**–**	**–**	**–**	**(38)**	**(38)**
Share incentive compensation		**–**	**(1)**	**–**	**–**	**(1)**
Issued under dividend reinvestment plan, net of costs	11	**12**	**–**	**–**	**–**	**12**
Issued under share option plan	11	**3**	**–**	**–**	**–**	**3**
Share cancellation	11	**(2)**	**–**	**–**	**–**	**(2)**
As at March 31, 2018		**1,829**	**20**	**10**	**(217)**	**1,642**
As at January 1, 2017		910	22	15	(143)	804
Net earnings		—	—	—	22	22
Other comprehensive loss, net of tax		—	—	(1)	—	(1)
Dividends		—	—	—	(28)	(28)
Share incentive compensation		—	1	—	—	1
Issued under dividend reinvestment plan, net of costs		8	—	—	—	8
Issued under share option plan		1	—	—	—	1
As at March 31, 2017		919	23	14	(149)	807

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Cash Flows (Unaudited)

		Three months ended March 31,	
($ millions)	Note	**2018**	2017
Operating activities			
Net earnings		**20**	22
Adjustments for:			
Depreciation and amortization		**69**	26
Share incentive compensation	11	**–**	2
Accretion on asset retirement obligations		**3**	1
Change in risk management and other derivatives		**9**	(9)
Change in other liabilities		**(6)**	2
Amortization of deferred financing costs and debt premium		**5**	1
Change in fair value of Redemption Options		**4**	—
Deferred taxes		**(1)**	2
Cash expenditures on asset retirement obligations		**(1)**	(1)
Share cancellation	11	**(2)**	—
Net change in non-cash working capital	8	**(7)**	(6)
Cash generated from operating activities		**93**	40
Financing activities			
Long-term debt repayments		**(698)**	(38)
Proceeds from long-term debt, net of financing costs		**715**	25
Change in other liabilities		**(29)**	—
Dividends paid to shareholders, net of dividend reinvestment plan		**(26)**	(20)
Cash used in financing activities		**(38)**	(33)
Investing activities			
Chevron Acquisition	12	**26**	—
Change in long-term receivables		**(1)**	—
Additions to cash held in escrow		**–**	(1)
Expenditures on property, plant and equipment and intangible assets		**(72)**	(15)
Proceeds on asset sales and disposals		**1**	1
Cash used in investing activities		**(46)**	(15)
Increase (decrease) in net cash		**9**	(8)
Net cash at beginning of period		**23**	26
Net cash at end of period		**32**	18
Represented by:			
Cash and cash equivalents		**32**	18
Supplementary cash flow information:			
Interest paid		**17**	11
Interest received		**(1)**	—
Income taxes paid		**18**	7

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Parkland Fuel Corporation ("Parkland") is an independent marketer, distributor and refiner of fuel and petroleum products and a convenience retailer. Parkland delivers refined fuels, propane and other high quality petroleum products to motorists, businesses, consumers and wholesale customers in Canada and the United States. Parkland exists under the Business Corporations Act (Alberta) in Canada and its corporate office is located at Suite 6302, 333 96 Avenue NE, Calgary, Alberta, T3K 0S3, Canada. The interim condensed consolidated financial statements include the accounts of Parkland and its wholly-owned subsidiaries as at March 31, 2018.

2. BASIS OF PREPARATION

(a) Statement of compliance

Parkland's interim condensed consolidated financial statements are prepared 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 disclosures required in the annual financial statements and should be read in conjunction with Parkland's annual consolidated financial statements for the year ended December 31, 2017 (the "Annual Consolidated Financial Statements").

The consolidated statements of income for the three months ended March 31, 2017 were reclassified to conform to current period's presentation and the presentation used in the Annual Consolidated Financial Statements. Specifically:

(i) Acquisition, integration and other costs, which were formerly presented as part of marketing, general and administrative expenses, are now presented separately;
(ii) Customer finance income, which was formerly presented separately, is now included in operating costs; and
(iii) Cost of goods sold, excluding depreciation was renamed to cost of purchases.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on May 2, 2018.

(b) Basis of measurement

Parkland's interim condensed consolidated financial statements are prepared on a historical cost basis, except for certain items recorded at fair value as detailed in the Annual Consolidated Financial Statements.

(c) Presentation and functional currency

The interim condensed consolidated financial statements are presented in Canadian dollars, which is Parkland's functional currency.

(d) 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: (i) income taxes for interim periods, which are calculated using estimated annual effective income tax rates, and (ii) adoption of IFRS 9 - Financial Instruments ("IFRS 9") and IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") as disclosed in Note 3.

(e) Recently adopted accounting pronouncements

IFRS 9 – Financial Instruments

On January 1, 2018, Parkland adopted IFRS 9 using the modified retrospective approach. The cumulative effect of initially adopting IFRS 9 did not result in a material impact on prior period financial information. Comparative information is not restated and continues to be reported under the previous financial instrument standards in effect during those periods. Refer to Note 3 for further details.

IFRS 15 – Revenue from Contracts with Customers

On January 1, 2018, Parkland adopted IFRS 15 using the modified retrospective approach on contracts that were not completed as of January 1, 2017. The cumulative effect of initially adopting IFRS 15 did not result in a material impact on prior period financial information. Comparative information is not restated and continues to be reported under the previous revenue standards in effect during those periods. Refer to Note 3 for further details.

($ millions, unless otherwise stated)

(f) Standard issued but not yet effective

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), which replaces IAS 17 - Leases and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less, or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. Parkland plans to adopt IFRS 16 using the modified retrospective approach on January 1, 2019 and is currently assessing the impact of this standard.

(g) Use of estimates and judgments

The timely preparation of Parkland's financial statements requires management to make estimates and use judgment that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the financial statements are described in Parkland's Annual Consolidated Financial Statements.

3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

(a) IFRS 9 - Financial Instruments

IFRS 9 introduces new requirements for: (i) the classification and measurement of financial assets and financial liabilities and (ii) the recognition and measurement of impairment for financial assets. IFRS 9 introduces a simplified hedge accounting model that aligns more closely with risk management. Parkland's existing financial instruments as at January 1, 2018 were reviewed and assessed as follows:

	Classification		Carrying Amount	
Financial instrument	**Previous - IAS 39**	**New - IFRS 9**	**IAS 39**	**IFRS 9**
Risk management and other derivatives	Financial instruments at fair value through profit or loss	Fair value through profit or loss ("FVTPL")	10	10
Redemption Options			20	20
Intermediation Facility Derivatives in other liabilities			(9)	(9)
Cash and cash equivalents	Loans and receivables	Amortized cost	23	23
Accounts receivable			699	699
Long-term receivables			38	38
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost	Amortized cost	942	942
Dividends declared and payable			13	13
Long-term debt			2,014	2,014
Other liabilities, excluding deferred share units liability			46	46

The reclassifications of financial assets do not impact Parkland's interim condensed consolidated balance sheets, interim condensed consolidated statements of income, or interim condensed consolidated statements of comprehensive income after the date of initial application.

Classification and measurement of financial assets and liabilities

IFRS 9 requires Parkland to classify and measure financial assets based on their contractual cash flow characteristics and Parkland's business model for managing the financial asset. All financial assets and financial liabilities, including derivatives, are recognized on the interim condensed consolidated balance sheets when Parkland becomes party to the contractual provisions of a financial instrument or non-financial derivative contract.

Financial assets that meet the following conditions are subsequently measured at amortized cost: (i) assets held for the collection of contractual cash flows and (ii) contractual cash flows that consist solely of principal and interest payments on the principal amount outstanding. All other financial assets and equity investments are subsequently measured at fair value through profit or loss ("FVTPL"). Financial liabilities are classified as FVTPL when the financial liability is held for trading. All other financial liabilities are subsequently measured at amortized cost.

Financial instruments at fair value through profit or loss

Financial instruments at FVTPL are initially recognized at fair value on the date that Parkland commits to purchase or sell the asset (trade date), with changes in fair value recognized in loss (gain) on risk management and other derivatives, cost of purchases or finance costs in the consolidated statements of income in the period they arise.

Certain physical commodity contracts, when "held for trading", are deemed to be derivative financial instruments for accounting purposes. Physical commodity contracts entered for receipt or delivery in accordance with Parkland's expected purchase, sale or usage requirements are not considered derivative financial instruments. Intermediation Facility Derivatives (see Note 7) and risk management and other derivatives are derivative financial instruments measured at FVTPL.

Risk management and other derivative assets and liabilities include outstanding commodities swaps and forward contracts, futures contracts, emission credits and allowances, and US dollar forward exchange contracts. Parkland periodically enters into derivative contracts to manage exposure to movements in commodity prices and US dollar exchange rates.

Derivative instruments embedded in financial or non-financial contracts are liabilities that are accounted for as separate derivatives if their risks and characteristics are not closely related to their host contracts and the contracts are not measured at fair value. Parkland's Senior Unsecured Notes contain Redemption Options (see Note 7) that are accounted for as embedded derivative financial instruments. Changes in the fair values of the Redemption Options are recognized in finance costs. Changes in fair values of other derivative instruments are recognized in gain or loss on risk management and other derivatives. Changes in fair value of Intermediation Facility Derivatives are recognized in cost of purchases.

Financial assets and liabilities measured at amortized cost

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs, and are subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Financial liabilities measured at amortized cost are initially recognized at fair value net of transaction costs. After initial recognition, interest-bearing financial liabilities are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortization and gains or losses on derecognition of the financial liabilities are recognized in finance costs.

Impairment of financial assets

IFRS 9 requires Parkland to account for expected credit losses ("ECLs") and any changes at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. A loss allowance is required for ECLs on (i) financial assets subsequently measured at amortized cost, (ii) lease receivables and (iii) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

IFRS 9 permits a simplified approach for measuring the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit loss. Parkland measures its trade accounts receivables and lease receivables using the simplified approach. For all other financial assets, Parkland recognizes the lifetime expected credit loss when there is a significant increase in credit risk since initial recognition. If the credit risk on the financial asset did not increase significantly, Parkland recognizes an expected credit loss equal to the 12-month ECL. The assessment of whether the lifetime ECL is recognized is based on significant increases in the likelihood or risk of default occurring since initial recognition and not on evidence of a financial asset being credit-impaired at the reporting date, or an actual default occurring. The loss allowance for ECL is presented as a deduction from the gross carrying amount for financial assets carried at amortized cost.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, Parkland compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring as at the date of initial recognition. In making this assessment, Parkland considers both qualitative and quantitative information that is reasonable and supportable, including historical experience and forward-looking information, including relevant industry-specific economic outlooks, external sources of actual and forecasted economic factors related to Parkland's core operations, such as fuel commodity prices, unemployment rates and interest rates.

Where information is not available on an individual instrument level, financial assets can be grouped in a variety of ways including the nature of the financial asset; past-due status; nature, size or industry of counterparty; or geographic location. Parkland regularly reviews groupings to ensure the constituents of each group continue to share similar credit risk characteristics and the groupings used are most relevant to Parkland's operations.

Parkland reviewed and assessed its financial assets for impairment using reasonable and supportable information in accordance with IFRS 9 requirements to determine the credit risk of the respective items at the date they were initially recognized and compared that to the credit risk as at January 1, 2018. No significant increases in credit risk were noted upon application of IFRS 9.

(b) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRS 13 - Customer Loyalty Programs, as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements.

Parkland disaggregates revenue by fuel and non-fuel sources as well as geography (see Note 14).

Fuel and petroleum product revenue

Parkland delivers a range of refined fuel and petroleum products to motorists, businesses, consumers and wholesale customers. Retail and Commercial contracts sell fuel and petroleum products to retail and commercial consumers where revenue is recognized at the point of sale, which is the time control of the goods has passed to the purchaser and collection is reasonably assured. Supply and wholesale contracts are typically long-term in nature and customers make monthly payments. Revenue for these sales is recognized when control of the goods passes to the customer, collection is reasonably assured and generally when physical delivery has occurred.

Revenue is measured on the stand-alone sales price specified in sales contracts, which may be based on independently published rack prices, net of discounts at the time of sale. Volume discounts are assessed using anticipated annual volumes. Historical experience is used to estimate and provide for discounts and revenue is reduced accordingly.

Certain fuel contracts have specified annual volumes that customers must purchase over the contract duration. Contractual minimums are not enforceable and customers may purchase less than the contractual minimum with no penalties. In such cases, contracts are viewed as having options to purchase rather than fixed volume sales requirements, and the transaction price allocated to remaining unsatisfied performance obligations is not disclosed.

Non-fuel revenue

Convenience store

Parkland operates multiple convenience store brands with revenue from sales of confectionery, groceries, beverages and other convenience store products. Revenue is recognized when a retail customer purchases an item at the convenience store. Control of the goods is transferred and payment for the transaction occurs immediately at the point of sale.

Lubricants

Parkland sells branded and private label lubricants to commercial, industrial and wholesale customers. Revenue for these sales are recognized when control of the goods passes to the customer, collection is reasonably assured and generally when physical delivery has occurred.

Loyalty programs

Parkland operates loyalty programs where customers accumulate rewards on purchases of fuel and merchandise that may be redeemed for cash or entitle them to discounts on future purchases. Loyalty points provide a discount to customers that would not otherwise be received without the purchase of fuel or merchandise. The promise to provide cash or a discount is treated as a separate performance obligation. The material right represents an advance payment for future goods or services and is recognized when Parkland has fulfilled its obligations to provide the free or discounted products or when it is no longer probable the rewards will be redeemed.

The transaction price is allocated between sale of fuel and merchandise and the points based on the stand-alone sales price, being the specified discount rate per unit of loyalty points. In some cases, customers may not exercise all of their contractual rights before the point in time when the loyalty points expire. Revenue associated with the loyalty points expected to expire is recognized as revenue at the time the loyalty points are issued. The amount allocated to the loyalty program is deferred within accounts payable and accrued liabilities, and is recognized as revenue when loyalty points are redeemed or expire.

Other revenue
Parkland's other revenue consists of revenue from rent, freight, tanks and parts installation, cylinder exchanges, and other products and services. Rent includes percentage rent collected from independent retailers on their convenience store sales or gross margin. Revenue on services is recognized in the accounting period in which the services are rendered.

When Parkland delivers third party branded fuel and petroleum products as an exclusive reseller, Parkland evaluates whether it acts as a principal or agent. Where Parkland acts as an agent, revenue is reported from these transactions on a net basis, as the performance obligation is to facilitate the transportation of branded fuels from the branded suppliers to their customers, for which Parkland earns delivery fees. The portion of the gross amount billed to customers and remitted to the branded suppliers is not reflected in sales and operating revenue.

4. NET EARNINGS PER SHARE

	Three months ended March 31,	
	2018	2017
Net earnings - basic and diluted	**20**	22
Weighted average number of common shares (000's of shares)	**131,435**	96,406
Effect of dilutive securities (000's of shares)	**1,686**	1,707
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)	**133,121**	98,113
Net earnings per share ($ per share)		
- Basic	**0.15**	0.23
- Diluted	**0.15**	0.22

($ millions, unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings and structures	Plant and equipment	Assets under finance lease	Total
Cost						
As at January 1, 2018	**646**	**104**	**347**	**1,477**	**7**	**2,581**
Additions	**–**	**2**	**3**	**80**	**–**	**85**
Change in ARO costs	**–**	**–**	**–**	**31**	**–**	**31**
Disposals	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Exchange differences	**–**	**1**	**1**	**1**	**–**	**3**
As at March 31, 2018	**646**	**107**	**351**	**1,587**	**7**	**2,698**
Depreciation						
As at January 1, 2018	**–**	**16**	**64**	**389**	**2**	**471**
Depreciation	**–**	**3**	**7**	**40**	**–**	**50**
Disposals	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Exchange differences	**–**	**–**	**–**	**1**	**–**	**1**
As at March 31, 2018	**–**	**19**	**71**	**429**	**2**	**521**
Net book value						
As at March 31, 2018	**646**	**88**	**280**	**1,158**	**5**	**2,177**

	Note	Land	Land improvements	Buildings and structures	Plant and equipment	Assets under finance lease	Total
Cost							
As at January 1, 2017		94	58	165	608	2	927
Additions		2	4	8	83	5	102
Change in ARO costs		—	—	—	(41)	—	(41)
Ultramar Acquisition	12	139	19	80	144	—	382
Chevron Acquisition	12	414	26	97	699	—	1,236
Other acquisitions	12	—	—	1	1	—	2
Disposals		(2)	(2)	(2)	(13)	—	(19)
Exchange differences		(1)	(1)	(2)	(4)	—	(8)
As at December 31, 2017		646	104	347	1,477	7	2,581
Depreciation							
As at January 1, 2017		—	11	49	312	1	373
Depreciation		—	5	17	89	1	112
Disposals		—	—	(1)	(9)	—	(10)
Exchange differences		—	—	(1)	(3)	—	(4)
As at December 31, 2017		—	16	64	389	2	471
Net book value							
As at December 31, 2017		646	88	283	1,088	5	2,110

Included in property, plant and equipment as at March 31, 2018 are assets under construction of $146 (December 31, 2017 – $77) consisting primarily of construction and upgrades related to the refinery turnaround activities within the Supply segment and retail stations within the Retail and Parkland USA segments. Contractual commitments for the acquisition of property, plant and equipment as at March 31, 2018 were $74 (December 31, 2017 – $58).

($ millions, unless otherwise stated)

6. LONG-TERM DEBT AND CREDIT FACILITY

	March 31, 2018	December 31, 2017
Credit Facility (a)	**200**	823
Unamortized discount: deferred financing costs	**(8)**	(9)
	192	814
Senior Unsecured Notes (b)		
5.50% Senior Notes, due 2021	**200**	200
Unamortized premium: Redemption Options	**2**	2
Unamortized discount: deferred financing costs	**(2)**	(3)
6.00% Senior Notes, due 2022	**200**	200
Unamortized premium: Redemption Options	**3**	3
Unamortized discount: deferred financing costs	**(3)**	(3)
5.75% Senior Notes, due 2024	**300**	300
Unamortized premium: Redemption Options	**3**	3
Unamortized discount: deferred financing costs	**(6)**	(6)
5.625% Senior Notes, due 2025	**500**	500
Unamortized premium: Redemption Options	**1**	2
Unamortized discount: deferred financing costs	**(10)**	(10)
6.00% US Senior Notes, due 2026	**645**	—
Unamortized premium: Redemption Options	**9**	—
Unamortized discount: deferred financing costs	**(8)**	—
	1,834	1,188
Finance lease obligations	**4**	5
Collateralized notes	**7**	7
	11	12
Total long-term debt	**2,037**	2,014
Less: current portion	**(4)**	(4)
Long-term debt	**2,033**	2,010

Estimated principal repayments of long-term debt are as follows:

	2018	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Interest included in minimum lease payments**	**Total**
Credit Facility (a)	–	–	–	**200**	–	–	–	**200**
Senior Unsecured Notes (b)								
5.50% Senior Notes, due 2021	–	–	–	**200**	–	–	–	**200**
6.00% Senior Notes, due 2022	–	–	–	–	**200**	–	–	**200**
5.75% Senior Notes, due 2024	–	–	–	–	–	**300**	–	**300**
5.625% Senior Notes, due 2025	–	–	–	–	–	**500**	–	**500**
6.00% US Senior Notes, due 2026	–	–	–	–	–	**645**	–	**645**
Finance lease obligations	**1**	**2**	**2**	**1**	–	–	**(2)**	**4**
Collateralized notes	**2**	**1**	**1**	**2**	–	**1**	–	**7**
	3	**3**	**3**	**403**	**200**	**1,446**	**(2)**	**2,056**

($ millions, unless otherwise stated)

(a) Credit Facility

On March 29, 2018, Parkland amended its revolving extendible credit facility (the "Credit Facility") to reduce the Canadian Syndicated Facility from $1,000 to $500. The Credit Facility is extendible each year for a rolling four-year period at Parkland's option, subject to approval by its lenders. The Credit Facility consists of: (i) $500 for the Canadian Syndicated Facility and US$50 for the US Syndicated Facility, less the value of letters of credit issued and (ii) letters of credit to a maximum of $200 and US$25.

Details of the Credit Facility as at March 31, 2018 are as follows:

	Rate	Maturity date	Effective rate as at March 31, 2018	Balance as at March 31, 2018
Canadian Syndicated Facility				
Canadian Prime Rate Loan	Prime + 1.25%	September 29, 2021	4.70%	**20**
Bankers' acceptance[1]	Bankers' acceptance + 2.00%	September 29, 2021	3.92%	**150**
US Syndicated Facility				
US Prime Rate Loan	Prime + 1.25%	September 29, 2021	6.00%	**30**
Outstanding borrowings under the Credit Facility				**200**

[1] Bankers' acceptances are automatically converted upon maturity to the Canadian Prime Rate Loan, which has a maturity date of September 29, 2021.

Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture, creating a first floating charge over all of Parkland's property and assets, except for those secured under the Intermediation Facility.

In the ordinary course of business, Parkland provided guarantees in the form of letters of credit and surety bonds. As at March 31, 2018, these letters of credit and surety bonds amount to $223 (December 31, 2017 - $175) and are not recognized in the consolidated financial statements. Maturity dates for these guarantees vary and are up to and including May 31, 2019.

As at March 31, 2018, Parkland provided $755 (December 31, 2017 – $730) of unsecured guarantees to counterparties of commodities swaps and US dollar forward exchange contracts used in natural gas liquids and crude oil purchase and supply agreements.

(b) Senior Unsecured Notes

The Senior Unsecured Notes are unsecured obligations guaranteed by Parkland's subsidiaries, summarized as follows:

Series	Private placement date	Maturity date	Principal amount
5.50% Senior Notes	May 29, 2014	May 28, 2021	**200**
6.00% Senior Notes	November 21, 2014	November 21, 2022	**200**
5.75% Senior Notes	September 16, 2016	September 16, 2024	**300**
5.625% Senior Notes	May 9, 2017	May 9, 2025	**500**
6.00% US Senior Notes	March 23, 2018	April 1, 2026	**645**
			1,845

The Senior Unsecured Notes contain covenants that limit 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. Interest on the Senior Unsecured Notes is paid semi-annually.

6.00% US Senior Notes

On March 23, 2018, Parkland completed a private placement of Senior Unsecured Notes with an aggregate principal amount of US$500 due April 1, 2026 bearing an interest rate of 6.00% per annum, payable semi-annually in arrears on April 1 and October 1 each year until maturity (the "6.00% US Senior Notes"). The net proceeds from the 6.00% US Senior Notes were used to repay amounts owed under the revolving extendible credit facility as well as general business use. In addition to the private placement of the 6.00% US Senior Notes, Parkland entered a cross-currency swap to mitigate foreign currency risks related to the 6.00% US Senior Notes (see Note 7).

($ millions, unless otherwise stated)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Parkland's financial instruments consist of cash and cash equivalents, accounts receivable, long-term receivables, risk management and other derivative assets, substantially all accounts payable and accrued liabilities, dividends declared and payable, long-term debt, risk management and other derivative liabilities and certain portions of other long-term assets and other liabilities.

(a) Fair value measurement hierarchy

The fair value hierarchy for Parkland's financial assets and liabilities measured at fair value is as follows:

	Fair value as at March 31, 2018			
	Quoted prices in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Other derivatives				
Emission credits and allowances	–	**14**	–	**14**
Risk management and other derivatives - assets	–	**14**	–	**14**
Risk management derivatives				
Commodities swaps, forwards and futures contracts	–	**(12)**	–	**(12)**
US dollar forward contracts	–	**(1)**	–	**(1)**
Risk management and other derivatives - liabilities	–	**(13)**	–	**(13)**
Other derivatives included in other long-term assets				
Redemption Options	–	**25**	–	**25**
Other derivatives included in other liabilities				
Intermediation Facility Derivatives	–	**(7)**	–	**(7)**

	Fair value as at December 31, 2017			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Risk management derivatives				
Commodities swaps, forwards and futures contracts	—	1	—	1
US dollar forward contracts	—	1	—	1
Other derivatives				
Emission credits and allowances	—	17	—	17
Risk management and other derivatives - assets	—	19	—	19
Risk management derivatives				
Commodities swaps, forwards and futures contracts	—	(9)	—	(9)
Risk management and other derivatives - liabilities	—	(9)	—	(9)
Other derivatives included in other long-term assets				
Redemption Options	—	20	—	20
Other derivatives included in other liabilities				
Intermediation Facility Derivatives	—	(9)	—	(9)

There were no transfers between fair value measurement hierarchy levels during the three months ended March 31, 2018.

($ millions, unless otherwise stated)

(b) Cross-currency swap

During the first quarter of 2018, Parkland entered into a USD/CAD cross-currency swap maturing on April 1, 2026 to mitigate foreign currency risk related to the 6.00% US Senior Notes by converting the US$500 Senior Notes at a fixed rate of 6.00% to C$655 at a fixed rate of 5.7685%. While the cross-currency swap is an effective hedge from an economic perspective, it was not designated as a hedge for accounting purposes and therefore any gains or losses on this contract are recorded within loss (gain) on risk management and other derivatives in the consolidated statements of income.

(c) Redemption Options

The Senior Unsecured Notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options"). The Redemption Options are accounted for as embedded derivative financial instruments and carried at a fair value of $25 as at March 31, 2018 (December 31, 2017 – $20) within other long-term assets. Included in the Redemption Options is the Redemption Option related to the 6.00% US Senior Notes, which was ascribed a fair value of $9 on initial recognition as at March 23, 2018.

(d) Other financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at March 31, 2018 due to the short-term nature of these instruments. The carrying value of long-term receivables approximates fair value as at March 31, 2018, as Parkland currently issues loans and advances to dealers and customers at market terms. The Senior Unsecured Notes have a carrying value of $1,845 and an estimated fair value of $1,842 as at March 31, 2018 (December 31, 2017 – $1,200 and $1,220 respectively). The carrying value of other long-term debt approximates fair value as at March 31, 2018, 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 their fair value as at March 31, 2018 given they were recently incurred.

(e) Offsetting

Parkland enters into enforceable netting arrangements that allow for the offsetting of financial assets and liabilities. The following financial assets and financial liabilities are subject to offsetting on the consolidated balance sheets:

	As at March 31, 2018			As at December 31, 2017		
	Gross amounts	**Amounts offset**	**Net**	Gross amounts	Amounts offset	Net
Accounts receivable	**111**	**(94)**	**17**	147	(101)	46
Accounts payable and accrued liabilities	**(94)**	**94**	**–**	(205)	101	(104)
Risk management and other derivatives - assets	**17**	**(3)**	**14**	8	(6)	2
Risk management and other derivatives - liabilities	**(16)**	**3**	**(13)**	(15)	6	(9)

8. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended March 31,	
	2018	2017
Accounts receivable	**(30)**	44
Inventories	**(16)**	34
Income taxes receivable	**(6)**	(1)
Prepaid expenses and other	**4**	(3)
Accounts payable and accrued liabilities	**39**	(76)
Deferred revenue	**2**	(4)
Total net change in non-cash working capital	**(7)**	(6)

($ millions, unless otherwise stated)

9. ASSET RETIREMENT OBLIGATIONS

	Note	**January 1, 2018 to March 31, 2018**	January 1, 2017 to December 31, 2017
Asset retirement obligations, beginning of period		**243**	132
Additional provisions made in the period		**2**	3
Ultramar Acquisition	12	**–**	63
Chevron Acquisition	12	**–**	89
Obligations settled during the period		**(1)**	(5)
Change in estimated future cash flows		**(8)**	(12)
Change due to passage of time, foreign exchange and discount rate		**40**	(27)
Asset retirement obligations, end of period		**276**	243
Current		**6**	5
Non-current		**270**	238
Asset retirement obligations, end of period		**276**	243

As at March 31, 2018, the inflation rate used to determine the value of future costs ranged from 2.58% to 2.67% (December 31, 2017 – 2.58% to 2.67%) and the discount rates used to determine the present value of the future costs ranged from 4.16% to 4.86% (December 31, 2017 – 4.90% to 5.32%). Asset retirement obligations include provisions made for annual recurring environmental activities required at the Burnaby Refinery. Excluding these provisions, the total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations are $407 as at March 31, 2018 (December 31, 2017 – $400). These costs are expected to be paid up to 2056 (December 31, 2017 – 2056).

10. OTHER LIABILITIES

	Note	**March 31, 2018**	December 31, 2017
Intermediation Facility (a)		**272**	301
Intermediation Facility Derivatives (b)		**7**	9
Other liabilities - current		**279**	310
Long-term deposits, provisions and other		**33**	29
Employee benefits		**9**	9
Above-market leases		**7**	8
DSU liability	11	**6**	5
Other liabilities - non-current		**55**	51

(a) Intermediation Facility

On October 6, 2017, Parkland entered into an International Swaps and Derivatives Association ("ISDA") intermediation agreement with a financial institution (the "Intermediation Facility") to fund a portion of the working capital requirements of the Burnaby Refinery. On January 31, 2018, the Intermediation Facility was amended to extend the expiry to December 31, 2019. The Intermediation Facility involves structured purchases and sales of crude oil, refined products and other hydrocarbons (collectively, "Hydrocarbons"). The amended Intermediation Facility has a funding limit of: (i) up to US$125 of accounts receivable balance and (ii) the cost of Hydrocarbon inventory volumes up to 2,740 Mbbls. The Intermediation Facility is secured by Hydrocarbons and accounts receivable balances funded under the Intermediation Facility on a first-lien basis.

(b) Intermediation Facility Derivatives

On March 1, 2018, the Intermediation Facility was amended to include a daily settlement feature. The Intermediation Facility involves concurrent monthly paired forward purchase and sale transactions (collectively "the core paired forward transactions"), which are each accounted for as one unit of account as a derivative financial instrument carried at fair value (the "Intermediation Facility Derivatives"). For the three months ended March 31, 2018, a realized loss of $7 and an unrealized gain of $2 relating to the Intermediation Facility Derivatives were included within cost of purchases on the consolidated statements of income (2017 - nil and nil). As at March 31, 2018, $7 was recorded on the consolidated balance sheets within the current portion of other liabilities (December 31, 2017 – $9).

11. 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 without par value. There are no preferred shares outstanding.

Changes to shareholders' capital were as follows:

	January 1, 2018 to March 31, 2018		January 1, 2017 to December 31, 2017	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**131,228**	**1,816**	96,238	910
Issued on Equity Offering	**–**	**–**	23,900	662
Issued on conversion of subscription receipts	**–**	**–**	9,430	222
Share issuance costs, net of nil tax recovery (2017 - $9.8)	**–**	**–**	—	(27)
Issued under dividend reinvestment plan, net of costs	**457**	**12**	1,350	37
Issued under share option plan	**125**	**3**	163	4
Issued on vesting of restricted share units	**20**	**–**	147	8
Cancelled	**(98)**	**(2)**	—	—
Shareholders' capital, end of period	**131,732**	**1,829**	131,228	1,816

(b) Share options, restricted share units, and deferred share units

Details of share options, restricted share units ("RSUs") and deferred share units ("DSUs") held by directors, officers and employees are summarized as follows:

(000's)	**March 31, 2018**	December 31, 2017
Number of share options outstanding	**3,114**	3,256
Number of share options outstanding and exercisable	**1,706**	1,831
Number of RSUs outstanding	**903**	935
Number of DSUs outstanding	**189**	186

Expenses recorded in marketing, general and administrative expenses for the three months ended March 31, 2018 for share options, RSUs and DSUs were nil (2017 – $2). The liability recorded for DSUs in other long-term liabilities as at March 31, 2018 was $6 (December 31, 2017 – $5).

($ millions, unless otherwise stated)

12. BUSINESS COMBINATIONS

(a) Chevron Acquisition

On October 1, 2017, Parkland completed the acquisition of all outstanding shares of Chevron Canada R & M ULC from Chevron Canada Ltd. for a preliminary purchase price of $1,684 (the "Chevron Acquisition"). The businesses acquired as part of the Chevron Acquisition consist of: (i) 129 Chevron-branded retail service stations principally located in Metro Vancouver and Vancouver Island, (ii) 37 commercial cardlock locations and three marine fuelling locations, (iii) a refinery in Burnaby, British Columbia, (iv) terminals located in Burnaby, Hatch Point and Port Hardy, British Columbia, and (v) a wholesale business that includes aviation fuel sales to the Vancouver International Airport. The Chevron Acquisition extended Parkland's network coverage in British Columbia and added significant supply infrastructure and logistics capability to support Parkland's existing operations. With this acquisition, Parkland became an exclusive marketer of Chevron-branded fuels.

During the first quarter of 2018, Parkland revised the preliminary purchase price allocation of the Chevron Acquisition. These adjustments have been applied retrospectively to the acquisition date of October 1, 2017, resulting in a $13 decrease in goodwill and a $13 decrease in the purchase consideration transferred as compared to the amounts presented in the Annual Consolidated Financial Statements. The revised preliminary fair values of the Chevron identifiable assets acquired and liabilities assumed as well as the purchase consideration transferred are presented below. Parkland expects to finalize these amounts no later than one year from the acquisition date.

	Note	Chevron Acquisition
Assets		
Accounts receivable		**87**
Inventories		**149**
Income taxes receivable		**2**
Prepaid expenses and other		**5**
Property, plant and equipment	5	**1,236**
Intangible assets		**69**
Other long-term assets		**7**
		1,555
Liabilities		
Accounts payable and accrued liabilities		**(72)**
Asset retirement obligations	9	**(89)**
Other liabilities		**(11)**
Deferred tax liabilities		**(164)**
		(336)
Goodwill arising on acquisition		**465**
Purchase consideration transferred		**1,684**
Fair value analysis of purchase consideration transferred		
Cash paid on acquisition date, less cash assumed of $31		**1,609**
Chevron Acquisition Hedge		**101**
Working capital adjustment		**(26)**
Purchase consideration transferred		**1,684**

($ millions, unless otherwise stated)

(b) Ultramar Acquisition

On June 28, 2017, Parkland completed the acquisition of the majority of the Canadian business and assets of CST Brands, Inc. from Alimentation Couche-Tard Inc. for a preliminary purchase price of $978 (the "Ultramar Acquisition"). The businesses acquired in the Ultramar Acquisition consist of: (i) 495 dealer and commissioned agent retail fuel sites, (ii) 73 commercial cardlock sites, (iii) 30 commercial and home heating sites, (iv) 159 company-operated retail fuel sites, and (v) corporate presence in Montréal. Parkland also assumed the liabilities of all the Canadian business and assets. The Ultramar Acquisition extended Parkland's network coverage in Quebec and Atlantic Canada and enhanced Parkland's presence in Ontario.

There were no changes to the preliminary fair values of the identifiable assets and liabilities of the Ultramar Acquisition presented in the Annual Consolidated Financial Statements. Parkland expects to finalize these amounts no later than one year from the acquisition date.

(c) Other acquisitions

During the second and third quarters of 2017, Parkland completed the acquisition of individually immaterial businesses complementary to Parkland's existing lines of business. There were no changes to the preliminary fair values of the identifiable assets and liabilities of these acquisitions and Parkland expects to finalize the purchase price allocations for these acquisitions no later than one year from the respective acquisition dates.

(d) Other information

Details of acquisition, integration and other costs are outlined below. Other costs primarily consist of restructuring-related expenses.

	Three months ended March 31,	
	2018	2017
Acquisition costs	**1**	7
Integration costs	**14**	—
Other costs	**2**	1
Acquisition, integration and other costs	**17**	8

13. FINANCE COSTS

	Three months ended March 31,	
	2018	2017
Interest on long-term debt	**29**	13
Amortization of deferred financing costs	**6**	1
Accretion on asset retirement obligations	**3**	1
Change in fair value of Redemption Options	**4**	—
Amortization of debt premium arising from Redemption Options	**(1)**	—
Interest income	**–**	(1)
	41	14

($ millions, unless otherwise stated)

14. SEGMENT INFORMATION

Parkland's reportable operating segments are differentiated by the nature of their products, services, and national geographic boundaries. Parkland also reports activities not directly attributable to an operating segment under Corporate.

General information

Intersegment sales are accounted for at market value and include, for segment reporting, sales and operating revenue of the segment making the transfer as well as cost of purchases of the segment receiving the transfer. Intersegment transactions are eliminated upon consolidation. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Depreciation and amortization, finance costs, gain or loss on asset sales and disposals, acquisition-related costs, gain or loss on risk management and other derivatives - unrealized, gain or loss on foreign exchange - unrealized and income taxes are not allocated to segments because they are not reviewed as part of segment information by the chief operating decision maker. Accordingly, there are certain asymmetries in the allocation of earnings to segments with respect to these items.

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

Geographic information

	Three months ended March 31,	
	2018	2017
Revenue from external customers – Canada	**3,161**	1,631
Revenue from external customers – United States	**181**	154
Sales and operating revenue	**3,342**	1,785

	March 31, 2018		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**2,113**	**64**	**2,177**
Intangible assets	**666**	**36**	**702**
Goodwill	**1,163**	**59**	**1,222**
Total	**3,942**	**159**	**4,101**

	December 31, 2017		
	Canada	United States	Consolidated
Property, plant and equipment	2,047	63	2,110
Intangible assets	683	36	719
Goodwill	1,164	57	1,221
Total	3,894	156	4,050

Seasonality

The Retail (formerly "Retail Fuels") segment typically experiences higher volumes during the second and third quarters of the year due to increased consumer travel during the warmer months. The Commercial (formerly "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.

Parkland Fuel Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2018

($ millions, unless otherwise stated)

Segment information	**Retail**		**Commercial**		**Supply**		**Parkland USA**		**Corporate**		**Consolidated**	
For the three months ended March 31,	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Fuel and petroleum product volume (million litres)(1)	**1,586**	844	**944**	454	**1,462**	1,251	**219**	207	**–**	—	**4,211**	2,756
Sales and operating revenue												
Gas and diesel	**1,449**	637	**475**	181	**2,663**	1,711	**152**	126	**–**	—	**4,739**	2,655
Liquid petroleum gas(2)	**–**	—	**81**	61	**222**	200	**2**	1	**–**	—	**305**	262
Other fuel and petroleum products(2)	**10**	—	**267**	70	**556**	154	**–**	—	**–**	—	**833**	224
Fuel and petroleum product revenue	**1,459**	637	**823**	312	**3,441**	2,065	**154**	127	**–**	—	**5,877**	3,141
Convenience store	**89**	37	**–**	—	**–**	—	**9**	10	**–**	—	**98**	47
Lubricants	**–**	—	**15**	39	**–**	—	**15**	15	**–**	—	**30**	54
Other non-fuel(2)	**17**	8	**19**	12	**21**	16	**3**	2	**–**	—	**60**	38
Non-fuel revenue	**106**	45	**34**	51	**21**	16	**27**	27	**–**	—	**188**	139
Total sales and operating revenue – external and intersegmental	**1,565**	682	**857**	363	**3,462**	2,081	**181**	154	**–**	—	**6,065**	3,280
Less: Intersegment revenue	**(31)**	—	**(42)**	—	**(2,650)**	(1,495)	**–**	—	**–**	—	**(2,723)**	(1,495)
Sales and operating revenue	**1,534**	682	**815**	363	**812**	586	**181**	154	**–**	—	**3,342**	1,785
Cost of purchases												
Fuel and petroleum product cost of purchases	**1,334**	593	**733**	252	**3,286**	2,017	**146**	120	**–**	—	**5,499**	2,982
Non-fuel cost of purchases	**71**	32	**20**	38	**15**	14	**19**	19	**–**	—	**125**	103
Total cost of purchases – external and intersegmental	**1,405**	625	**753**	290	**3,301**	2,031	**165**	139	**–**	—	**5,624**	3,085
Less: Intersegment cost of purchases	**(31)**	—	**(42)**	—	**(2,650)**	(1,495)	**–**	—	**–**	—	**(2,723)**	(1,495)
Cost of purchases	**1,374**	625	**711**	290	**651**	536	**165**	139	**–**	—	**2,901**	1,590
Adjusted gross profit (loss)												
Fuel and petroleum product adjusted gross profit (loss), before the following:	**125**	44	**90**	60	**155**	48	**8**	7	**–**	—	**378**	159
Loss on risk management and other derivatives - realized	**–**	—	**–**	—	**(5)**	(5)	**–**	—	**–**	—	**(5)**	(5)
Gain on Intermediation Facility Derivatives in cost of purchases - unrealized	**–**	—	**–**	—	**(2)**	—	**–**	—	**–**	—	**(2)**	—
(Loss) gain on foreign exchange - realized	**–**	—	**–**	—	**(1)**	1	**–**	—	**(3)**	—	**(4)**	1
Fuel and petroleum product adjusted gross profit (loss)	**125**	44	**90**	60	**147**	44	**8**	7	**(3)**	—	**367**	155
Non-fuel adjusted gross profit	**35**	13	**14**	13	**6**	2	**8**	8	**–**	—	**63**	36
Total adjusted gross profit (loss)	**160**	57	**104**	73	**153**	46	**16**	15	**(3)**	—	**430**	191
Operating costs	**76**	25	**57**	38	**64**	13	**10**	10	**–**	—	**207**	86
Marketing, general and administrative	**15**	7	**9**	6	**18**	10	**2**	2	**26**	10	**70**	35
Adjusted EBITDA	**69**	25	**38**	29	**71**	23	**4**	3	**(29)**	(10)	**153**	70
Depreciation and amortization									**69**	26	**69**	26
Finance costs									**41**	14	**41**	14
Acquisition, integration and other costs									**17**	8	**17**	8
Loss (gain) on risk management and other derivatives - unrealized									**5**	(9)	**5**	(9)
Gain on Intermediation Facility Derivatives in cost of purchases - unrealized									**(2)**	—	**(2)**	—
(Gain) loss on foreign exchange - unrealized									**(6)**	1	**(6)**	1
Income tax expense									**9**	8	**9**	8
Net earnings											**20**	22
Property, plant and equipment and intangible asset additions	**9**	2	**6**	6	**71**	5	**–**	1	**–**	2	**86**	16

(1) Fuel and petroleum product volume represents external volumes only. Intersegment volumes are excluded.
(2) Liquid petroleum gas includes propane and butane. Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel. Other non-fuel includes rent, freight, tanks and parts installation, cylinder exchanges, and other products and services.