Parkland Fuel Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2016

Parkland Fuel Corporation

Consolidated Balance Sheets
(Unaudited)

(In 000's of Canadian dollars)	**June 30, 2016**	December 31, 2015[(i)]
Assets		
Current Assets		
Cash and cash equivalents	**38,250**	36,710
Restricted cash	**321**	321
Accounts receivable	**305,161**	314,263
Inventories	**114,608**	117,403
Income taxes receivable	**9,214**	4,768
Risk management (Note 11)	**441**	4,801
Prepaid expenses and other	**43,998**	35,932
	511,993	514,198
Property, plant and equipment (Note 7)	**499,258**	499,873
Intangible assets (Note 8)	**192,982**	192,611
Goodwill (Note 9)	**538,188**	540,474
Long-term receivables	**27,468**	22,941
Other long-term assets	**22,455**	13,258
Deferred tax asset	**41,785**	35,307
	1,834,129	1,818,662
Liabilities		
Current Liabilities		
Bank indebtedness	**931**	15,325
Accounts payable and accrued liabilities	**395,699**	349,127
Dividends declared and payable	**9,142**	8,479
Deferred revenue	**14,258**	11,685
Long-term debt – current portion (Note 10)	**2,898**	4,413
Asset retirement obligations – current portion (Note 14)	**12,847**	20,790
Risk management (Note 11)	**1,703**	3,563
Other long-term liabilities – current portion	**1,029**	1,029
	438,507	414,411
Long-term debt (Note 10)	**420,719**	441,040
Other long-term liabilities	**9,920**	8,200
Asset retirement obligations (Note 14)	**106,321**	94,641
Refinery and terminal remediation accrual	**14,604**	13,778
Deferred tax liability	**31,069**	33,962
	1,021,140	1,006,032
Shareholders' Equity		
Shareholders' capital (Note 15)	**890,860**	857,534
Contributed surplus	**16,958**	18,986
Accumulated other comprehensive income	**11,297**	17,761
Deficit	**(106,126)**	(81,651)
	812,989	812,630
	1,834,129	1,818,662

[(i)] Certain comparative figures have been revised. See Note 16 – Business Combinations.
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, 2016	2015	Six months ended June 30, 2016	2015
Sales and operating revenue	**1,569,812**	1,389,910	**2,887,919**	2,781,536
Cost of goods sold, excluding depreciation	**1,401,369**	1,265,767	**2,545,487**	2,503,416
Customer finance income	**(351)**	(690)	**(662)**	(1,166)
Operating costs	**74,512**	60,377	**153,463**	126,871
Marketing, general and administrative	**44,397**	42,230	**83,544**	76,934
Depreciation and amortization	**29,623**	17,590	**55,523**	37,297
Finance costs (Note 12)	**5,350**	11,074	**5,161**	17,471
Foreign exchange loss (gain)	**833**	565	**1,101**	(2,606)
Loss (gain) on disposal of property, plant and equipment	**93**	(225)	**(426)**	131
Loss on risk management activities	**4,574**	2,429	**5,062**	4,926
Earnings (loss) before income taxes	**9,412**	(9,207)	**39,666**	18,262
Income tax expense (recovery)				
Current	**5,333**	2,307	**18,069**	12,169
Deferred	**(509)**	(990)	**(7,861)**	(3,161)
Net earnings (loss)	**4,588**	(10,524)	**29,458**	9,254
Net earnings (loss) per share (Note 6)				
- Basic	**0.05**	(0.13)	**0.31**	0.11
- Diluted	**0.05**	(0.13)	**0.31**	0.11
Weighted average number of common shares (Note 6)	**95,127**	83,884	**94,711**	83,209

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, 2016	2015	Six months ended June 30, 2016	2015
Net earnings (loss)	**4,588**	(10,524)	**29,458**	9,254
Other comprehensive (loss) income:				
Items that may be reclassified to consolidated statements of income (loss) in subsequent periods:				
Exchange differences on translation of foreign operations	**333**	(1,938)	**(7,609)**	8,072
Net gain (loss) on hedge of net investment in foreign operations, net of tax expense of $42 and $182 (2015 – tax expense of $31 and tax benefit of $343)	**255**	524	**1,145**	(1,969)
Other comprehensive income (loss), net of tax	**588**	(1,414)	**(6,464)**	6,103
Total comprehensive income (loss), net of tax	**5,176**	(11,938)	**22,994**	15,357

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(In 000's of Canadian dollars)	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
As at January 1, 2016	**857,534**	**18,986**	**17,761**	**(81,651)**	**812,630**
Net earnings	**-**	**-**	**-**	**29,458**	**29,458**
Other comprehensive loss, net of tax	**-**	**-**	**(6,464)**	**-**	**(6,464)**
Dividends	**-**	**-**	**-**	**(53,933)**	**(53,933)**
Share incentive compensation	**-**	**2,788**	**-**	**-**	**2,788**
Issued under dividend reinvestment plan, net of costs	**29,313**	**-**	**-**	**-**	**29,313**
Issued under share option plan	**1,409**	**(124)**	**-**	**-**	**1,285**
Issued under vesting of restricted share units	**2,604**	**(4,692)**	**-**	**-**	**(2,088)**
As at June 30, 2016	**890,860**	**16,958**	**11,297**	**(106,126)**	**812,989**
As at January 1, 2015	584,856	6,339	2,188	(23,532)	569,851
Net earnings	-	-	-	9,254	9,254
Other comprehensive income, net of tax	-	-	6,103	-	6,103
Issued on acquisition of Pioneer Energy	150,116	-	-	-	150,116
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
Issued under share option plan	1,730	(149)	-	-	1,581
Issued under vesting of restricted share units	4,797	(8,288)	-	-	(3,491)
Issued upon conversion of convertible debentures	3,554	-	-	-	3,554
As at June 30, 2015	778,811	11,436	8,291	(61,068)	737,470

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, **2016**	2015	Six months ended June 30, **2016**	2015
Operating activities				
Net earnings (loss)	**4,588**	(10,524)	**29,458**	9,254
Adjustments for:				
Depreciation and amortization	**29,623**	17,590	**55,523**	37,297
Loss (gain) on disposal of property, plant and equipment	**93**	(225)	**(426)**	131
Share incentive compensation	**2,366**	2,395	**3,511**	4,517
Refinery and terminal remediation accrual	**124**	123	**249**	249
Accretion expense on asset retirement obligations	**704**	486	**1,459**	965
Change in risk management activities	**3,238**	1,166	**2,500**	2,186
Change in other long-term liabilities	**687**	439	**1,036**	1,906
Accretion on convertible debentures	**-**	91	**-**	187
Amortization of deferred financing costs and debt premium	**125**	321	**268**	434
Change in fair value of Redemption Options	**(2,220)**	3,320	**(10,080)**	2,100
Deferred taxes	**(509)**	(990)	**(7,861)**	(3,161)
Cash expenditures on asset retirement obligations	**(841)**	(516)	**(1,188)**	(683)
Net change in non-cash working capital (Note 13)	**62,347**	30,610	**53,530**	83,736
Cash generated from operating activities	**100,325**	44,286	**127,979**	139,118
Financing activities				
Long-term debt repayments	**(14,051)**	(371)	**(36,943)**	(709)
Proceeds from long-term debt	**1,534**	-	**16,457**	-
Dividends paid to shareholders, net of dividend reinvestment plan	**(16,361)**	(6,577)	**(23,957)**	(12,574)
Shares issued for cash	**1,233**	1,368	**1,285**	1,581
Share issuance costs	**-**	(170)	**-**	(170)
Cash used in financing activities	**(27,645)**	(5,750)	**(43,158)**	(11,872)
Investing activities				
Acquisition of other businesses (Note 16)	**(28,778)**	-	**(28,778)**	-
Acquisition of Pioneer Energy (Note 16)	**-**	(254,090)	**-**	(254,090)
Acquisition of North Dakota service stations, net of cash assumed	**-**	(17,633)	**-**	(17,633)
Acquisition of Chevron-branded service stations	**-**	(18,252)	**-**	(18,252)
Change in long-term receivables	**(1,795)**	232	**(4,626)**	72
Change in prepaid expenses and other	**(5,036)**	-	**(5,036)**	-
Additions to property, plant and equipment and intangible assets	**(22,998)**	(11,563)	**(36,464)**	(21,158)
Proceeds on sale of property, plant and equipment and intangible assets	**298**	1,080	**5,079**	1,280
Cash used in investing activities	**(58,309)**	(300,226)	**(69,825)**	(309,781)
Increase (decrease) in net cash	**14,371**	(261,690)	**14,996**	(182,535)
Net foreign exchange difference	**167**	(651)	**938**	886
Net cash at beginning of period	**23,102**	279,820	**21,706**	199,128
Net cash at end of period	**37,640**	17,479	**37,640**	17,479
Represented by:				
Cash and cash equivalents	**38,250**	30,940	**38,250**	30,940
Restricted cash	**321**	1,833	**321**	1,833
Bank indebtedness	**(931)**	(15,294)	**(931)**	(15,294)
Net cash	**37,640**	17,479	**37,640**	17,479
Supplementary cash flow information:				
Interest paid	**12,012**	13,167	**12,853**	13,668
Interest received	**351**	690	**662**	1,166
Income taxes paid	**5,405**	8,032	**21,525**	19,497

See accompanying notes to the interim condensed consolidated financial statements.

(In 000's of Canadian dollars, shares and options, except per share amounts)

1. CORPORATE INFORMATION

Parkland Fuel Corporation ("Parkland" or the "Corporation") is an independent marketer and distributor of fuels and lubricants. Parkland delivers refined fuels and other high quality petroleum products to motorists, businesses, consumers and wholesale customers in Canada and the United States. Parkland was incorporated under the laws of the Province of Alberta on March 9, 2010. The Corporation's head office is located at Suite 100, 4919 59th Street, Red Deer, Alberta, T4N 6C9, Canada. The interim condensed consolidated financial statements include the accounts of Parkland and its wholly-owned subsidiaries.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on August 4, 2016. 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, 2015 (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, 2016, and for the purposes of calculating income taxes during the interim periods where Parkland 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 that are consistent with those stated in the Annual Consolidated Financial Statements, with exception of the additional source of estimation uncertainty described below.

Fair values of assets acquired and liabilities assumed in a business combination are estimated based on information available at the date of acquisition and involve 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 these estimates.

4. CHANGES IN ACCOUNTING POLICIES

(a) IAS 1 – Presentation of Financial Statements

On December 18, 2014, the IASB issued amendments to IAS 1 – Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports, and these amendments will be effective for annual periods beginning on or after January 1, 2016. This standard does not apply to the structure and content of condensed interim financial statements prepared in accordance with IAS 34 – Interim Financial Reporting. The amendments are not expected to have a significant impact on the consolidated financial statements for the year ending December 31, 2016.

(In 000's of Canadian dollars, shares and options, except per share amounts)

(b) Annual Improvements 2012-2014 Cycle

These improvements were applicable for annual periods beginning on or after January 1, 2016 and Parkland adopted these amendments in the interim condensed consolidated financial statements. They include improvements to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosures, and IAS 34 – Interim Financial Reporting. The adoption of these amendments did not have a significant impact on Parkland's consolidated financial statements.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Parkland has not yet adopted certain standards and amendments that have been issued but that are not yet effective. The following new accounting pronouncement introduced since the date of the Annual Consolidated Financial Statements is being assessed to determine its impact on Parkland's results and financial position.

IFRS 2 – Share-based Payment

In June 2016, the IASB issued three amendments to IFRS 2 to eliminate diversity in practice in the classification and measurement of particular share-based payment transactions: i) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, ii) the classification of a share-based payment transaction with net settlement features for withholding tax obligations, iii) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The effective date of the amendments is January 1, 2018.

6. NET EARNINGS (LOSS) PER SHARE

	Three months ended June 30,		**Six months ended June 30,**	
	2016	2015	**2016**	2015
Net earnings (loss) - basic and diluted	**4,588**	(10,524)	**29,458**	9,254
Weighted average number of common shares	**95,127**	83,884	**94,711**	83,209
Effects of dilution from:				
- Share options	**293**	112	**269**	340
Weighted average number of common shares adjusted for the effects of dilution	**95,420**	83,996	**94,980**	83,549
Net earnings (loss) per share				
- Basic	**0.05**	(0.13)	**0.31**	0.11
- Diluted	**0.05**	(0.13)	**0.31**	0.11

In computing the diluted net earnings per share amount for the three and six months ended June 30, 2015, the impact of convertible debentures was excluded as their effect was antidilutive. There were no convertible debentures outstanding as at June 30, 2016.

(In 000's of Canadian dollars, shares and options, except per share amounts)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Assets under finance lease	Plant and equipment	Asset retirement costs	Total
Cost							
As at January 1, 2016	**88,217**	**44,594**	**139,952**	**1,961**	**492,419**	**53,099**	**820,242**
Additions	**1,180**	**729**	**6,767**	**-**	**24,764**	**-**	**33,440**
Change in asset retirement obligations	**-**	**-**	**-**	**-**	**-**	**1,743**	**1,743**
Additions due to acquisitions (Note 16)	**50**	**2**	**50**	**-**	**8,864**	**-**	**8,966**
Disposals	**(350)**	**(344)**	**(2,008)**	**-**	**(7,315)**	**-**	**(10,017)**
Exchange differences	**(382)**	**(312)**	**(908)**	**-**	**(4,142)**	**(407)**	**(6,151)**
As at June 30, 2016	**88,715**	**44,669**	**143,853**	**1,961**	**514,590**	**54,435**	**848,223**
Depreciation							
As at January 1, 2016	**-**	**9,099**	**40,782**	**526**	**246,408**	**23,554**	**320,369**
Depreciation	**-**	**1,044**	**4,664**	**83**	**27,419**	**6,358**	**39,568**
Disposals	**-**	**(216)**	**(584)**	**-**	**(5,700)**	**(1,840)**	**(8,340)**
Exchange differences	**-**	**(40)**	**(233)**	**-**	**(2,204)**	**(155)**	**(2,632)**
As at June 30, 2016	**-**	**9,887**	**44,629**	**609**	**265,923**	**27,917**	**348,965**
Net book value							
As at June 30, 2016	**88,715**	**34,782**	**99,224**	**1,352**	**248,667**	**26,518**	**499,258**

	Land	Land improvements	Buildings	Assets under finance lease	Plant and equipment	Asset retirement costs	Total
Cost							
As at January 1, 2015	41,762	34,161	87,210	4,138	402,940	48,508	618,719
Additions	1,660	689	14,166	-	46,479	-	62,994
Change in asset retirement obligations	-	-	-	-	-	3,355	3,355
Additions due to acquisitions (Note 16)	46,841	9,590	38,562	-	43,004	-	137,997
Disposals	(3,020)	(416)	(1,841)	(2,177)	(8,517)	-	(15,971)
Exchange differences	974	570	1,855	-	8,513	1,236	13,148
As at December 31, 2015	88,217	44,594	139,952	1,961	492,419	53,099	820,242
Depreciation							
As at January 1, 2015	-	7,715	33,422	2,542	200,758	14,777	259,214
Depreciation	-	1,593	8,027	166	46,772	9,854	66,412
Disposals	-	(280)	(1,095)	(2,182)	(5,960)	(1,369)	(10,886)
Exchange differences	-	71	428	-	4,838	292	5,629
As at December 31, 2015	-	9,099	40,782	526	246,408	23,554	320,369
Net book value							
As at December 31, 2015	88,217	35,495	99,170	1,435	246,011	29,545	499,873

As at June 30, 2016, Parkland had assets under construction of $14,854 (December 31, 2015 – $13,232) consisting primarily of assets related to construction and upgrades of retail stations within the Retail Fuels and Parkland USA segments. Contractual commitments for the acquisition of property, plant and equipment as at June 30, 2016 were $14,938 (December 31, 2015 – $8,444).

(In 000's of Canadian dollars, shares and options, except per share amounts)

8. INTANGIBLE ASSETS

	Customer relationships	Trade names	Non-compete and other agreements	Lease benefit	Software systems	Total
Cost						
As at January 1, 2016	**260,725**	**33,411**	**18,618**	**2,213**	**33,193**	**348,160**
Additions	**32**	**-**	**-**	**-**	**2,992**	**3,024**
Additions due to acquisitions (Note 16)	**7,874**	**-**	**7,498**	**-**	**71**	**15,443**
Disposals	**(180)**	**-**	**-**	**-**	**-**	**(180)**
Exchange differences	**(3,353)**	**(594)**	**(33)**	**(23)**	**-**	**(4,003)**
As at June 30, 2016	**265,098**	**32,817**	**26,083**	**2,190**	**36,256**	**362,444**
Amortization						
As at January 1, 2016	**125,767**	**10,390**	**7,389**	**1,586**	**10,417**	**155,549**
Amortization	**10,860**	**1,132**	**1,480**	**126**	**1,434**	**15,032**
Disposals	**(180)**	**-**	**-**	**-**	**-**	**(180)**
Exchange differences	**(750)**	**(139)**	**(45)**	**(5)**	**-**	**(939)**
As at June 30, 2016	**135,697**	**11,383**	**8,824**	**1,707**	**11,851**	**169,462**
Net book value						
As at June 30, 2016	**129,401**	**21,434**	**17,259**	**483**	**24,405**	**192,982**

	Customer relationships	Trade names	Non-compete and other agreements	Lease benefit	Software systems	Total
Cost						
As at January 1, 2015	238,228	20,540	6,575	1,869	23,935	291,147
Additions	47	-	-	-	9,924	9,971
Additions due to acquisitions (Note 16)	13,416	11,271	11,953	283	-	36,923
Disposals	-	-	-	-	(666)	(666)
Exchange differences	9,034	1,600	90	61	-	10,785
As at December 31, 2015	260,725	33,411	18,618	2,213	33,193	348,160
Amortization						
As at January 1, 2015	104,224	8,272	5,886	991	7,941	127,314
Amortization	20,215	1,883	1,477	589	2,517	26,681
Disposals	-	-	-	-	(41)	(41)
Exchange differences	1,328	235	26	6	-	1,595
As at December 31, 2015	125,767	10,390	7,389	1,586	10,417	155,549
Net book value						
As at December 31, 2015	134,958	23,021	11,229	627	22,776	192,611

9. GOODWILL

	January 1, 2016 to June 30, 2016	January 1, 2015 to December 31, 2015
Balance, beginning of period	**540,474**	179,607
Acquisition of other businesses (Note 16)	**1,042**	2,825
Acquisition of Pioneer Energy (Note 16)	**-**	333,426
Acquisition of North Dakota service stations	**-**	7,646
Acquisition of Chevron-branded service stations	**-**	8,837
Exchange differences	**(3,328)**	8,133
Balance, end of period	**538,188**	540,474

(In 000's of Canadian dollars, shares and options, except per share amounts)

10. LONG-TERM DEBT AND CREDIT FACILITY

	June 30, 2016	December 31, 2015
Credit Facility (a)	**16,107**	36,676
Unamortized discount: deferred financing costs	**(869)**	(313)
	15,238	36,363
Senior Unsecured Notes (b)		
5.5% Notes, due 2021	**200,000**	200,000
Unamortized premium: Redemption Options	**2,374**	2,583
Unamortized discount: deferred financing costs	**(3,676)**	(4,005)
6.0% Notes, due 2022	**200,000**	200,000
Unamortized premium: Redemption Options	**4,298**	4,574
Unamortized discount: deferred financing costs	**(3,933)**	(4,187)
	399,063	398,965
Finance Lease Obligations	**1,308**	1,377
Collateralized Notes	**8,008**	8,748
	9,316	10,125
Total long-term debt	**423,617**	445,453
Less: current portion	**(2,898)**	(4,413)
Long-term debt	**420,719**	441,040

The following table provides an analysis of the estimated principal repayments of long-term debt:

	2016	2017	2018	2019	2020	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)	-	-	-	-	16,107	-	-	16,107
Senior Unsecured Notes (b)	-	-	-	-	-	400,000	-	400,000
Finance Lease Obligations	1,030	163	66	66	66	318	(401)	1,308
Collateralized Notes	1,588	1,060	2,458	811	497	1,594	-	8,008
	2,618	1,223	2,524	877	16,670	401,912	(401)	425,423

(a) Credit Facility

A revolving extendible credit facility (the "Credit Facility") agreement was last amended on June 30, 2016 to extend the maturity to November 30, 2020. 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 November 30, 2020, all amounts outstanding are repayable on the maturity date.

The Credit Facility consists of i) a revolving operating loan with interest payable to a maximum of $320,000 for the Canadian Syndicated Facility and US$30,000 for the U.S. Operating Facility (December 31, 2015 – $320,000 and US$30,000) less the value of letters of credit issued; and ii) letters of credit to a maximum of $100,000 and US$10,000 (December 31, 2015 – $100,000 and US$10,000). Information pertaining to the Credit Facility as at June 30, 2016 is summarized below:

	Rate	Effective rate as at June 30, 2016	June 30, 2016
Canadian Syndicated Facility			
Revolving operating loan	Prime + 1.00%	N/A	**-**
Banker's acceptance	Banker's acceptance + 2.00%	N/A	**-**
LIBOR based	LIBOR + 2.00%	N/A	**-**
U.S. Operating Facility	Prime + 0.75%	4.50%	**16,107**
Outstanding borrowings under the Credit Facility			**16,107**

As at June 30, 2016, total outstanding balances for letters of credit were $14,333 (December 31, 2015 – $14,931), and these mature at various dates up to May 28, 2017.

(In 000's of Canadian dollars, shares and options, except per share amounts)

The revolving operating loan incurs standby fees for any unused portion of the facility at a rate between 0.300% and 0.619% (December 31, 2015 – between 0.300% and 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 (loss), 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 swaps and forward contracts, futures contracts and U.S. 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.

As at June 30, 2016, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter Credit Facility EBITDA basis. On June 30, 2016, the debt covenants of the Credit Facility were amended. The financial covenants of the Credit Facility are as follows:

1. Senior Funded Debt to Credit Facility EBITDA Ratio shall not exceed 3.50 to 1.00 as at the first and fourth quarter ends and for the first two full quarters following a completion of a material acquisition, and 3.00 to 1.00 as at the second and third quarter ends;
2. Total Funded Debt to Credit Facility EBITDA Ratio shall not exceed 4.50 to 1.00 at any quarter end; and
3. Interest Coverage Ratio at each quarter shall not be less than 3.00 to 1.00 at any quarter end.

As at June 30, 2016, the Corporation provided $721,573 (December 31, 2015 – $758,907) of unsecured guarantees to counterparties of commodities swaps and U.S. dollar forward exchange contracts used in natural gas liquids and crude oil purchases and supply agreements.

(b) Senior Unsecured Notes

The Senior Unsecured Notes, which were issued in 2014, are guaranteed by Parkland subsidiaries and are unsecured obligations. As at June 30, 2016, Parkland was in compliance with all of the covenants limiting Parkland's ability to incur additional debt, make certain restricted payments and investments, create liens, enter into transactions with affiliates, and consolidate, merge, transfer or sell all or substantially all of its property and assets.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

(a) Fair value measurement hierarchy

The following tables present information about the financial assets and liabilities measured at fair value on a recurring basis and the fair value hierarchy of the valuation techniques used:

	Fair value as at June 30, 2016			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Redemption Options	-	**19,220**	-	**19,220**
Risk management assets				
Commodities swaps and forward contracts	-	**441**	-	**441**
Total risk management assets	-	**441**	-	**441**
Risk management liabilities				
Commodities swaps and forward contracts	-	**(1,303)**	-	**(1,303)**
U.S. dollar forward exchange contracts	-	**(400)**	-	**(400)**
Total risk management liabilities	-	**(1,703)**	-	**(1,703)**

(In 000's of Canadian dollars, shares and options, except per share amounts)

	Fair value as at December 31, 2015			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Redemption Options	-	9,140	-	9,140
Risk management assets				
Commodities swaps and forward contracts	-	4,566	-	4,566
U.S. dollar forward exchange contracts	-	235	-	235
Total risk management assets	-	4,801	-	4,801
Risk management liabilities				
Commodities swaps and forward contracts	-	(136)	-	(136)
U.S. dollar forward exchange contracts	-	(3,427)	-	(3,427)
Total risk management liabilities	-	(3,563)	-	(3,563)

(b) Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and dividends declared and payable approximate their fair values as at June 30, 2016 due to the short-term nature of these instruments. The carrying value of the long-term receivables approximates fair value as at June 30, 2016, 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 $395,851 as at June 30, 2016 (December 31, 2015 – carrying value $400,000 and estimated fair value $381,971). The carrying value of other long-term debt approximates fair value as at June 30, 2016 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, 2016 as either it is adjusted to its fair value on a quarterly basis or it is related to liabilities recently incurred.

(c) Fair value measurement hierarchy transfers

The Corporation's policy is to recognize transfers between fair value measurement hierarchy levels as at 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, 2016. 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.

(d) Redemption Options

The Senior Unsecured Notes contain Redemption Options that allow Parkland 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 fair values of $3,220 and $5,160, respectively, which were recorded within other long-term assets in the consolidated balance sheets. 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 (loss) over the term of the Senior Unsecured Notes. The amortization was $245 and $486 for the three and six months ended June 30, 2016, respectively (three and six months ended June 30, 2015 – $232 and $459).

The Redemption Options are fair valued at the end of the reporting period and any change in the fair value is recognized in the consolidated statements of income (loss) in finance costs. The fair value of the Redemption Options was $19,220 as at June 30, 2016 (December 31, 2015 – $9,140). The change in fair value of the Redemption Options for the three and six months ended June 30, 2016 was a gain of $2,220 and $10,080, respectively (three and six months ended June 30, 2015 – loss of $3,320 and $2,100).

(In 000's of Canadian dollars, shares and options, except per share amounts)

(e) Hedge of net investments in foreign operations

During the second quarter of 2016, Parkland discontinued its net investment hedge on SPF Energy Inc., a foreign subsidiary in the Parkland USA segment that has a U.S. dollar functional currency. As at June 30, 2016, no amounts have been designated as a hedge of net investment of SPF Energy Inc. (December 31, 2015 – US$26,500).

12. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Interest on long-term debt	**6,684**	6,695	**13,529**	13,258
Interest and accretion on convertible debentures	**-**	686	**-**	1,403
Amortization of deferred financing costs	**370**	531	**754**	894
Accretion on refinery remediation	**124**	123	**249**	249
Accretion on asset retirement obligations	**704**	486	**1,459**	965
Change in fair value of Redemption Options	**(2,220)**	3,320	**(10,080)**	2,100
Amortization of debt premium arising from Redemption Options	**(245)**	(232)	**(486)**	(459)
Interest income	**(67)**	(535)	**(264)**	(939)
Finance costs	**5,350**	11,074	**5,161**	17,471

13. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Accounts receivable	**(10,772)**	28,308	**9,940**	112,710
Inventories	**(3,612)**	5,581	**3,371**	28,810
Income taxes receivable	**(69)**	(5,726)	**(4,677)**	(7,365)
Prepaid expenses and other	**299**	(3,035)	**(2,144)**	(7,381)
Accounts payable and accrued liabilities	**72,902**	12,964	**44,467**	(37,449)
Deferred revenue	**3,599**	(7,482)	**2,573**	(5,589)
Total net change in non-cash working capital	**62,347**	30,610	**53,530**	83,736

14. ASSET RETIREMENT OBLIGATIONS

	January 1, 2016 to June 30, 2016	January 1, 2015 to December 31, 2015
Asset retirement obligations, beginning of period	**115,431**	60,586
Additional provisions made in the period	**2,831**	7,777
Additions due to acquisitions (Note 16)	**50**	52,408
Obligations settled during the period	**(1,188)**	(3,107)
Change in estimated future cash flows	**(2,966)**	(6,255)
Change due to passage of time, foreign exchange and discount rate	**5,010**	4,022
Asset retirement obligations, end of period	**119,168**	115,431
Current	**12,847**	20,790
Non-current	**106,321**	94,641
Asset retirement obligations, end of period	**119,168**	115,431

The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations was $168,939 as at June 30, 2016 (December 31, 2015 – $172,281). The costs are expected to be paid up to 2046. As at June 30, 2016, the inflation rates used to determine the value of future costs ranged from 2.70% to 2.80% (December 31, 2015 – 2.80% to 3.00%) and the discount rates used to determine the present value of the future costs ranged from 3.39% to 3.90% (December 31, 2015 – 3.77% to 4.64%).

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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 without par value. There are no preferred shares outstanding. Changes to shareholders' capital were as follows:

	January 1, 2016 to June 30, 2016			January 1, 2015 to December 31, 2015		
	Number of common shares		**Amount**	Number of common shares		Amount
Shareholders' capital, beginning of period	**93,856**	**$**	**857,534**	82,114	$	584,856
Issued on acquisitions, net of issue costs	**-**		**-**	5,830		149,946
Issued under dividend reinvestment plan, net of costs	**1,357**		**29,313**	2,952		69,344
Issued under share option plan	**74**		**1,409**	340		6,186
Issued on vesting of restricted share units	**136**		**2,604**	270		4,896
Issued upon conversion of convertible debentures	**-**		**-**	2,350		42,306
Shareholders' capital, end of period	**95,423**	**$**	**890,860**	93,856	$	857,534

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

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

	June 30, 2016	December 31, 2015
Number of share options outstanding	**3,238**	2,511
Number of share options outstanding and exercisable	**1,303**	827
Number of RSUs outstanding	**884**	784
Number of DSUs outstanding	**195**	158

The following table summarizes expenses recorded in marketing, general and administrative expense for share options, RSUs and DSUs:

	Three months ended June 30,		**Six months ended June 30,**	
	2016	2015	**2016**	2015
Share options	**493**	377	**896**	708
RSUs	**958**	1,436	**1,892**	2,782
DSUs	**915**	600	**723**	1,100
	2,366	2,413	**3,511**	4,590

The liability recorded for DSUs in other long-term liabilities as at June 30, 2016 was $4,397 (December 31, 2015 – $3,674).

(c) Base shelf prospectus and "At-the-Market" equity finance program

On April 11, 2016, Parkland filed a base shelf prospectus ("Shelf Prospectus") for debentures, notes and other evidence of indebtedness and common shares (collectively, the "Securities") having an aggregate offering amount of up to $500,000. The Shelf Prospectus allows for the offering of the Securities from time to time in one or more offerings. Terms of the Securities, including, but not limited to, prices or maturity dates will be determined at the date of issue.

On June 3, 2016, Parkland entered into an equity distribution agreement with Canaccord Genuity Corp. pursuant to which Parkland may, from time to time, sell common shares of Parkland for aggregate gross proceeds of up to $110,000. The common shares will be distributed at market prices prevailing at the time of the sale and, as a result, prices may vary between purchasers and during the period of distribution. The volume and timing of sales, if any, will be determined at the sole discretion of Parkland's board and management. The offering is being made pursuant to a prospectus supplement ("Prospectus Supplement") to the Shelf Prospectus dated June 3, 2016.

(In 000's of Canadian dollars, shares and options, except per share amounts)

As at August 4, 2016, no Securities have been issued under the Shelf Prospectus or Prospectus Supplement, and each expire in May 2018.

16. BUSINESS COMBINATIONS

(a) Acquisition of other businesses

During the second quarter of 2016, Parkland completed the acquisition of individually immaterial businesses complementary to Parkland's existing lines of business in Quebec, Canada and Saskatchewan, Canada. These acquisitions are expected to support Parkland's growing Commercial Fuels segment in those regions. The preliminary fair value of the identifiable assets and liabilities of these individually immaterial acquisitions are presented below. Parkland expects to finalize these amounts no later than one year from the acquisition date.

	Other businesses
Assets	
Accounts receivable	**1,871**
Inventories	**1,383**
Property, plant and equipment (Note 7)	**8,966**
Intangible assets (Note 8)	**15,443**
Deferred tax asset	**123**
	27,786
Liabilities	
Asset retirement obligations (Note 14)	**(50)**
	(50)
Goodwill arising on acquisition (Note 9)	**1,042**
Purchase consideration transferred	**28,778**
Fair value analysis of purchase consideration transferred	
Cash paid	**28,778**
Total purchase consideration	**28,778**

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

Goodwill arising on acquisition is attributable to the earnings capacity of the acquired businesses in excess of the net tangible assets and net intangible assets acquired, the geographic presence of the acquired businesses, the benefits of acquiring the established businesses with certain capabilities in the industry, as well as expected synergies and other benefits from the acquisitions. A portion of the amounts assigned to goodwill may be deductible for income tax purposes.

Given the recent timing of the transactions, Parkland is still assessing the fair value of the net assets acquired. As a result, these amounts are subject to change.

Revenue and net loss of the identifiable assets and liabilities of the individually immaterial acquisitions included in the consolidated statement of comprehensive income since the acquisition date were $2,170 and $782, respectively.

(b) Acquisition of Pioneer Energy

On June 25, 2015, Parkland completed the acquisition of substantially all of the assets and select liabilities comprising the Pioneer Energy business ("Pioneer Energy") (the "Pioneer Acquisition"). At the date of acquisition, Pioneer Energy's network consisted 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

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Manitoba. The finalized fair values of the identifiable assets and liabilities of Pioneer Energy and the purchase consideration is presented below:

	Pioneer Energy
Assets	
Accounts receivable	**15,239**
Prepaid expenses and other	**21,823**
Inventories	**19,137**
Property, plant and equipment	**106,532**
Intangible assets	**36,923**
Deferred tax asset	**16,732**
	216,386
Liabilities	
Accounts payable and accrued liabilities	**(104,002)**
Asset retirement obligations	**(48,209)**
	(152,211)
Goodwill arising on acquisition (Note 9)	**333,426**
Purchase consideration transferred	**397,601**
Fair value analysis of purchase consideration transferred	
Cash paid on date of acquisition	**254,090**
Cash received on working capital adjustment	**(6,605)**
Common shares issued on date of acquisition	**150,116**
Purchase consideration transferred	**397,601**

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. Parkland engaged independent valuators to determine the fair value allocated to the property, plant and equipment and intangible assets.

During the first quarter of 2016, Parkland revised the preliminary fair values of the identifiable assets from the amounts reported on the Annual Consolidated Financial Statements and updated the purchase price equation to reflect new information obtained during the measurement period about the acquisition-date fair value of prepaid expenses and other. The result was a decrease of $7,000 to prepaid expenses and other, an increase of $467 to deferred tax asset, and an increase of $6,533 to goodwill. These adjustments have been applied retrospectively to the acquisition date of June 25, 2015, resulting in a revised prepaid expenses and other balance of $21,823, a revised deferred tax asset balance of $16,732, and a revised goodwill balance of $333,426.

Hold Separate Assets

On March 29, 2016, Parkland and the Commissioner of Competition (the "Commissioner") entered into a consent agreement registered with the Competition Tribunal of Canada (the "Competition Tribunal") to settle the litigation (the "Settlement") initiated by the Commissioner. As part of the Settlement, no remedy was required in six of the original 14 contested markets – Chelmsford/Azilda, Gananoque, Port Perry, Allanburg, Aberfoyle and Welland, Ontario. In two of the contested markets – Lundar and Warren, Manitoba – Parkland has agreed that for a six-year period, it will not increase dealer prices relative to rack prices or delivery fees charged to dealers other than in certain circumstances. Pursuant to an Order of the Competition Tribunal dated June 8, 2016, Warren, Manitoba has been removed from this requirement. In five other markets – Bancroft, Hanover, Innisfil and Tillsonburg, Ontario, and Neepawa, Manitoba – Parkland has agreed to divest either a fuel supply agreement with a dealer that it supplies or a corporate site in each market. In Bancroft, Hanover and Innisfil, Ontario, and Neepawa, Manitoba, Parkland will divest its fuel supply agreements and the fuel supply agreement in Tillsonburg, Ontario has been terminated. In Kapuskasing, Ontario, Parkland will sell one of its corporate-owned gas stations. In aggregate, Parkland estimates that the Settlement will result in a reduction of sales volumes of less than 1% of the Pioneer Acquisition volumes. All divestitures are expected to be completed by the end of 2016.

Prior to the Settlement, the Competition Tribunal had issued an interim order (the "Interim Order") whereby one of the requirements was that the Pioneer Energy supply agreements with independent dealers and Pioneer Energy owned corporate sites in six local communities were to be held separate from Parkland's other assets and operations and be managed by an independent third-party manager (the "Hold Separate Assets"). As at June 30, 2016, Parkland does not control the Hold Separate Assets, and therefore the equity interests in the Hold Separate Assets that remain under the Interim Order have been recorded within prepaid expenses and other on the consolidated balance sheets.

Pioneer Commercial Business

In connection with the Pioneer Acquisition, the Corporation entered into an agreement (the "Commercial Assets Agreement") with the vendors 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 vendors and their employees until these assets have been sold to a third-party. The vendors have retained a third party to administer and conduct the sale process involving the Pioneer Commercial Assets and an agreement to sell such assets has been entered into, the closing of which is subject to standard closing conditions. On July 12, 2016, the Competition Bureau delivered a no-action letter to the parties in respect of the sale of the Pioneer Commercial Assets. Under the Commercial Assets Agreement, Parkland has an indirect economic interest in the Pioneer Commercial Assets and the proceeds of any disposition thereof.

As at June 30, 2016, as Parkland does not control these assets, the economic interest in the Pioneer Commercial Assets has been recorded within prepaid expenses and other on the consolidated balance sheets.

(c) Other information

Acquisition costs are recognized as an expense in marketing, general and administrative expenses within acquisition, integration and other costs. Acquisition, integration and other costs for the three months ended June 30, 2016 comprise of acquisition costs of $6,959 and integration costs of $1,443 (three months ended June 30, 2015 – acquisition costs of $4,950, a refinery billing adjustment of $3,184, integration costs of $3,068 and other costs of $1,754). Acquisition, integration and other costs for the six months ended June 30, 2016 comprise of acquisition costs of $9,742, integration costs of $1,652 and other costs of $1,634 (six months ended June 30, 2015 – acquisition costs of $7,612, a refinery billing adjustment of $3,184, integration costs of $3,068 and other costs $1,754). Other costs incurred during the six months ended June 30, 2016 primarily consist of restructuring provisions.

The estimated revenue and net income of Parkland for the six months ended June 30, 2016 would have been approximately $2,893,912 and $29,491, respectively, if the acquisition date for all business combinations that took place during the six months ended June 30, 2016 occurred on January 1, 2016. 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, 2016.

17. SEGMENT INFORMATION

The Corporation has the following operating segments: i) Retail Fuels; ii) Commercial Fuels; iii) Parkland USA; and iv) Supply and Wholesale. 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 and Island Petroleum.

Parkland USA

Parkland USA operates and services a network of retail service stations in the United States. In addition, Parkland USA delivers gasoline, distillates, propane and lubricating oils across the Northwestern United States. Brands operated by Parkland USA include SPF Energy, Farstad Oil and Superpumper.

Supply and Wholesale

Supply and Wholesale 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 Elbow River Marketing, profits derived through supply management and profits from wholesale fuel sales.

General information

Intersegment sales are accounted for at market value and included, for segment reporting, in sales and operating revenue of the segment making the transfer and expenses 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, loss (gain) on disposal of property, plant and equipment, acquisition-related costs, unrealized loss (gain) from the change in fair value commodities swaps and forward contracts, futures contracts and U.S. dollar forward exchange contracts included in risk management activities, unrealized loss (gain) on foreign exchange 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 reportable segments are not being presented or reviewed by the chief operating decision maker.

(In 000's of Canadian dollars, shares and options, except per share amounts)

Segment information	**Retail Fuels**		**Commercial Fuels**		**Parkland USA**		**Supply and Wholesale**		**Corporate**		**Consolidated**	
For the three months ended June 30,	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Fuel and petroleum products volume (000's of litres)	**935,930**	463,094	**296,949**	294,500	**233,843**	264,287	**1,069,389**	1,009,071	**-**	-	**2,536,111**	2,030,952
Sales and operating revenue												
Fuel and petroleum product revenue	**671,063**	366,278	**185,945**	213,477	**122,974**	165,955	**1,782,020**	1,301,573	**-**	-	**2,762,002**	2,047,283
Non-fuel revenue	**50,125**	8,139	**58,474**	65,939	**27,149**	26,652	**15,789**	14,665	**114**	114	**151,651**	115,509
Total sales and operating revenue – external and intersegmental	**721,188**	374,417	**244,419**	279,416	**150,123**	192,607	**1,797,809**	1,316,238	**114**	114	**2,913,653**	2,162,792
Less: Intersegment revenues	**-**	-	**(259)**	-	**-**	-	**(1,343,582)**	(772,882)	**-**	-	**(1,343,841)**	(772,882)
Sales and operating revenue	**721,188**	374,417	**244,160**	279,416	**150,123**	192,607	**454,227**	543,356	**114**	114	**1,569,812**	1,389,910
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**618,256**	342,689	**154,850**	182,702	**115,571**	157,147	**1,740,506**	1,270,604	**-**	-	**2,629,183**	1,953,142
Non-fuel costs of goods sold	**36,436**	2,245	**48,058**	53,509	**19,345**	19,283	**12,223**	10,465	**(35)**	5	**116,027**	85,507
Total cost of goods sold, excluding depreciation – external and intersegmental	**654,692**	344,934	**202,908**	236,211	**134,916**	176,430	**1,752,729**	1,281,069	**(35)**	5	**2,745,210**	2,038,649
Less: Intersegment cost of goods sold	**-**	-	**(259)**	-	**-**	-	**(1,343,582)**	(772,882)	**-**	-	**(1,343,841)**	(772,882)
Cost of goods sold, excluding depreciation	**654,692**	344,934	**202,649**	236,211	**134,916**	176,430	**409,147**	508,187	**(35)**	5	**1,401,369**	1,265,767
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**52,807**	23,589	**31,095**	30,775	**7,403**	8,808	**41,514**	30,969	**-**	-	**132,819**	94,141
Realized gain (loss) on risk management activities	**-**	-	**-**	24	**-**	-	**(1,336)**	(1,264)	**-**	-	**(1,336)**	(1,240)
Realized (loss) gain on foreign exchange	**-**	-	**-**	-	**-**	-	**(526)**	76	**(30)**	61	**(556)**	137
Fuel and petroleum product adjusted gross profit (loss)	**52,807**	23,589	**31,095**	30,799	**7,403**	8,808	**39,652**	29,781	**(30)**	61	**130,927**	93,038
Non-fuel adjusted gross profit	**13,689**	5,894	**10,416**	12,430	**7,804**	7,369	**3,566**	4,200	**149**	109	**35,624**	30,002
Total adjusted gross profit	**66,496**	29,483	**41,511**	43,229	**15,207**	16,177	**43,218**	33,981	**119**	170	**166,551**	123,040
Customer finance (income) loss	**(21)**	2	**(282)**	(355)	**(36)**	(51)	**(11)**	(48)	**(1)**	(238)	**(351)**	(690)
Operating costs	**24,471**	7,983	**28,932**	29,387	**9,924**	9,403	**11,185**	13,604	**-**	-	**74,512**	60,377
Marketing, general and administrative	**5,940**	3,407	**6,372**	5,692	**1,913**	1,887	**8,978**	6,880	**21,194**	24,364	**44,397**	42,230
Loss on risk management activities	**-**	-	**-**	24	**-**	-	**-**	-	**-**	-	**-**	24
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(8,402)**	(12,956)	**(8,402)**	(12,956)
Adjusted EBITDA	**36,106**	18,091	**6,489**	8,481	**3,406**	4,938	**23,066**	13,545	**(12,672)**	(11,000)	**56,395**	34,055
Depreciation and amortization									**29,623**	17,590	**29,623**	17,590
Finance costs									**5,350**	11,074	**5,350**	11,074
Loss (gain) on disposal of property, plant and equipment									**93**	(225)	**93**	(225)
Acquisition, integration and other costs									**8,402**	12,956	**8,402**	12,956
Unrealized loss from the change in fair value of commodities swaps and forward contracts, U.S. dollar forward exchange contracts and futures contracts									**3,238**	1,165	**3,238**	1,165
Unrealized loss on foreign exchange									**277**	702	**277**	702
Income tax expense									**4,824**	1,317	**4,824**	1,317
Net earnings (loss)											**4,588**	(10,524)
Additions to property, plant and equipment and intangible assets	**8,026**	5,776	**11,078**	1,970	**1,582**	1,170	**1,447**	1,892	**865**	755	**22,998**	11,563
Acquisitions of property, plant and equipment, intangible assets and goodwill	**-**	495,170	**25,450**	-	**-**	17,233	**-**	904	**-**	-	**25,450**	513,307

Segment information	**Retail Fuels**		**Commercial Fuels**		**Parkland USA**		**Supply and Wholesale**		**Corporate**		**Consolidated**	
For the six months ended June 30,	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Fuel and petroleum products volume (000's of litres)	**1,779,069**	843,514	**686,213**	751,042	**452,197**	530,705	**2,055,697**	2,143,672	**-**	-	**4,973,176**	4,268,933
Sales and operating revenue												
Fuel and petroleum product revenue	**1,176,202**	632,031	**406,690**	542,701	**215,446**	322,540	**3,248,015**	2,567,084	**-**	-	**5,046,353**	4,064,356
Non-fuel revenue	**95,475**	12,906	**107,159**	118,277	**54,545**	52,190	**32,826**	27,510	**231**	208	**290,236**	211,091
Total sales and operating revenue – external and intersegmental	**1,271,677**	644,937	**513,849**	660,978	**269,991**	374,730	**3,280,841**	2,594,594	**231**	208	**5,336,589**	4,275,447
Less: Intersegment revenues	**-**	-	**(259)**	-	**-**	-	**(2,448,411)**	(1,493,911)	**-**	-	**(2,448,670)**	(1,493,911)
Sales and operating revenue	**1,271,677**	644,937	**513,590**	660,978	**269,991**	374,730	**832,430**	1,100,683	**231**	208	**2,887,919**	2,781,536
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**1,079,852**	589,933	**324,545**	449,996	**199,623**	304,659	**3,171,321**	2,499,079	**-**	-	**4,775,341**	3,843,667
Non-fuel costs of goods sold	**67,827**	2,245	**86,265**	92,660	**38,990**	37,844	**25,778**	21,035	**(44)**	(124)	**218,816**	153,660
Total cost of goods sold, excluding depreciation – external and intersegmental	**1,147,679**	592,178	**410,810**	542,656	**238,613**	342,503	**3,197,099**	2,520,114	**(44)**	(124)	**4,994,157**	3,997,327
Less: Intersegment cost of goods sold	**-**	-	**(259)**	-	**-**	-	**(2,448,411)**	(1,493,911)	**-**	-	**(2,448,670)**	(1,493,911)
Cost of goods sold, excluding depreciation	**1,147,679**	592,178	**410,551**	542,656	**238,613**	342,503	**748,688**	1,026,203	**(44)**	(124)	**2,545,487**	2,503,416
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**96,350**	42,098	**82,145**	92,705	**15,823**	17,881	**76,694**	68,005	**-**	-	**271,012**	220,689
Realized loss on risk management activities	**-**	-	**-**	(5)	**-**	-	**(2,563)**	(2,740)	**-**	-	**(2,563)**	(2,745)
Realized (loss) gain on foreign exchange	**-**	-	**-**	-	**-**	-	**(472)**	3,192	**(4)**	(362)	**(476)**	2,830
Fuel and petroleum product adjusted gross profit (loss)	**96,350**	42,098	**82,145**	92,700	**15,823**	17,881	**73,659**	68,457	**(4)**	(362)	**267,973**	220,774
Non-fuel adjusted gross profit	**27,648**	10,661	**20,894**	25,617	**15,555**	14,346	**7,048**	6,475	**275**	332	**71,420**	57,431
Total adjusted gross profit (loss)	**123,998**	52,759	**103,039**	118,317	**31,378**	32,227	**80,707**	74,932	**271**	(30)	**339,393**	278,205
Customer finance (income) loss	**(45)**	1	**(520)**	(671)	**(88)**	(98)	**(8)**	(85)	**(1)**	(313)	**(662)**	(1,166)
Operating costs	**47,433**	14,073	**62,111**	67,189	**20,594**	18,902	**23,325**	26,707	**-**	-	**153,463**	126,871
Marketing, general and administrative	**12,077**	6,866	**12,676**	11,712	**3,996**	3,790	**18,098**	16,666	**36,697**	37,900	**83,544**	76,934
Gain on risk management activities	**-**	-	**-**	(4)	**-**	-	**-**	-	**-**	-	**-**	(4)
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(13,028)**	(15,618)	**(13,028)**	(15,618)
Adjusted EBITDA	**64,533**	31,819	**28,772**	40,091	**6,876**	9,633	**39,292**	31,644	**(23,397)**	(21,999)	**116,076**	91,188
Depreciation and amortization									**55,523**	37,297	**55,523**	37,297
Finance costs									**5,161**	17,471	**5,161**	17,471
(Gain) loss on disposal of property, plant and equipment									**(426)**	131	**(426)**	131
Acquisition, integration and other costs									**13,028**	15,618	**13,028**	15,618
Unrealized loss from the change in fair value of commodities swaps and forward contracts, U.S. dollar forward exchange contracts and futures contracts									**2,499**	2,185	**2,499**	2,185
Unrealized loss on foreign exchange									**625**	224	**625**	224
Income tax expense									**10,208**	9,008	**10,208**	9,008
Net earnings											**29,458**	9,254
Additions to property, plant and equipment and intangible assets	**13,739**	9,926	**13,980**	5,417	**4,181**	1,956	**2,669**	2,840	**1,895**	1,019	**36,464**	21,158
Acquisitions of property, plant and equipment, intangible assets and goodwill	**-**	495,170	**25,450**	-	**-**	17,233	**-**	904	**-**	-	**25,450**	513,307

(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,	
	2016	2015	**2016**	2015
Revenue from external customers – Canada	**1,419,688**	1,197,303	**2,617,928**	2,406,806
Revenue from external customers – United States	**150,124**	192,607	**269,991**	374,730
Sales and operating revenue	**1,569,812**	1,389,910	**2,887,919**	2,781,536

		June 30, 2016	
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**441,594**	**57,664**	**499,258**
Intangible assets	**146,084**	**46,898**	**192,982**
Goodwill	**486,094**	**52,094**	**538,188**
Total	**1,073,772**	**156,656**	**1,230,428**

		December 31, 2015	
	Canada	**United States**	**Consolidated**
Property, plant and equipment	438,648	61,225	499,873
Intangible assets	139,361	53,250	192,611
Goodwill	485,052	55,422	540,474
Total	1,063,061	169,897	1,232,958

18. SEASONALITY

The 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.