Parkland Fuel Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2017

Parkland

FUEL CORPORATION

Parkland Fuel Corporation

Consolidated Balance Sheets

(Unaudited)

($ millions)	**March 31, 2017**	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	**18.3**	25.6
Cash held in escrow (Notes 4 and 8)	**536.6**	535.8
Accounts receivable	**354.5**	398.7
Inventories	**130.3**	164.7
Income taxes receivable	**14.7**	14.0
Risk management	**1.7**	0.8
Prepaid expenses and other	**20.4**	17.6
	1,076.5	1,157.2
Property, plant and equipment	**551.4**	554.0
Intangible assets	**195.8**	203.6
Goodwill	**560.0**	560.4
Long-term receivables	**35.6**	32.9
Other long-term assets	**10.6**	11.9
Deferred tax assets	**39.2**	41.5
	2,469.1	2,561.5
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**410.5**	496.1
Dividends declared and payable	**9.4**	9.2
Deferred revenue	**12.9**	17.2
Long-term debt – current portion (Note 4)	**301.0**	298.5
Asset retirement obligations – current portion	**11.6**	10.3
Risk management	**0.5**	8.4
Other liabilities – current portion (Note 8)	**226.4**	226.4
	972.3	1,066.1
Long-term debt (Note 4)	**527.6**	538.0
Asset retirement obligations	**122.6**	121.4
Other liabilities	**16.4**	8.6
Deferred tax liabilities	**23.5**	23.5
	1,662.4	1,757.6
Shareholders' equity		
Shareholders' capital (Note 8)	**919.3**	910.2
Contributed surplus	**22.8**	22.1
Accumulated other comprehensive income	**14.1**	15.1
Deficit	**(149.5)**	(143.5)
	806.7	803.9
	2,469.1	2,561.5

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Income
(Unaudited)

($ millions, unless otherwise stated)	Three months ended March 31, 2017	2016
Sales and operating revenue	**1,784.5**	1,318.1
Cost of goods sold, excluding depreciation	**1,590.0**	1,144.1
Customer finance income	**(0.4)**	(0.3)
Operating costs	**86.1**	78.9
Marketing, general and administrative	**42.9**	39.1
Depreciation and amortization	**26.3**	25.9
Finance costs (Note 6)	**14.3**	(0.2)
Foreign exchange (gain) loss	**(0.2)**	0.3
Gain on disposal of property, plant and equipment	**(0.3)**	(0.5)
(Gain) loss on risk management activities	**(4.5)**	0.5
Earnings before income taxes	**30.3**	30.3
Income tax expense (recovery)		
Current	**5.9**	12.7
Deferred	**2.4**	(7.3)
Net earnings	**22.0**	24.9
Net earnings per share ($ per share) (Note 3)		
- Basic	**0.23**	0.26
- Diluted	**0.22**	0.26
Weighted average number of common shares (000's of shares) (Note 3)	**96,406**	94,294

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, 2017	2016
Net earnings	**22.0**	24.9
Other comprehensive loss:		
Items that may be reclassified to consolidated statements of income in subsequent periods:		
Exchange differences on translation of foreign operations	**(1.0)**	(8.0)
Net gain on hedge of net investment in foreign operations, net of tax expense of nil (2016 – tax expense of $0.1)	**-**	0.9
Other comprehensive loss, net of tax	**(1.0)**	(7.1)
Total comprehensive income, net of tax	**21.0**	17.8

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

($ millions)	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
As at January 1, 2017	**910.2**	**22.1**	**15.1**	**(143.5)**	**803.9**
Net earnings	**-**	**-**	**-**	**22.0**	**22.0**
Other comprehensive loss, net of tax	**-**	**-**	**(1.0)**	**-**	**(1.0)**
Dividends	**-**	**-**	**-**	**(28.0)**	**(28.0)**
Share incentive compensation (Note 8)	**-**	**1.4**	**-**	**-**	**1.4**
Issued under dividend reinvestment plan, net of costs	**8.0**	**-**	**-**	**-**	**8.0**
Issued under share option plan	**0.9**	**(0.1)**	**-**	**-**	**0.8**
Issued on vesting of restricted share units	**0.2**	**(0.6)**	**-**	**-**	**(0.4)**
As at March 31, 2017	**919.3**	**22.8**	**14.1**	**(149.5)**	**806.7**
As at January 1, 2016	857.5	19.0	17.7	(81.6)	812.6
Net earnings	-	-	-	24.9	24.9
Other comprehensive loss, net of tax	-	-	(7.1)	-	(7.1)
Dividends	-	-	-	(26.7)	(26.7)
Share incentive compensation (Note 8)	-	1.3	-	-	1.3
Issued under dividend reinvestment plan, net of costs	18.1	-	-	-	18.1
Issued under share option plan	0.1	-	-	-	0.1
As at March 31, 2016	875.7	20.3	10.6	(83.4)	823.2

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Cash Flows
(Unaudited)

($ millions)	Three months ended March 31, 2017	2016
Operating activities		
Net earnings	**22.0**	24.9
Adjustments for:		
Depreciation and amortization	**26.3**	25.9
Gain on disposal of property, plant and equipment	**(0.3)**	(0.5)
Share incentive compensation	**1.7**	1.1
Accretion on asset retirement obligations	**1.2**	0.9
Change in risk management activities	**(8.8)**	(0.7)
Change in other liabilities	**1.5**	0.3
Amortization of deferred financing costs and debt premium	**0.3**	0.2
Change in fair value of Redemption Options	**0.5**	(7.9)
Deferred taxes	**2.4**	(7.3)
Cash expenditures on asset retirement obligations	**(0.7)**	(0.4)
Net change in non-cash working capital (Note 7)	**(6.0)**	(8.8)
Cash generated from operating activities	**40.1**	27.7
Financing activities		
Long-term debt repayments	**(37.7)**	(22.9)
Proceeds from long-term debt, net of financing costs	**25.4**	14.9
Dividends paid to shareholders, net of dividend reinvestment plan	**(19.9)**	(7.6)
Shares issued for cash	**-**	0.1
Cash used in financing activities	**(32.2)**	(15.5)
Investing activities		
Change in long-term receivables	**(0.5)**	(2.8)
Additions to cash held in escrow	**(0.8)**	-
Expenditures on property, plant and equipment and intangible assets	**(15.2)**	(13.5)
Proceeds on sale of property, plant and equipment and intangible assets	**1.3**	4.8
Cash used in investing activities	**(15.2)**	(11.5)
Increase (decrease) in net cash	**(7.3)**	0.7
Net foreign exchange difference	**-**	0.7
Net cash at beginning of period	**25.6**	21.7
Net cash at end of period	**18.3**	23.1
Represented by:		
Cash and cash equivalents	**18.3**	23.3
Restricted cash	**-**	0.3
Bank indebtedness	**-**	(0.5)
Net cash	**18.3**	23.1
Supplementary cash flow information:		
Interest paid	**10.6**	0.8
Interest received	**0.4**	0.3
Income taxes paid	**6.7**	16.1

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Parkland Fuel Corporation ("Parkland") is an independent marketer and distributor of fuel and petroleum products. 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 was incorporated under the laws of the Province of Alberta on March 9, 2010, and its corporate office is located at Suite 6302, 333 96 Avenue NE, Calgary, Alberta, Canada T3K 0S3. The interim condensed consolidated financial statements include the accounts of Parkland and its wholly-owned subsidiaries.

2. BASIS OF PREPARATION

(a) Statement of compliance

Parkland's interim condensed consolidated financial statements have been 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, 2016 (the "Annual Consolidated Financial Statements").

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on May 2, 2017.

(b) Basis of measurement

Parkland's interim condensed consolidated financial statements have been 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 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 the purposes of calculating income taxes during the interim periods, where estimated annual effective income tax rates are used.

(e) 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 judgment used in the preparation of the financial statements are described in Parkland's Annual Consolidated Financial Statements.

3. NET EARNINGS PER SHARE

	Three months ended March 31, **2017**	2016
Net earnings - basic and diluted	**22.0**	24.9
Weighted average number of common shares (000's of shares)	**96,406**	94,294
Effect of dilutive securities (000's of shares)	**1,707**	225
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)	**98,113**	94,519
Net earnings per share ($ per share)		
- Basic	**0.23**	0.26
- Diluted	**0.22**	0.26

In computing the diluted net earnings per share amount for the three months ended March 31, 2017, the impact of 9,430,000 subscription receipts and the related dividend equivalents were excluded, as their conversion to common shares is contingent on the closing of the CST Brands Canada Acquisition (refer to Notes 8 and 9) and the completion of certain release conditions.

4. LONG-TERM DEBT AND CREDIT FACILITY

	March 31, 2017	December 31, 2016
Credit Facility (a)	**120.3**	132.4
Unamortized discount: deferred financing costs	**(0.7)**	(0.8)
	119.6	131.6
Senior Unsecured Notes (b)		
5.50% Senior Notes, due 2021	**200.0**	200.0
Unamortized premium: Redemption Options	**2.0**	2.2
Unamortized discount: deferred financing costs	**(3.2)**	(3.3)
6.00% Senior Notes, due 2022	**200.0**	200.0
Unamortized premium: Redemption Options	**3.9**	4.0
Unamortized discount: deferred financing costs	**(3.5)**	(3.7)
5.75% Senior Notes, due 2024	**300.0**	300.0
Unamortized premium: Redemption Options	**2.9**	3.0
Unamortized discount: deferred financing costs	**(6.2)**	(6.4)
	695.9	695.8
Finance Lease Obligations	**5.5**	1.2
Collateralized Notes	**7.6**	7.9
	13.1	9.1
Total long-term debt	**828.6**	836.5
Less: current portion	**(301.0)**	(298.5)
Long-term debt	**527.6**	538.0

($ millions, unless otherwise stated)

The following table provides a summary of the estimated principal repayments of long-term debt:

	2017	2018	2019	2020	2021	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)	-	-	-	120.3	-	-	-	120.3
Senior Unsecured Notes (b)								
5.50% Senior Notes, due 2021	-	-	-	-	200.0	-	-	200.0
6.00% Senior Notes, due 2022	-	-	-	-	-	200.0	-	200.0
5.75% Senior Notes, due 2024[(1)]	300.0	-	-	-	-	-	-	300.0
Finance Lease Obligations	2.0	1.8	1.8	1.8	1.5	0.2	(3.6)	5.5
Collateralized Notes	0.9	2.7	1.0	0.7	1.8	0.5	-	7.6
	302.9	4.5	2.8	122.8	203.3	200.7	(3.6)	833.4

(1) The 5.75% Senior Notes are classified as a current liability as it is mandatorily redeemable if certain conditions related to the CST Brands Canada Acquisition are not satisfied before August 22, 2017.

(a) Credit Facility

The Credit Facility consists of: i) $320.0 for the Canadian Syndicated Facility and US$30.0 for the US Operating Facility, less the value of letters of credit issued, and ii) letters of credit to a maximum of Canadian $100.0 and US$10.0. The total outstanding balance for letters of credit was $12.9 as at March 31, 2017 (December 31, 2016 – $8.9), with various maturity dates up to February 27, 2018.

Information pertaining to the Credit Facility as at March 31, 2017 is summarized as follows:

	Rate	Effective rate as at March 31, 2017	Balance as at March 31, 2017
Canadian Syndicated Facility			
Canadian Prime Rate Loan	Prime + 1.00%	3.70%	30.9
Banker's acceptance	Banker's acceptance + 2.00%	2.70%	45.0
LIBOR Loan	LIBOR + 1.75%	3.04%	8.0
US Operating Facility	Prime + 1.00%	4.75%	36.4
Outstanding borrowings under the Credit Facility			120.3

Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900.0, creating a first floating charge over all of the undertaking, property and assets of Parkland.

As at March 31, 2017, Parkland provided $756.8 (December 31, 2016 – $743.6) of unsecured guarantees to counterparties of commodities swaps and US dollar forward exchange contracts used in natural gas liquids and crude oil purchases and supply agreements.

(b) Senior Unsecured Notes

The Senior Unsecured Notes are notes guaranteed by Parkland's subsidiaries and are unsecured obligations. Information pertaining to the Senior Unsecured Notes is summarized below:

Series[(i)]	Private placement date	Maturity date	Principal amount
5.50% Senior Notes	May 29, 2014	May 28, 2021	200.0
6.00% Senior Notes	November 21, 2014	November 21, 2022	200.0
5.75% Senior Notes	September 16, 2016	September 16, 2024	300.0
			700.0

(i) Interest is paid semi-annually.

The 5.75% Senior Notes will be used to partially fund the CST Brands Canada Acquisition (see Note 9). The proceeds of the 5.75% Senior Notes are being held in escrow. The 5.75% Senior Notes are mandatorily redeemable if certain conditions relating to the CST Brands Canada Acquisition are not satisfied before August 22, 2017. As such, proceeds are being held in escrow and the 5.75% Senior Notes have been classified as a current liability within long-term debt.

($ millions, unless otherwise stated)

The Senior Unsecured Notes contain covenants that limit certain of 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.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

(a) Fair value measurement hierarchy

The tables below 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 March 31, 2017			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Redemption Options	**-**	**8.2**	**-**	**8.2**
Risk management assets				
Commodities swaps and forward contracts	**-**	**1.6**	**-**	**1.6**
Commodities futures contracts	**-**	**0.1**	**-**	**0.1**
Total risk management assets	**-**	**1.7**	**-**	**1.7**
Risk management liabilities				
Commodities swaps and forward contracts	**-**	**(0.1)**	**-**	**(0.1)**
Commodities futures contracts	**-**	**(0.4)**	**-**	**(0.4)**
Total risk management liabilities	**-**	**(0.5)**	**-**	**(0.5)**

	Fair value as at December 31, 2016			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Redemption Options	-	8.7	-	8.7
Risk management assets				
Commodities swaps and forward contracts	-	0.7	-	0.7
US dollar forward exchange contracts	-	0.1	-	0.1
Total risk management assets	-	0.8	-	0.8
Risk management liabilities				
Commodities swaps and forward contracts	-	(7.2)	-	(7.2)
Commodities futures contracts	-	(0.5)	-	(0.5)
US dollar forward exchange contracts	-	(0.7)	-	(0.7)
Total risk management liabilities	-	(8.4)	-	(8.4)

(b) Fair value measurement hierarchy transfers

There were no transfers between fair value measurement hierarchy levels during the three months ended March 31, 2017.

(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 are carried at fair value at $8.2 as at March 31, 2017 (December 31, 2016 – $8.7).

(d) Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, cash held in escrow, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at March 31, 2017 due to the short-term nature of these instruments. The carrying value of the long-term receivables approximates fair value as at March 31, 2017, as Parkland currently issues loans and advances to dealers and customers with similar terms. The Senior Unsecured Notes had a carrying value of $700.0 and an estimated fair value of $713.6 as at March 31, 2017 (December 31, 2016 – $700.0 and $700.5 respectively). The carrying value of other long-term debt approximates fair value as at March 31, 2017, as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying values of other long-term liabilities approximate their fair values as at March 31, 2017, given that they are either adjusted to fair value on a quarterly basis or they are related to liabilities that have been recently incurred.

6. FINANCE COSTS

	Three months ended March 31,	
	2017	2016
Interest on long-term debt	**13.1**	6.8
Amortization of deferred financing costs	**0.6**	0.4
Accretion on asset retirement obligations	**1.2**	0.9
Change in fair value of Redemption Options	**0.5**	(7.9)
Amortization of debt premium arising from Redemption Options	**(0.3)**	(0.2)
Interest income	**(0.8)**	(0.2)
	14.3	(0.2)

7. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended March 31,	
	2017	2016
Accounts receivable	**44.0**	20.7
Inventories	**34.3**	7.0
Income taxes receivable	**(0.7)**	(4.6)
Prepaid expenses and other	**(2.8)**	(2.5)
Accounts payable and accrued liabilities	**(76.5)**	(28.4)
Deferred revenue	**(4.3)**	(1.0)
Total net change in non-cash working capital	**(6.0)**	(8.8)

8. 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, 2017 to March 31, 2017		January 1, 2016 to December 31, 2016	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**96,238**	**910.2**	93,856	857.5
Issued on business acquisitions	**-**	**-**	20	0.6
Share issuance costs	**-**	**-**	-	(0.1)
Issued under dividend reinvestment plan, net of costs	**285**	**8.0**	1,917	44.4
Issued under share option plan	**43**	**0.9**	260	5.1
Issued on vesting of restricted share units	**18**	**0.2**	185	2.7
Shareholders' capital, end of period	**96,584**	**919.3**	96,238	910.2

($ millions, unless otherwise stated)

(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:

(000's)	**March 31, 2017**	December 31, 2016
Number of share options outstanding	**2,830**	2,873
Number of share options outstanding and exercisable	**1,267**	1,139
Number of RSUs outstanding	**763**	790
Number of DSUs outstanding	**156**	155

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

	Three months ended March 31,	
	2017	2016
Share options	**(0.1)**	0.4
RSUs	**1.5**	0.9
DSUs	**0.3**	(0.2)
	1.7	1.1

The liability recorded for DSUs in other long-term liabilities as at March 31, 2017 was $4.6 (December 31, 2016 – $4.3).

(c) Subscription receipts

On September 7, 2016, Parkland issued 9,430,000 subscription receipts to partially fund the CST Brands Canada Acquisition at a price of $24.50 each for total gross proceeds of $231.0. Each subscription receipt entitles the holder to receive one common share and the applicable dividend equivalent amount upon closing of the CST Brands Canada Acquisition (see Note 9) and certain release conditions. The subscription receipts automatically terminate and are cancelled if certain conditions relating to the CST Brands Canada Acquisition are not satisfied before August 22, 2017, and thus have been classified as a current liability in other liabilities – current portion. The proceeds of the subscription receipts are being held in escrow. As at March 31, 2017, subscription receipts recorded within other liabilities of $226.4 comprise gross proceeds of $231.0, offset by deferred financing costs of $4.6. If the release conditions for the escrow are met and the common shares are issued, the liability amount will be reclassified to shareholders' capital, net of any dividend equivalents owing to the holders.

9. BUSINESS COMBINATIONS

(a) Acquisition of multiple businesses

During the second, third and fourth quarters of 2016, Parkland completed the acquisitions of individually immaterial businesses complementary to Parkland's existing lines of business in Quebec, Saskatchewan, Alberta, and Ontario, Canada and Wyoming, USA. There have been no changes to the preliminary fair values of the identifiable assets and liabilities of the individually immaterial acquisitions presented in the Annual Consolidated Financial Statements. Parkland expects to finalize these amounts no later than one year from the respective acquisition dates.

(b) Acquisition of the majority of the Canadian business and assets of CST Brands, Inc.

During the third quarter of 2016, Parkland entered into an agreement with Alimentation Couche-Tard Inc. ("Couche-Tard") to acquire the majority of the Canadian business and assets of CST Brands, Inc. ("CST") for a preliminary purchase price of approximately $965.0 (the "CST Brands Canada Acquisition"). Concurrently, Couche-Tard announced a definitive merger agreement with CST under which Couche-Tard will acquire CST, subject to customary conditions and regulatory approvals (the "Couche-Tard CST Transaction"). The Canadian business and assets that Parkland will acquire as part of the CST Brands Canada Acquisition consist of: (i) CST's dealer and commissioned agents retail business, (ii) CST's commercial cardlock business, (iii) CST's commercial and home heat businesses, (iv) a number of CST's company-operated stores to be determined following the Competition Bureau of Canada's review of the Couche-Tard CST Transaction, and (v) corporate presence in Montréal. The CST Brands Canada Acquisition is conditional upon closing of the Couche-Tard CST Transaction, among other conditions. The preliminary purchase price is subject to change and will be finalized upon completion of customary post-closing activities. The CST Brands Canada Acquisition is expected to extend Parkland's network coverage in Quebec and Atlantic Canada and enhance Parkland's presence in Ontario.

($ millions, unless otherwise stated)

(c) Other information

Acquisition costs are recognized as an expense in marketing, general and administrative expenses within acquisition, integration and other costs. Other costs primarily consist of restructuring related expenses.

	Three months ended March 31,	
	2017	2016
Acquisition costs	**6.9**	2.8
Integration costs	**0.3**	0.2
Other costs	**0.4**	1.6
Acquisition, integration and other costs	**7.6**	4.6

10. 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 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, gain or loss on disposal of property, plant and equipment, acquisition-related costs, unrealized gain or loss from the change in fair value of commodities swaps and forward contracts, futures contracts and US dollar forward exchange contracts included in risk management activities, unrealized gain or loss on foreign exchange, and income taxes are not allocated to operating segments because they are not reviewed as part of segment information by the chief operating decision maker. Accordingly, these items have been asymmetrically allocated to the Corporate segment. Furthermore, the total assets and liabilities of the segments are not reported as they are not presented to or reviewed by the chief operating decision maker.

Geographic information

	Three months ended March 31,	
	2017	2016
Revenue from external customers – Canada	**1,630.6**	1,198.2
Revenue from external customers – United States	**153.9**	119.9
Sales and operating revenue	**1,784.5**	1,318.1

		March 31, 2017	
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**480.7**	**70.7**	**551.4**
Intangible assets	**152.6**	**43.2**	**195.8**
Goodwill	**499.5**	**60.5**	**560.0**
Total	**1,132.8**	**174.4**	**1,307.2**

		December 31, 2016	
	Canada	United States	Consolidated
Property, plant and equipment	480.6	73.4	554.0
Intangible assets	158.5	45.1	203.6
Goodwill	499.4	61.0	560.4
Total	1,138.5	179.5	1,318.0

($ millions, unless otherwise stated)

Segment information For the three months ended March 31,	Retail Fuels 2017	 2016	Commercial Fuels 2017	 2016	Parkland USA 2017	 2016	Supply and Wholesale 2017	 2016	Corporate 2017	 2016	Consolidated 2017	 2016
Fuel and petroleum product volume (millions of litres)	**844.2**	843.1	**453.6**	389.3	**206.7**	218.4	**1,251.1**	986.3	**-**	-	**2,755.6**	2,437.1
Sales and operating revenue												
Fuel and petroleum product revenue	**636.8**	505.1	**311.8**	220.7	**127.4**	92.5	**2,065.4**	1,466.0	**-**	-	**3,141.4**	2,284.3
Non-fuel revenue	**44.6**	45.4	**51.1**	48.7	**26.5**	27.4	**15.6**	17.0	**0.1**	0.1	**137.9**	138.6
Total sales and operating revenue – external and intersegmental	**681.4**	550.5	**362.9**	269.4	**153.9**	119.9	**2,081.0**	1,483.0	**0.1**	0.1	**3,279.3**	2,422.9
Less: Intersegment revenue	**-**	-	**(0.3)**	-	**-**	-	**(1,494.5)**	(1,104.8)	**-**	-	**(1,494.8)**	(1,104.8)
Sales and operating revenue	**681.4**	550.5	**362.6**	269.4	**153.9**	119.9	**586.5**	378.2	**0.1**	0.1	**1,784.5**	1,318.1
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**592.5**	461.6	**252.3**	169.6	**120.0**	84.1	**2,017.7**	1,430.8	**-**	-	**2,982.5**	2,146.1
Non-fuel cost of goods sold	**32.0**	31.4	**38.1**	38.2	**18.7**	19.6	**13.6**	13.6	**(0.1)**	-	**102.3**	102.8
Total cost of goods sold, excluding depreciation – external and intersegmental	**624.5**	493.0	**290.4**	207.8	**138.7**	103.7	**2,031.3**	1,444.4	**(0.1)**	-	**3,084.8**	2,248.9
Less: Intersegment cost of goods sold	**-**	-	**(0.3)**	-	**-**	-	**(1,494.5)**	(1,104.8)	**-**	-	**(1,494.8)**	(1,104.8)
Cost of goods sold, excluding depreciation	**624.5**	493.0	**290.1**	207.8	**138.7**	103.7	**536.8**	339.6	**(0.1)**	-	**1,590.0**	1,144.1
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**44.3**	43.5	**59.5**	51.1	**7.4**	8.4	**47.7**	35.2	**-**	-	**158.9**	138.2
Realized loss on risk management activities	**-**	-	**-**	-	**-**	-	**(4.3)**	(1.2)	**-**	-	**(4.3)**	(1.2)
Realized gain on foreign exchange	**-**	-	**0.2**	-	**-**	-	**0.6**	-	**-**	-	**0.8**	-
Fuel and petroleum product adjusted gross profit	**44.3**	43.5	**59.7**	51.1	**7.4**	8.4	**44.0**	34.0	**-**	-	**155.4**	137.0
Non-fuel adjusted gross profit	**12.6**	14.0	**13.0**	10.5	**7.8**	7.8	**2.0**	3.4	**0.2**	0.1	**35.6**	35.8
Total adjusted gross profit	**56.9**	57.5	**72.7**	61.6	**15.2**	16.2	**46.0**	37.4	**0.2**	0.1	**191.0**	172.8
Customer finance income	**-**	-	**(0.4)**	(0.2)	**-**	(0.1)	**-**	-	**-**	-	**(0.4)**	(0.3)
Operating costs	**24.8**	22.9	**38.4**	33.2	**10.4**	10.7	**12.5**	12.1	**-**	-	**86.1**	78.9
Marketing, general and administrative	**6.7**	6.2	**6.2**	6.3	**1.8**	2.1	**10.2**	9.1	**18.0**	15.4	**42.9**	39.1
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(7.6)**	(4.6)	**(7.6)**	(4.6)
Adjusted EBITDA	**25.4**	28.4	**28.5**	22.3	**3.0**	3.5	**23.3**	16.2	**(10.2)**	(10.7)	**70.0**	59.7
Depreciation and amortization									**26.3**	25.9	**26.3**	25.9
Finance costs									**14.3**	(0.2)	**14.3**	(0.2)
Gain on disposal of property, plant and equipment									**(0.3)**	(0.5)	**(0.3)**	(0.5)
Acquisition, integration and other costs									**7.6**	4.6	**7.6**	4.6
Unrealized gain from the change in fair value of commodities swaps and forward contracts, US dollar forward exchange contracts and futures contracts									**(8.8)**	(0.7)	**(8.8)**	(0.7)
Unrealized loss on foreign exchange									**0.6**	0.3	**0.6**	0.3
Income tax expense									**8.3**	5.4	**8.3**	5.4
Net earnings											**22.0**	24.9
Additions to property, plant and equipment and intangible assets	**2.4**	5.7	**6.1**	2.9	**0.5**	2.6	**5.0**	1.2	**1.8**	1.1	**15.8**	13.5
Acquisitions of property, plant and equipment, intangible assets and goodwill	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

Seasonality

The 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 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.

11. SUBSEQUENT EVENTS

Chevron Canada Acquisition

On April 18, 2017, Parkland announced it had entered into an agreement with Chevron Canada Limited to acquire all of the outstanding shares of Chevron Canada R & M ULC for US$1,100.0 plus working capital (the "Chevron Canada Acquisition"). The businesses acquired in the Chevron Canada Acquisition consist of: i) 129 Chevron-branded retail service stations principally located in Metro Vancouver, which complement Parkland's existing Chevron-branded sites in British Columbia, ii) 37 commercial cardlock locations and three marine fuelling locations, and iii) a complementary refinery in Burnaby, British Columbia, terminals located in Burnaby, Hatch Point, and Port Hardy, British Columbia, and a wholesale business that includes aviation fuel sales to the Vancouver International Airport. The Chevron Canada Acquisition is expected to extend Parkland's network coverage in British Columbia, and add significant supply infrastructure and logistics capability to support Parkland's existing operations. Parkland will also become the exclusive distributor of Chevron-branded fuels.

The preliminary purchase price is subject to change and will be finalized upon completion of customary post-closing activities. The Chevron Canada Acquisition is subject to customary closing conditions, third-party consents and regulatory approvals, including approval from the Competition Bureau of Canada.

Equity Offering

In connection with the Chevron Canada Acquisition, on April 18, 2017, Parkland entered into an agreement with a syndicate of underwriters to complete a bought deal private placement of 23,900,000 shares at $27.70 per share for gross proceeds of approximately $662.0 (the "Equity Offering"). The Equity Offering is expected to close on or about May 9, 2017, subject to customary closing conditions.

5.625% Senior Notes

In connection with the Chevron Canada Acquisition, on April 21, 2017, Parkland announced a private placement of Senior Unsecured Notes with an aggregate principal amount of $500.0 due May 9, 2025, bearing an interest rate of 5.625% per annum, payable semi-annually in arrears on May 9 and November 9 each year until maturity (the "5.625% Senior Notes"). The 5.625% Senior Notes will be used to partially fund the Chevron Canada Acquisition. The first interest payment will be paid on November 9, 2017. The private placement is expected to close on or about May 9, 2017, subject to customary closing conditions.

US dollar forward window contract

In connection with the Chevron Canada Acquisition, on April 18, 2017, Parkland entered into a US dollar forward window contract with a financial institution with a notional amount of US$300.0, a forward rate of 1.33775, and a settlement date window of September 19, 2017 to April 19, 2018.