

**Parkland Fuel Corporation**  
**Consolidated Balance Sheets**  
(Unaudited)

(In 000's of Canadian Dollars)	March 31, 2015	December 31, 2014
<b>Assets</b>		
<i><b>Current Assets</b></i>		
Cash and cash equivalents	281,869	203,264
Restricted cash	1,833	1,833
Accounts receivable	360,433	442,218
Inventories	99,516	121,579
Income tax receivable	2,996	1,373
Risk management (Note 7)	222	4,897
Prepaid expenses and other	16,495	12,044
	<b>763,364</b>	<b>787,208</b>
Property, plant and equipment (Note 8)	359,795	359,505
Intangible assets (Note 9)	163,212	163,833
Goodwill (Note 10)	183,080	179,607
Long-term receivables	13,893	13,682
Other long term assets	14,141	12,829
Deferred tax asset	16,689	15,127
	<b>1,514,174</b>	<b>1,531,791</b>
<b>Liabilities</b>		
<i><b>Current Liabilities</b></i>		
Bank indebtedness	3,882	5,969
Accounts payable and accrued liabilities	278,393	327,425
Dividends declared and payable	8,083	7,432
Deferred revenue	9,433	7,540
Long-term debt - current portion (Note 11)	2,503	2,448
Convertible debentures - current portion (Note 12)	43,277	43,694
Asset retirement obligations - current portion (Note 14)	10,860	7,851
Risk management (Note 7)	1,511	5,166
Other long-term liabilities - current portion	3,350	3,350
	<b>361,292</b>	<b>410,875</b>
Long-term debt (Note 11)	438,310	435,054
Other long-term liabilities	8,183	14,744
Asset retirement obligations (Note 14)	52,219	52,735
Refinery and terminal remediation accrual	14,663	13,455
Deferred tax liability	36,544	35,077
	<b>911,211</b>	<b>961,940</b>
<b>Shareholders' Equity</b>		
Shareholders' capital (Note 15)	602,432	584,856
Contributed surplus	18,058	6,339
Accumulated other comprehensive income	9,705	2,188
Deficit	(27,232)	(23,532)
	<b>602,963</b>	<b>569,851</b>
	<b>1,514,174</b>	<b>1,531,791</b>
Contingencies and Commitments (Note 19)		
Subsequent event (Note 21)		

See accompanying notes to the interim condensed consolidated financial statements

**Parkland Fuel Corporation**  
**Consolidated Statements of Income**  
**(Unaudited)**

(In 000's of Canadian Dollars and shares, except per share amounts)	<b>Three months ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Sales and operating revenue	<b>1,391,626</b>	2,017,360
Cost of sales, excluding depreciation	<b>1,237,649</b>	1,852,383
Customer finance income	<b>(476)</b>	(629)
Operating costs	<b>66,494</b>	65,238
Marketing, general and administrative	<b>34,704</b>	36,384
Depreciation and amortization	<b>19,707</b>	18,475
Finance costs (Note 13)	<b>6,397</b>	5,850
Foreign exchange gain	<b>(3,171)</b>	(2,912)
Loss on disposal of property, plant and equipment	<b>356</b>	1,150
Loss on risk management activities	<b>2,497</b>	9,434
<b>Earnings before income taxes</b>	<b>27,469</b>	31,987
Income tax expense (recovery)		
Current	<b>9,862</b>	11,055
Deferred	<b>(2,171)</b>	(1,377)
<b>Net earnings</b>	<b>19,778</b>	22,309
Net earnings per share (Note 6)		
- Basic	<b>0.24</b>	0.30
- Diluted	<b>0.24</b>	0.30
<b>Shares outstanding</b>	<b>82,913</b>	73,759

See accompanying notes to the interim condensed consolidated financial statements

## Parkland Fuel Corporation

### Consolidated Statements of Comprehensive Income (Unaudited)

(In 000's of Canadian Dollars)	Three months ended March 31,	
	2015	2014
Net earnings	19,778	22,309
Other comprehensive income (loss):		
Items that may be reclassified to consolidated statement of income in subsequent periods:		
Exchange differences on translation of foreign operations	10,010	2,265
Net loss on hedge of net investment in foreign operations, net of tax benefit of \$374 (2014 - \$410)	(2,493)	(2,441)
Other comprehensive income (loss), net of tax	7,517	(176)
Total comprehensive income, net of tax	27,295	22,133

See accompanying notes to the interim condensed consolidated financial statements

**Parkland Fuel Corporation**  
**Consolidated Statements of Changes in Equity**  
**(Unaudited)**

(in 000's of Canadian Dollars and shares)	Shareholders' capital	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Number of shares
At January 1, 2015	584,856	6,339	(23,532)	2,188	569,851	82,114
Net earnings	-	-	19,778	-	19,778	-
Other comprehensive income, net of tax	-	-	-	7,517	7,517	-
Dividends	-	-	(23,478)	-	(23,478)	-
Share incentive compensation	-	11,740	-	-	11,740	-
Issued under dividend reinvestment plan, net of costs	16,830	-	-	-	16,830	753
Issued under share option plan	234	(21)	-	-	213	17
Issued upon conversion of convertible debentures	512	-	-	-	512	29
At March 31, 2015	602,432	18,058	(27,232)	9,705	602,963	82,913
At January 1, 2014	411,503	5,862	12,458	-	429,823	71,795
Net earnings	-	-	22,309	-	22,309	-
Other comprehensive loss, net of tax	-	-	-	(176)	(176)	-
Issued on capital acquisition, net of issue costs	21,484	-	-	-	21,484	1,163
Dividends	-	-	(19,233)	-	(19,233)	-
Share incentive compensation	-	1,642	-	-	1,642	-
Issued under dividend reinvestment plan, net of costs	13,395	-	-	-	13,395	745
Issued under share option plan	97	(10)	-	-	87	8
Issued upon conversion of convertible debentures	717	-	-	-	717	48
At March 31, 2014	447,196	7,494	15,534	(176)	470,048	73,759

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)	<b>Three months ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b><i>Cash flows from operating activities</i></b>		
Net earnings	19,778	22,309
Adjustments for:		
Depreciation and amortization	19,707	18,475
Loss on disposal of property, plant and equipment	356	1,150
Share incentive compensation	2,122	2,027
Refinery and terminal remediation accrual	126	113
Accretion expense on asset retirement obligation	479	422
Change in risk management activities	1,020	2,414
Change in other long-term liabilities	1,467	1,224
Accretion on convertible debentures	96	570
Amortization of deferred financing costs and debt premium	113	418
Change in fair value of Redemption Option	(1,220)	-
Deferred taxes	(2,171)	(1,377)
Cash expenditures on asset retirement obligation	(167)	(221)
Net changes in non-cash working capital (Note 16)	53,126	(54,200)
Cash generated from (used in) operating activities	94,832	(6,676)
<b><i>Financing Activities</i></b>		
Long-term debt repayments	(338)	(217,729)
Proceeds from long-term debt	-	292,745
Dividends paid to shareholders, net of dividend reinvestment plan	(5,997)	(5,550)
Shares issued for cash	213	87
Cash (used in) generated from financing activities	(6,122)	69,553
<b><i>Investing Activities</i></b>		
Acquisition of SPF Energy Inc., net of cash and bank indebtedness assumed	-	(84,528)
Increase in long-term receivables	(160)	(234)
Additions of property, plant and equipment and intangible assets	(9,595)	(7,300)
Proceeds on sale of property, plant and equipment and intangible assets	200	256
Cash used in investing activities	(9,555)	(91,806)
Increase (decrease) in net cash	79,155	(28,929)
Net foreign exchange difference	1,537	(170)
Net cash, beginning of period	199,128	8,280
Net cash, end of period	279,820	(20,819)
<b><i>Represented by:</i></b>		
Cash	101,869	8,712
Term deposits	180,000	-
Cash and cash equivalents	281,869	8,712
Restricted cash	1,833	1,833
Bank indebtedness	(3,882)	(31,364)
Net cash	279,820	(20,819)
<b><i>Supplementary Cash Flow Information:</i></b>		
Interest paid	501	2,530
Interest received	476	629
Income taxes paid	11,465	16,554

See accompany notes to the interim condensed consolidated financial statements

## **Parkland Fuel Corporation**

### **Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015**

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

## **1. REPORTING ENTITY AND DESCRIPTION OF THE BUSINESS**

Parkland Fuel Corporation and its wholly owned subsidiaries (collectively the "Corporation" or "Parkland") is a Canadian independent marketer and distributor of crude oil, refined fuels and other related products, managing a nationwide network of sales channels for retail, commercial, wholesale and home heating fuel customers. The interim condensed consolidated financial statements include the accounts of Parkland Fuel Corporation and its wholly-owned subsidiaries.

Parkland Fuel Corporation was incorporated under the laws of the Province of Alberta on March 9, 2010 and has its corporate head office at Suite 100, 4919 – 59th Street, Red Deer, Alberta, T4N 6C9.

## **2. BASIS OF PREPARATION**

### **(a) General Information**

The interim condensed consolidated financial statements were approved for issue by the Board of Directors on May 5, 2015.

### **(b) Statement of Compliance**

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

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

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

## **4. CHANGE IN ACCOUNTING POLICIES**

### **(a) Annual Improvements 2010-2012 Cycle**

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

#### **i) IFRS 2 – Share-based Payment**

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

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.

## **Parkland Fuel Corporation**

### **Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015**

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

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

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

#### **ii) IFRS 3 – Business Combination**

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

#### **iii) IFRS 8 – Operating Segments**

The amendments are applied retrospectively and clarify that:

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

The Corporation has not applied the aggregation criteria in IFRS 8.12. The Corporation does not disclose a reconciliation of segment assets to total assets as the reconciliation is not reported to the chief operating decision maker.

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

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

#### **v) IAS 24 – Related Party Disclosures**

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

## **Parkland Fuel Corporation**

### **Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015**

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

#### **(b) Annual Improvements 2011-2013 Cycle**

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

##### **i) IFRS 3 – Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that joint arrangements, not just joint ventures, are outside the scope of IFRS 3, and that this scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The Corporation is not a joint arrangement, and thus this amendment is not relevant for the Corporation and its subsidiaries.

##### **ii) IFRS 13 – Fair Value Measurement**

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

## **5. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

#### **(a) IAS 1 – Presentation of Financial Statements**

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

#### **(b) IFRS 9 – Financial Instruments**

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

#### **(c) IFRS 15 – Revenue from Contracts with Customers**

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



## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

#### 6. EARNINGS ANALYSIS AND NET EARNINGS PER SHARE

	Three months ended March 31, 2015	
	2015	2014
Net earnings, basic	19,778	22,309
Interest and accretion on convertible debentures, net of tax	-	2,496
Net earnings, diluted	19,778	24,805
Net earnings per share		
- Basic	0.24	0.30
- Diluted	0.24	0.30
Equivalent shares outstanding, beginning of year	82,114	71,795
Weighted average of common shares issued	-	1,059
Weighted average of equivalent shares issued pursuant to:		
- Dividend reinvestment plan	695	687
- Exercise of share options	15	8
- Conversion of convertible debentures	26	42
Denominator utilized in basic earnings per share	82,850	73,591
Incremental equivalent share options that were dilutive	228	179
Incremental equivalent shares for debentures that were dilutive	-	8,271
Denominator utilized in diluted earnings per share	83,078	82,041

In computing diluted per share amounts as at March 31, 2015, convertible debentures have been excluded from the calculation as their effect was antidilutive.

#### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Parkland's financial assets and liabilities that are measured at fair value in the consolidated balance sheets are categorized by level according to the significance of the inputs used in making the measurements. The following table presents information about the financial assets and liabilities measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques used to determine such fair values.

Description	Fair value as at March 31, 2015			Total
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Redemption Options	-	12,540	-	12,540
<b>Risk management assets</b>				
Commodities forward contracts	-	222	-	222
<b>Total risk management assets</b>	-	222	-	222
<b>Risk management liabilities</b>				
Commodities forward contracts	-	(383)	-	(383)
US dollar forward exchange contract	-	(1,128)	-	(1,128)
<b>Total risk management liabilities</b>	-	(1,511)	-	(1,511)

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

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

#### Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, account payable and accrued liabilities and dividends declared and payable approximate their fair values as at March 31, 2015 due to the short term nature of these instruments. The carrying value of the long-term receivables approximates fair value as at March 31, 2015, as Parkland currently issues loans and advances to dealers and customers with similar terms. The carrying value of long-term debt approximates fair value as at March 31, 2015 as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying value of other long-term liabilities approximates fair value as at March 31, 2015 as either it is adjusted to its fair value on a quarterly basis or it is related to liabilities recently incurred. The convertible debentures had a carrying value of \$43,277 as at March 31, 2015 (December 31, 2014 – \$43,694) and a fair value of \$44,452 as at March 31, 2015 (December 31, 2014 – \$43,654).

#### Fair value measurement hierarchy transfers

The Corporation's policy is to recognize transfers between fair value measurement hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the year. There were also no changes in the purpose of any financial asset or financial liability that subsequently resulted in a different classification of that asset or liability.

#### Redemption Options

The Senior Unsecured Notes contain Redemption Options that allows the Corporation to redeem the notes prior to maturity at a premium. The Redemption Options have been accounted for as an embedded derivative financial instrument under IFRS. On initial recognition on May 29, 2014 and November 21, 2014, the Redemption Options were ascribed a fair value of \$3,220 and \$5,160, respectively, which was recorded within other long-term assets in the consolidated balance sheet. On initial recognition, the carrying value of the Senior Unsecured Notes was increased by the fair value of the Redemption Options, which is amortized to finance costs in the consolidated statements of income over the term of the Senior Unsecured Notes. The amortization was \$227 for the three months ended March 31, 2015 (three months ended March 31, 2014 – \$nil).

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

The Redemption Options are fair valued at the end of the reporting date and any change in the fair value is recognized in the consolidated statements of income in finance costs. The fair value of the Redemption Options was \$12,540 as at March 31, 2015 (December 31, 2014 – \$11,320). The change in fair value of the Redemption Options for the three months ended March 31, 2015 was a gain of \$1,220 (three months ended March 31, 2014 - \$nil).

## 8. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Assets under Capital Lease	Plant and Equipment	Asset Retirement Costs	Total
<b>Cost</b>							
At January 1, 2015	41,762	34,161	87,210	4,138	402,940	48,508	618,719
Additions	-	1	91	-	8,695	-	8,787
Change in asset retirement obligation	-	-	-	-	-	1,526	1,526
Disposals	-	(73)	(76)	-	(1,731)	-	(1,880)
Exchange differences	378	201	709	-	3,640	617	5,545
At March 31, 2015	42,140	34,290	87,934	4,138	413,544	50,651	632,697
<b>Depreciation and impairment</b>							
At January 1, 2015	-	7,715	33,422	2,542	200,758	14,777	259,214
Depreciation charge for the year	-	270	1,204	83	8,805	2,468	12,830
Disposals	-	(30)	(70)	-	(1,221)	(312)	(1,880)
Exchange differences	-	28	190	-	2,165	108	2,491
At March 31, 2015	-	7,983	34,746	2,625	210,507	17,041	272,902
<b>Carrying amount</b>							
At March 31, 2015	42,140	26,307	53,188	1,513	203,037	33,610	359,795
<b>Cost</b>							
At January 1, 2014	37,103	29,148	77,129	8,229	352,672	31,743	536,024
Additions	305	3,249	4,812	-	35,942	-	44,308
Change in asset retirement obligation	-	-	-	-	-	7,728	7,728
Additions due to Acquisitions	5,993	1,891	7,255	-	15,466	8,590	39,195
Disposals	(1,906)	(269)	(2,814)	-	(7,512)	-	(12,501)
Transfers	-	-	327	(4,091)	3,761	-	(3)
Exchange differences	267	142	501	-	2,611	447	3,968
At December 31, 2014	41,762	34,161	87,210	4,138	402,940	48,508	618,719
<b>Depreciation and impairment</b>							
At January 1, 2014	-	6,722	29,682	5,911	168,042	6,323	216,680
Depreciation charge for the year	-	933	5,181	516	33,605	10,093	50,328
Disposals	-	(174)	(1,521)	-	(6,094)	(1,689)	(9,478)
Transfers	-	-	165	(3,885)	3,717	-	(3)
Exchange differences	-	234	(85)	-	1,488	50	1,687
At December 31, 2014	-	7,715	33,422	2,542	200,758	14,777	259,214
<b>Carrying amount</b>							
At December 31, 2014	41,762	26,446	53,788	1,596	202,182	33,731	359,505

As at March 31, 2015, Parkland had assets under construction of \$12,362 (December 31, 2014 – \$8,269) consisting primarily of constructing and upgrading retail stations.

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

## 9. INTANGIBLE ASSETS

March 31, 2015	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
<b>Cost</b>						
At January 1, 2015	238,228	20,540	6,575	1,869	23,935	291,147
Additions	-	-	-	-	807	807
Exchange differences	4,366	773	43	30	-	5,212
At March 31, 2015	242,594	21,313	6,618	1,899	24,742	297,166
<b>Accumulated amortization</b>						
Balance, as at January 1, 2015	104,224	8,272	5,886	991	7,941	127,314
Amortization charge for the period	4,872	393	91	135	592	6,083
Exchange differences	464	82	9	2	-	557
At March 31, 2015	109,560	8,747	5,986	1,128	8,533	133,954
<b>Carrying amount</b>						
At March 31, 2015	133,034	12,566	632	771	16,209	163,212

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

## 10. GOODWILL

	January 1, 2015 to March 31, 2015	January 1, 2014 to December 31, 2014
Balance, beginning of period	179,607	132,493
Acquisition of SPF Energy Inc.	-	34,548
Acquisition of Chevron-branded service stations (2014)	-	9,885
Exchange differences	3,473	2,681
Balance, end of period	183,080	179,607

The Corporation did not identify any indicators of impairment during the three months ended March 31, 2015.

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

## 11. FINANCING AND CREDIT FACILITY

### Long-Term Debt

	March 31, 2015	December 31, 2014
Credit Facility (a)	33,610	30,743
Unamortized discount: deferred financing costs	(828)	(918)
	<b>32,782</b>	29,825
Senior Unsecured Notes (b)		
5.5% Notes, due 2021	200,000	200,000
Unamortized premium: Redemption Option	2,887	2,986
Unamortized discount: deferred financing costs	(4,448)	(4,603)
6.0% Notes, due 2022	200,000	200,000
Unamortized premium: Redemption Option	4,974	5,102
Unamortized discount: deferred financing costs	(4,533)	(4,629)
	<b>398,880</b>	398,856
Capital lease obligations (c)	1,523	1,580
Collateralized notes (d)	7,605	7,204
Other loans	23	37
	<b>9,151</b>	8,821
Total long-term debt	<b>440,813</b>	437,502
Less: current portion	<b>(2,503)</b>	(2,448)
Long-term debt	<b>438,310</b>	435,054

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

	2015	2016	2017	2018	2019	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)	-	-	-	33,610	-	-	-	33,610
Senior Unsecured Notes (b)	-	-	-	-	-	400,000	-	400,000
Capital lease obligations (c)	1,027	60	163	66	66	384	(243)	1,523
Collateralized notes (d)	1,263	3,040	567	1,909	283	543	-	7,605
Other loans	23	-	-	-	-	-	-	23
	<b>2,313</b>	<b>3,100</b>	<b>730</b>	<b>35,585</b>	<b>349</b>	<b>400,927</b>	<b>(243)</b>	<b>442,761</b>

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

#### (a) Credit Facility

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

The Credit Facility includes the following components:

- i) A revolving operating loan with interest only payable to a maximum of \$320,000 and US\$30,000 less the value of letters of credit issued (December 31, 2014 – \$320,000 and US\$30,000). At March 31, 2015, the outstanding borrowings totalled \$33,610 (December 31, 2014 – \$30,743). The revolving operating loan bears interest at prime plus 0.75% (December 31, 2014 – prime plus 0.75%), Bankers' Acceptance rate plus 1.75% (December 31, 2014 – Bankers' Acceptance rate plus 1.75%) or LIBOR rate plus 1.75%. The interest rate at March 31, 2015 was 3.75% for prime-based loans (December 31, 2014 – 3.75%), and the range from 2.01% to 2.02% for LIBOR loans. As of March 31, 2015, there were no Bankers Acceptance based loans outstanding.
- ii) A letter of credit facility to a maximum of \$100,000 and US\$10,000 (December 31, 2014 – \$100,000 and US\$10,000). At March 31, 2015, outstanding balances totalled \$6,390 (December 31, 2014 – \$7,145) which mature at various dates up to November 30, 2015.

The revolving operating loan incurs standby fees for any unused portion of the facility at a rate of 0.300% to 0.619% (December 31, 2014 – 0.300% to 0.619%) depending on the ratio of funded debt to earnings (including pre-acquisition earnings) before finance costs, taxes and depreciation and amortization, gain (loss) on disposal of property, plant and equipment, non-cash stock based compensation, non-recurring transactions related to earnings (losses), cash payments related to non-cash charges that were added back previously, unrealized (gain) loss from foreign exchange and unrealized (gain) loss from the change in fair value of commodities forward contracts, future contracts and US dollar forward exchange contracts included in risk management activities ("Credit Facility EBITDA" – as defined under the terms of the credit facility). Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for \$900,000 creating a first floating charge over all of the undertaking, property and assets of Parkland.

At March 31, 2015, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter Credit Facility EBITDA basis. The financial covenants under the Credit Facility are as follows:

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

## **Parkland Fuel Corporation**

### **Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015**

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

As at March 31, 2015, the Corporation provided \$591,827 (December 31, 2014 – \$577,891) of unsecured guarantees to counter parties of commodity and US dollar forward exchange contracts used in natural gas liquids and crude oil purchases.

#### **(b) Senior Unsecured Notes**

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

At March 31, 2015, Parkland was in compliance with all of the covenants limiting Parkland's ability to:

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

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

#### **(c) Capital Lease Obligations**

Capital leases are payable in monthly instalments totalling \$23 (December 31, 2014 – \$23) including interest varying from 3.4% to 10.2% (December 31, 2014 – 3.4% to 10.2%). The leases are for land, buildings and equipment with a net book value of \$1,513 (December 31, 2014 – \$1,596), and mature at various dates ending up to July 2022.

#### **(d) Collateralized Notes**

On January 8, 2014, in connection with the acquisition of SPF Energy Inc., the Corporation assumed various collateralized notes held by SPF Energy Inc. of \$7,901. The collateralized notes are held with various financial institutions, carry fixed interest rates ranging from 0% to 6.24%, are denominated in US dollars and are secured by various real estate and equipment of SPF Energy Inc. Payments are due monthly with maturity dates ranging from 2015 to 2028. At March 31, 2015, the outstanding amounts due on the collateralized notes were \$7,605 (December 31, 2014 – \$7,204).

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2015

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

## 12. CONVERTIBLE DEBENTURES

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

	January 1, 2015 to March 31, 2015		January 1, 2014 to December 31, 2014	
	Principal amount of convertible debentures	Carrying value of convertible debentures	Principal amount of convertible debentures	Carrying value of convertible debentures
Current Portion:				
<b>Series 1 Debentures</b>				
Balance, beginning of period	-	-	84,990	83,239
Conversion to common shares	-	-	(84,990)	(84,412)
Cash payout	-	-	-	(577)
Change due to passage of time	-	-	-	1,750
Balance, end of period	-	-	-	-
<b>Series 2 Debentures</b>				
Balance, beginning of period	44,095	43,694	44,967	44,168
Conversion to common shares	(512)	(512)	(872)	(872)
Change due to passage of time	-	95	-	398
Balance, end of period	43,583	43,277	44,095	43,694
Total convertible debentures, end of period	43,583	43,277	44,095	43,694

## 13. FINANCE COSTS

	Three months ended March 31,	
	2015	2014
Interest on long-term debt	6,563	2,519
Interest and accretion on convertible debentures	717	2,566
Amortization of deferred financing costs	363	418
Accretion on refinery remediation	126	113
Accretion on asset retirement obligation	479	422
Change in fair value of Redemption Options	(1,220)	-
Amortization of debt premium arising from Redemption Options	(227)	-
Gain on interest rate swap	-	(188)
Interest income	(404)	-
Finance costs	6,397	5,850



## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

#### 14. ASSET RETIREMENT OBLIGATIONS

	January 1, 2015 to March 31, 2015	January 1, 2014 to December 31, 2014
Asset retirement obligations, beginning of the period	60,586	42,648
Additional provisions made in the period	508	8,726
Additions due to Acquisition	-	8,590
Amounts used during the period	(167)	(1,626)
Unused amounts reversed during the period	(957)	(5,460)
Change due to passage of time, foreign exchange and discount rate	3,109	7,708
Asset retirement obligations, end of the period	63,079	60,586
Current	10,860	7,851
Non-current	52,219	52,735
Asset retirement obligations, end of the period	63,079	60,586

Parkland is liable for the environmental obligations related to the removal of its storage tanks at properties that it leases and owns. The asset retirement obligation represents the present value estimate of Parkland's cost to remove these tanks. The total undiscounted estimated future cash flows required to settle Parkland's obligation was \$88,605 at March 31, 2015 (December 31, 2014 – \$88,848). The costs are expected to be paid up to 2046. At March 31, 2015, the discount rates used to determine the present value of the future costs was in the range of 3.43% to 3.99% (December 31, 2014 – 3.84% to 4.21%).

#### 15. SHAREHOLDERS' CAPITAL

##### (a) Shareholders' Capital

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

	January 1, 2015 to March 31, 2015		January 1, 2014 to December 31, 2014	
	Number of common shares	Amount	Number of common shares	Amount
Shareholders' capital, beginning of period	82,114	\$ 584,856	71,795	\$ 411,503
Issued on capital acquisition, net of costs	-	-	1,163	21,484
Issued on vesting of restricted shares	-	-	142	1,235
Issued under dividend reinvestment plan	753	16,830	2,817	60,185
Issued under share option plan	17	234	367	5,165
Issued upon conversion of debentures	29	512	5,830	85,284
Shareholders' capital, end of period	82,913	\$ 602,432	82,114	\$ 584,856

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

#### (b) Share options

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

	January 1, 2015 to March 31, 2015		January 1, 2014 to December 31, 2014	
	Number of options	Average exercise price per option	Number of options	Average exercise price per option
Share options, beginning of period	2,242	\$ 17.88	1,685	\$ 14.97
Granted	-	-	1,222	20.54
Exercised	(17)	12.25	(367)	12.72
Forfeited	(27)	19.17	(298)	18.69
Share options, end of period	2,198	\$ 17.91	2,242	\$ 17.88
Exercisable options, end of period	637	\$ 14.33	655	\$ 14.27

The share option compensation expense that has been included in marketing, general and administrative expenses for the three months ended March 31, 2015 was \$331 (three months ended March 31, 2014 was \$235).

#### (c) Restricted Share Units

The following table summarizes the information related to Restricted Share Units ("RSUs") held by directors, officers and employees:

	January 1, 2015 to March 31, 2015		January 1, 2014 to December 31, 2014	
	Number of RSUs	Weighted average share price	Number of RSUs	Weighted average share price
Restricted share units, beginning of period	564	\$ 18.12	548	\$ 14.73
Granted	333	20.57	308	19.27
Dividend equivalents	3	21.00	13	19.31
Issued on vesting	-	-	(210)	12.57
Forfeited	(21)	18.27	(95)	14.75
Restricted share units, end of period	879	\$19.05	564	\$ 18.12

Expenses related to RSUs included in marketing, general and administrative expenses for the three months ended March 31, 2015 was \$1,346 (three months ended March 31, 2014 was \$1,443).

#### (d) Deferred Share Units

The following table summarizes the information related to Deferred Share Units ("DSUs") held by non-executive members of the Board of Directors:

	January 1, 2015 to March 31, 2015	January 1, 2014 to December 31, 2014
	Number of DSUs	Number of DSUs
Deferred share units, beginning of period	139	120
Granted	1	26
Dividend equivalent	2	7
Redeemed	-	(14)
Deferred share units, end of the period	142	139

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

The Corporation has recorded a liability of \$3,527 as at March 31, 2015 (December 31, 2014 – \$3,027) in the Consolidated Balance Sheets for DSUs based on the market value of Parkland's common shares as at March 31, 2015. Expenses related to DSUs included in marketing, general and administrative expenses for the three months ended March 31, 2015 was \$500 (three months ended March 31, 2014 was \$385).

## 16. NET CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended March 31,	
	2015	2014
Accounts receivable	84,402	(39,849)
Inventories	23,229	10,727
Income taxes receivable	(1,639)	(6,423)
Prepaid expenses and other	(4,346)	(6,386)
Accounts payable and accrued liabilities	(50,413)	(15,764)
Deferred revenue	1,893	3,495
Total net changes in non-cash working capital	53,126	(54,200)

## 17. ACQUISITIONS

### (a) Acquisition of Pioneer Energy

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

On April 30, 2015, the Commissioner of Competition (the "**Commissioner**") served Parkland with a notice of application to challenge Parkland's acquisition of the Pioneer Energy business in 14 communities in Ontario and Manitoba. The Commissioner also served Parkland with an application seeking an interim order from the Competition Tribunal. Parkland and Pioneer Energy have waived the condition to the Pioneer Acquisition that an advance ruling certificate or a "no action letter" under the *Competition Act* be obtained prior to closing, provided that Parkland is not required to close the Pioneer Acquisition if the Competition Tribunal has issued an order under sections 100 or 104 of the *Competition Act* that enjoins the transactions contemplated by the Pioneer Acquisition in whole or in part or that holds separate all or part of the assets of the Pioneer Energy business. Parkland estimates that the total volume of fuel for the Pioneer stations in the 14 communities identified by the Commissioner in his applications under the *Competition Act* is estimated to be no more than 200 million litres of fuel.

The Corporation is in the process of assessing the purchase price allocation and the final adjusted purchase price will be determined subject to customary post-closing adjustments.

## **Parkland Fuel Corporation**

### **Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015**

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

## **18. SEGMENTED INFORMATION**

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

### **Retail Fuels**

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

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

### **Commercial Fuels**

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

### **SPF Energy**

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

### **Wholesale, Supply and Distribution**

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

### **General information**

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

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

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

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

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

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

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

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

	<b>Three months ended March 31, 2014</b>	<b>Year ended December 31, 2014</b>
<b>Impact on sales and operating revenue</b>		
Fuel and petroleum product revenue	(18,394)	-
Non-fuel revenue	(6,904)	(33,057)
Total sales and operating revenue - external and intersegmental	(25,298)	(33,057)
Less: Intersegment revenues	18,394	33,057
Sales and operating revenue	(6,904)	-
<b>Cost of sales, excluding depreciation</b>		
Fuel and petroleum product cost of sales	(20,766)	-
Non-fuel costs of sales	(4,532)	(33,057)
Total cost of sales, excluding depreciation - external and intersegmental	(25,298)	(33,057)
Less: Intersegment cost of sales	18,394	33,057
Cost of sales, excluding depreciation	(6,904)	-
<b>Impact on adjusted gross margin, adjusted EBITDA and net earnings</b>	<b>-</b>	<b>-</b>

# Parkland Fuel Corporation

## Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

### For the three months ended March 31, 2015

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

Segmented information For the three months ended March 31,	Retail Fuels		Commercial Fuels		SPF Energy		Wholesale, Supply and Distribution		Corporate		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Fuel and petroleum products volume (000's of litres)</b>	<b>380,420</b>	395,256	<b>456,542</b>	516,958	<b>266,418</b>	277,252	<b>1,134,601</b>	1,082,777	-	-	<b>2,237,981</b>	2,272,243
<b>Sales and operating revenue</b>												
Fuel and petroleum product revenue	265,753	381,050	329,224	526,307	156,585	250,861	1,265,511	1,862,511	-	-	2,017,073	3,020,729
Non-fuel revenue	4,767	4,533	52,338	55,227	25,538	19,127	12,845	17,118	94	288	95,582	96,293
Total sales and operating revenue - external and intersegmental	270,520	385,583	381,562	581,534	182,123	269,988	1,278,356	1,879,629	94	288	2,112,655	3,117,022
Less: Intersegment revenues	-	-	-	-	-	-	(721,029)	(1,099,484)	-	(178)	(721,029)	(1,099,662)
Sales and operating revenue	270,520	385,583	381,562	581,534	182,123	269,988	557,327	780,145	94	110	1,391,626	2,017,360
<b>Cost of sales, excluding depreciation</b>												
Fuel and petroleum product cost of sales	247,244	363,878	267,294	467,763	147,512	241,859	1,228,475	1,812,691	-	-	1,890,525	2,886,191
Non-fuel costs of sales	-	-	39,151	39,771	18,561	12,801	10,570	13,077	(129)	27	68,153	65,676
Total cost of sales, excluding depreciation - external and intersegmental	247,244	363,878	306,445	507,534	166,073	254,660	1,239,045	1,825,768	(129)	27	1,958,678	2,951,867
Less: Intersegment cost of sales	-	-	-	-	-	-	(721,029)	(1,099,484)	-	-	(721,029)	(1,099,484)
Cost of sales, excluding depreciation	247,244	363,878	306,445	507,534	166,073	254,660	518,016	726,284	(129)	27	1,237,649	1,852,383
<b>Adjusted gross profit</b>												
Fuel and petroleum product adjusted gross profit (before risk management)	18,509	17,172	61,930	58,544	9,073	9,002	37,036	49,820	-	-	126,548	134,538
Realized loss on risk management activities	-	-	(29)	-	-	-	(1,476)	(6,878)	-	-	(1,505)	(6,878)
Realized gain (loss) on foreign exchange	-	-	-	-	-	-	3,116	1,939	(423)	(43)	2,693	1,896
Fuel and petroleum product adjusted gross profit (loss)	18,509	17,172	61,901	58,544	9,073	9,002	38,676	44,881	(423)	(43)	127,736	129,556
Non-fuel adjusted gross profit	4,767	4,533	13,187	15,456	6,977	6,326	2,275	4,041	223	83	27,429	30,439
Total adjusted gross profit (loss)	23,276	21,705	75,088	74,000	16,050	15,328	40,951	48,922	(200)	40	155,165	159,995
Customer finance (income) loss	(1)	-	(316)	(600)	(47)	(71)	(37)	42	(75)	-	(476)	(629)
Operating costs	6,090	6,032	37,802	39,094	9,499	8,667	13,103	11,445	-	-	66,494	65,238
Marketing, general and administration	3,459	3,167	6,020	6,620	1,903	1,720	9,786	12,908	13,536	11,969	34,704	36,384
Gain on risk management activities	-	-	(28)	-	-	-	-	-	-	-	(28)	-
Less: Acquisition costs <sup>(1)</sup>	-	-	-	-	-	-	-	-	(2,662)	(2,212)	(2,662)	(2,212)
<b>Adjusted EBITDA</b>	<b>13,728</b>	12,506	<b>31,610</b>	28,886	<b>4,695</b>	5,012	<b>18,099</b>	24,527	<b>(10,999)</b>	(9,717)	<b>57,133</b>	61,214
Depreciation and amortization									19,707	18,475	19,707	18,475
Finance costs									6,397	5,850	6,397	5,850
Loss on disposal of property, plant and equipment									356	1,150	356	1,150
Acquisition costs <sup>(1)</sup>									2,662	2,212	2,662	2,212
Unrealized loss from the change in fair value of commodities forward contracts, US dollar forward exchange contracts and future contracts									1,020	2,556	1,020	2,556
Unrealized gain on foreign exchange									(478)	(1,016)	(478)	(1,016)
Income tax expense									7,691	9,678	7,691	9,678
<b>Net earnings</b>											<b>19,778</b>	22,309
<b>Additions to property, plant and equipment</b>	<b>4,049</b>	1,051	<b>3,003</b>	3,715	<b>786</b>	26,082	<b>812</b>	1,122	<b>137</b>	384	<b>8,787</b>	32,354

<sup>(1)</sup> Acquisition costs include direct and indirect costs related to acquisition targets.

## Parkland Fuel Corporation

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015

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

#### Geographic Information

	Three months ended	
	March 31,	
	2015	2014
Revenue from external customers - Canada	1,209,503	1,747,372
Revenue from external customers - United States	182,123	269,988
Sales and operating revenue	1,391,626	2,017,360

	March 31, 2015		
	Canada	United States	Consolidated
Property, plant and equipment	324,887	34,908	359,795
Intangible assets	109,801	53,411	163,212
Goodwill	142,378	40,702	183,080
Total	577,066	129,021	706,087

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

## 19. CONTINGENCIES AND COMMITMENTS

### (a) Legal

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

The Corporation accrues a liability for legal claims, primarily for the mitigation of contamination at sites where the Corporation has had operations and where the amounts were more likely than not to be incurred. No additional amounts have been recorded during the three month ended March 31, 2015. The liability balance related to these claims as of March 31, 2015 was \$7,258 (December 31, 2014 – \$7,514).

### (b) Commitments

Capital expenditures contracted but not yet incurred are as follows:

	March 31, 2015	December 31, 2014
Property, plant and equipment	5,550	8,361

As at March 31, 2015, the Corporation has entered into agreements relating to the acquisition of Pioneer Energy, North Dakota retail sites and Chevron-branded service stations.

## 20. SEASONALITY

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

## **Parkland Fuel Corporation**

### **Notes to the Interim Condensed Consolidated Financial Statements (unaudited) For the three months ended March 31, 2015**

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

## **21. SUBSEQUENT EVENTS**

### **(a) Acquisition of North Dakota retail sites**

In April 2015, the Corporation completed the acquisition of five retail sites located in North Dakota for a combined base consideration of approximately US\$13,700. These acquisitions are expected to support Parkland's growing retail presence in North Dakota and extend the Corporation's retail footprint into the Bismarck and Dickinson areas. The Corporation is in the process of assessing the purchase price allocation and the final adjusted purchase price will be determined subject to customary post-closing adjustments.

### **(b) Acquisition of Chevron-branded service stations (2015)**

On April 7, 2015, the Corporation completed the acquisition of eleven Chevron-branded service stations located in British Columbia for the base consideration of approximately \$17,100. This acquisition is expected to support Parkland's growing retail presence in British Columbia. The Corporation is in the process of assessing the purchase price allocation and the final adjusted purchase price will be determined subject to customary post-closing adjustments.