Parkland Fuel Corporation

Consolidated Balance Sheets
(Unaudited)

(in 000's of Canadian Dollars)	**As at June 30, 2014**	As at December 31, 2013 (revised - see note 2)
Assets		
Current Assets		
Cash and cash equivalents	**12,281**	8,986
Restricted cash	**1,833**	1,833
Accounts receivable (Note 7)	**518,741**	499,873
Inventories (Note 8)	**138,603**	128,883
Income tax receivable	**12,345**	2,940
Risk management (Note 9)	**393**	646
Prepaid expenses and other	**13,286**	9,752
	697,482	652,913
Property, plant and equipment (Note 10)	**350,939**	319,344
Intangible assets (Note 11)	**164,606**	127,011
Goodwill (Note 12)	**176,639**	132,493
Long-term receivables (Note 13)	**12,491**	12,081
Other long term assets (Note 9)	**3,560**	-
Deferred tax asset	**12,413**	11,382
	1,418,130	1,255,224
Liabilities		
Current Liabilities		
Bank indebtedness	**5,438**	2,539
Accounts payable and accrued liabilities	**381,150**	375,799
Dividends declared and payable	**6,602**	6,225
Deferred revenue	**3,078**	7,052
Long-term debt - current portion (Note 14)	**1,854**	1,354
Convertible debentures - current portion (Note 15)	**81,963**	83,239
Asset retirement obligations - current portion (Note 16)	**8,285**	2,995
Risk management (Note 9)	**3,279**	4,909
Other long-term liabilities - current portion	**2,241**	2,282
	493,890	486,394
Long-term debt (Note 14)	**301,157**	222,955
Other long-term liabilities	**12,756**	11,477
Convertible debentures (Note 15)	**44,225**	44,168
Asset retirement obligations (Note 16)	**48,613**	39,653
Refinery and terminal remediation accrual (Note 17)	**11,637**	11,803
Deferred tax liability	**33,529**	8,951
	945,807	825,401
Shareholders' Equity		
Shareholders' capital (Note 18)	**464,774**	411,503
Contributed surplus	**5,469**	5,862
Accumulated other comprehensive loss	**(668)**	-
Retained earnings	**2,748**	12,458
	472,323	429,823
	1,418,130	1,255,224

Contingencies and Commitments (Note 25)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Income
(Unaudited)

(in 000's of Canadian Dollars and shares except per share amounts)	Three months ended June 30, **2014**	2013	Six months ended June 30, **2014**	2013
Sales and operating revenue	**1,879,153**	1,342,697	**3,903,417**	2,555,521
Cost of sales, excluding depreciation	**1,755,871**	1,213,840	**3,615,158**	2,299,019
Customer finance income	**(867)**	(732)	**(1,496)**	(1,200)
Operating costs	**60,135**	43,363	**125,373**	85,870
Marketing, general and administrative	**28,913**	27,228	**65,297**	52,147
Depreciation and amortization	**20,407**	14,757	**38,882**	27,681
Finance costs (Note 19)	**7,113**	4,674	**12,963**	10,237
Foreign exchange loss (gain) (Note 9)	**2,006**	(1,371)	**(906)**	(1,668)
Loss on disposal of property, plant and equipment	**27**	125	**1,177**	400
(Gain) loss on risk management activities (Note 9)	**(3,382)**	11,268	**6,052**	13,981
Earnings before income taxes	**8,930**	29,545	**40,917**	69,054
Income tax expense (recovery)				
Current	**4,420**	10,477	**15,475**	19,351
Deferred	**(2,414)**	(1,266)	**(3,791)**	(1,156)
Net earnings	**6,924**	20,334	**29,233**	50,859
Net earnings per share (Note 6)				
- Basic	**0.09**	0.29	**0.40**	0.73
- Diluted	**0.09**	0.28	**0.40**	0.72
Shares outstanding	**74,765**	70,227	**74,765**	70,227

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income (Unaudited)

(in 000's of Canadian Dollars and shares except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Net earnings	**6,924**	20,334	**29,233**	50,859
Other comprehensive (loss) income:				
Items that may be reclassified to consolidated statement of income in subsequent periods:				
Exchange differences on translation of foreign operations	**(3,405)**	-	**(1,140)**	-
Net gain on hedge of net investment in foreign operations, net of tax expense of $489 and $79 (2013 - $nil and $nil), respectively (Note 8)	**2,913**	-	**472**	-
Income on interest rate swaps due to de-designation of the hedging item, net of tax expense of $nil and $nil (2013 - $nil and $120), respectively	**-**	-	**-**	324
Other comprehensive (loss) income, net of tax	**(492)**	-	**(668)**	324
Total comprehensive income, net of tax	**6,432**	20,334	**28,565**	51,183

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Changes in Equity
(Unaudited)

(in 000's of Canadian Dollars and shares)	Three months ended June 30,					
	Shareholders' capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total	Number of shares
2014						
Balance, beginning of period (revised - see note 2)	**447,196**	**7,494**	**15,534**	**(176)**	**470,048**	**73,759**
Net earnings for the period	**-**	**-**	**6,924**	**-**	**6,924**	**-**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**(492)**	**(492)**	**-**
Dividends	**-**	**-**	**(19,710)**	**-**	**(19,710)**	**-**
Share incentive compensation	**-**	**717**	**-**	**-**	**717**	**-**
Issued under dividend reinvestment plan, net of issue costs	**13,500**	**-**	**-**	**-**	**13,500**	**676**
Issued under share option plan	**1,195**	**(101)**	**-**	**-**	**1,094**	**76**
Issued on vesting of restricted shares	**1,235**	**(2,641)**	**-**	**-**	**(1,406)**	**142**
Issued upon conversion of debentures	**1,648**	**-**	**-**	**-**	**1,648**	**112**
Balance, end of period	**464,774**	**5,469**	**2,748**	**(668)**	**472,323**	**74,765**
2013						
Balance, beginning of period (revised - see note 2)	372,958	3,434	6,225	-	382,617	69,445
Net earnings for the period	-	-	20,334	-	20,334	-
Other comprehensive loss, net of tax	-	-	-	-	-	-
Dividends	-	-	(18,200)	-	(18,200)	-
Share incentive compensation	-	797	-	-	797	-
Issued under dividend reinvestment plan, net of issue costs	12,238	-	-	-	12,238	749
Issued under share option plan	200	-	-	-	200	30
Issued upon conversion of debentures	39	-	-	-	39	3
Balance, end of period	385,435	4,231	8,359	-	398,025	70,227

(in 000's of Canadian Dollars and shares)	Six months ended June 30,					
	Shareholders' capital	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total	Number of shares
2014						
Balance, beginning of period (revised - see note 2)	**411,503**	**5,862**	**12,458**	**-**	**429,823**	**71,795**
Net earnings for the period	**-**	**-**	**29,233**	**-**	**29,233**	**-**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**(668)**	**(668)**	**-**
Issued on capital acquisition, net of issue costs	**21,484**	**-**	**-**	**-**	**21,484**	**1,163**
Dividends	**-**	**-**	**(38,943)**	**-**	**(38,943)**	**-**
Share incentive compensation	**-**	**2,359**	**-**	**-**	**2,359**	**-**
Issued under dividend reinvestment plan, net of issue costs	**26,895**	**-**	**-**	**-**	**26,895**	**1,421**
Issued under share option plan	**1,292**	**(111)**	**-**	**-**	**1,181**	**84**
Issued on vesting of restricted shares	**1,235**	**(2,641)**	**-**	**-**	**(1,406)**	**142**
Issued upon conversion of debentures	**2,365**	**-**	**-**	**-**	**2,365**	**160**
Balance, end of period	**464,774**	**5,469**	**2,748**	**(668)**	**472,323**	**74,765**
2013						
Balance, beginning of period (revised - see note 2)	349,591	2,964	(6,598)	(324)	345,633	67,973
Net earnings for the period	-	-	50,859	-	50,859	-
Other comprehensive income, net of tax	-	-	-	324	324	-
Dividends	-	-	(35,902)	-	(35,902)	-
Share incentive compensation	-	1,700	-	-	1,700	-
Issued under dividend reinvestment plan, net of issue costs	24,254	-	-	-	24,254	1,422
Issued under share option plan	233	(8)	-	-	225	32
Issued on vesting of restricted shares	-	(425)	-	-	(425)	22
Issued upon conversion of debentures	11,357	-	-	-	11,357	778
Balance, end of period	385,435	4,231	8,359	-	398,025	70,227

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Cash Flows
(Unaudited)

(in 000's of Canadian Dollars)	Three months ended June 30 2014	2013	Six months ended June 30 2014	2013
Cash flows from operating activities				
Net earnings	**6,924**	20,334	**29,233**	50,859
Adjustments for:				
Depreciation and amortization	**20,407**	14,757	**38,882**	27,681
Loss on disposal of property, plant and equipment	**27**	125	**1,177**	400
Share incentive compensation	**1,144**	1,113	**3,171**	2,455
Refinery and terminal remediation accrual	**128**	136	**241**	272
Accretion expense on asset retirement obligation	**558**	81	**980**	150
Change in risk management activities	**(3,791)**	8,325	**(1,377)**	10,978
Increase in other long-term liabilities	**14**	2,385	**1,238**	2,385
Accretion on convertible debentures	**576**	576	**1,146**	1,147
Amortization of deferred financing costs and debt premium	**502**	366	**920**	653
Change in fair value of Redemption Option (Note 9)	**80**	-	**80**	-
Deferred taxes	**(2,414)**	(1,266)	**(3,791)**	(1,156)
Cash expenditures on asset retirement obligation	**(361)**	(179)	**(582)**	(582)
Net changes in non-cash working capital (Note 22)	**42,316**	77,308	**(11,884)**	85,192
Cash generated from operating activities	**66,110**	124,061	**59,434**	180,434
Financing Activities				
Long-term debt repayments	**(265,290)**	(179,419)	**(483,019)**	(273,675)
Proceeds from long-term debt	**257,484**	94,116	**550,229**	237,629
Dividends to shareholders, net of dividend reinvestment plan	**(6,121)**	(5,892)	**(11,671)**	(11,334)
Shares issued for cash	**1,093**	200	**1,180**	225
Cash (used in) generated from financing activities	**(12,834)**	(90,995)	**56,719**	(47,155)
Investing Activities				
Acquisition of SPF Energy Inc., net of cash and bank indebtedness assumed (Note 20)	**-**	-	**(84,528)**	-
Acquisition of Chevron-branded service stations (Note 21)	**(16,446)**	-	**(16,446)**	-
Acquisition of Elbow River Marketing, net of bank indebtedness assumed	**-**	-	**-**	(84,594)
Acquisition of Sparling's Propane	**-**	(32,388)	**-**	(32,388)
Acquisition of TransMontaigne	**-**	(11,065)	**-**	(11,065)
Acquisition of Scotsburn and R-Gas	**-**	(2,390)	**-**	(2,390)
Increase in long-term receivables	**(176)**	(1,034)	**(410)**	(1,219)
Additions of property, plant and equipment	**(7,449)**	(8,561)	**(14,749)**	(16,338)
Proceeds on sale of property, plant and equipment and intangibles	**420**	1,309	**676**	1,447
Cash used in investing activities	**(23,651)**	(54,129)	**(115,457)**	(146,547)
Increase (decrease) in cash	**29,625**	(21,063)	**696**	(13,268)
Net foreign exchange difference	**(130)**	-	**(300)**	-
Cash, beginning of period	**(20,819)**	22,471	**8,280**	14,676
Cash, end of period	**8,676**	1,408	**8,676**	1,408
Represented by:				
Cash and cash equivalents	**12,281**	4,318	**12,281**	4,318
Restricted cash	**1,833**	-	**1,833**	-
Bank indebtedness	**(5,438)**	(2,910)	**(5,438)**	(2,910)
Total cash	**8,676**	1,408	**8,676**	1,408
Supplementary Cash Flow Information:				
Interest paid	**5,203**	5,880	**7,733**	8,179
Interest received	**867**	732	**1,496**	1,200
Income taxes paid	**8,010**	10,722	**24,564**	36,130

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

1. REPORTING ENTITY AND DESCRIPTION OF THE BUSINESS

Parkland Fuel Corporation and its wholly owned subsidiaries (collectively the "Corporation" or "Parkland") is a Canadian independent marketer and distributor of crude oil, refined fuels and other related products, managing a nationwide network of sales channels for retail, commercial, wholesale and home heating fuel customers. The consolidated financial statements include the accounts of Parkland Fuel Corporation and its wholly-owned subsidiaries. As of June 30, 2014, Parkland had the following wholly-owned subsidiaries: Parkland Industries Ltd., Bluewave Energy Ltd., Cango Inc., Neufeld Petroleum & Propane Ltd., Parkland Refining Ltd., Columbia Fuels Ltd., United Petroleum Products Inc., 1472490 Alberta Ltd., Elbow River Marketing Ltd., Elbow River Marketing USA Ltd., 2362917 Ontario Inc., Sparling's Propane Co. Ltd., Sparling's Propane Inc., 1714141 Alberta Ltd., Parkland (U.S.) Holding Corp., Parkland (U.S.) Acquisition Corp., Parkland (U.S.) Financing Corp., SPF Energy Inc., Farstad Oil Inc. and Superpumper Inc.

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 236, Riverside Office Plaza, 4919 59th Street, Red Deer, Alberta, T4N 6C9.

2. CORRECTION OF PRIOR PERIOD ERROR

A comprehensive and disciplined review of fuel tax transactions from 2010 to present has recently been completed by Parkland. This review was required to complete provincial fuel tax reporting. Upon the completion of the fuel tax transactions review, a shortfall of $9,600 from the reviewed fuel tax transactions receivable to the recorded fuel tax receivable was identified. As a result of the review conducted on transactions, Parkland has concluded the shortfall from the reviewed fuel tax transactions dates prior to January 1, 2012. Parkland has concluded this error is not material to any individual prior year financial statements. In each of the consolidated balance sheets as at December 31, 2012, March 31, 2013, December 31, 2013 and March 31, 2014 the correction of this error resulted in a decrease in retained earnings of $7,100, a decrease in accounts receivable of $9,600 and an increase in income tax receivable of $2,500. This error has been corrected and revised retroactively in these condensed interim consolidated financial statements.

In the three months ended June 30, 2013 Parkland expensed $3,574 (six months ended June 30, 2013 - $3,574) relating to the fuel tax receivable. Parkland has determined that the cause of this expense is of a similar nature to the shortfall described above. For the annual periods of 2012 and 2013, $4,500 and $6,074, respectively, were recorded as expenses. These comparative amounts, individually or in aggregate, were not considered significant enough in the overall context of the quarterly and annual financial statements for these periods to warrant adjustment to prior periods and therefore have not been retrospectively adjusted in the prior periods.

3. BASIS OF PREPARATION

(a) General Information

These consolidated financial statements were approved for issue by the Board of Directors on August 7, 2014.

(b) Statement of Compliance

These unaudited condensed interim consolidated financial statements are prepared and reported in Canadian dollars in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). The CICA Handbook incorporates International Financial Reporting Standards ("IFRS") and publically accountable enterprises, like the Corporation, are required to apply such standards. These unaudited interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements and International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, and the accounting policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS effective on June 30, 2014.

These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. This unaudited condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2013 which have been prepared in accordance with IFRS.

(c) Use of Estimates

The preparation of the unaudited condensed interim consolidated financial statements necessarily involves the use of estimates and approximations. Should the underlying assumptions change, the actual amounts could differ from those estimated.

Estimates are used when appropriate for accounting purposes. These estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

Estimates are used when accounting for items such as amortization of property, plant and equipment, asset retirement obligations, the refinery and terminal remediation accrual, value in use calculations for impairment, intangible assets and goodwill, impairment and valuation allowances for accounts receivable and inventory, contingent liabilities including matters in litigation, fair value of financial instruments, amortization and income taxes, grants of options and restricted share units, and calculation of fair values for the debentures.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Parkland's key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2013.

(d) Foreign Currency Translation – operation and consolidation

Effective January 1, 2014, Parkland adopted the additional accounting policy related to the foreign currency translation. Prior to the acquisition of SPF Energy Inc., Parkland's subsidiaries' functional currency was exclusively Canadian dollars.

The Corporation's subsidiaries' functional currencies are either Canadian dollar or United States dollar. Each subsidiary determines its functional currency based on the currency of the primary economic environment in which it operates.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates applicable for the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive (loss) income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4. CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies adopted by Parkland in these unaudited condensed interim consolidated financial statements are the same as those applied by Parkland in its audited consolidated financial statements for the year ended December 31, 2013. Parkland had adopted these new standards effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(a) Amendments to IAS 32 – *Financial Instruments: Presentation* ("IAS 32") – Offsetting Financial Assets and Financial Liabilities

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 32. The amendment provides clarification for offsetting financial assets and financial liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on the future events. The adoption of this amendment has no impact on Parkland.

(b) Amendments to IAS 36 – *Impairment of Assets* ("IAS 36") – Recoverable Amount Disclosures for Non-Financial Assets

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 36. These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. The adoption of this amendment has no impact on Parkland.

(c) IFRIC 21 – *Levies* ("IFRIC 21")

Effective January 1, 2014, Parkland adopted retrospectively IFRIC 21. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 – *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The adoption of IFRIC 21 has no impact on Parkland.

(d) Amendments to IAS 39 – *Financial Instrument: Recognition and Measurement* ("IAS 39") – Novation of Derivatives and Continuation of Hedge Accounting

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 39. The amendment relates to hedge accounting and novation of derivatives. It provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedge instrument meets certain criteria. The adoption of this standard has no impact on Parkland.

(e) Amendments to IFRS 10 – *Consolidated Financial Statements* ("IFRS 10"), IFRS 12 – *Disclosure of interests in other entities* ("IFRS 12"), and IAS 27 – *Separate Financial Statements ("IAS 27")* – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 – *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on Parkland.

Parkland has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS

The Corporation is in the process of evaluating the impact of the following new requirements:

(a) IFRS 9 – *Financial Instruments* ("IFRS 9")

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 – Financial Instruments, 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.

(b) IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

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

(c) Amendments to IFRS 3 – *Business Combinations* ("IFRS 3") – Accounting for contingent consideration in a business combination

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity. In addition, the standard clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, which changes in fair value recognized in profit and loss. This is effective for business combinations where the acquisition date is on or after July 1, 2014.

(d) Amendments to IFRS 8 – *Operating Segments* ("IFRS 8") – Aggregation of operating segments and reconciliation of total of the reportable segments' assets to the entity's assets

Amendments to IFRS 8 requires 1) disclosure of the economic characteristics used to assess whether the segments are similar, where operating segments are combined or aggregated, and 2) disclosure of reconciliation of segment assets to total assets of the reconciliation is reported to the chief operating decision maker. The amendment is applicable for annual periods beginning on or after July 1, 2014.

(e) Amendments to IFRS 13 – *Fair value measurements* ("IFRS 13") – Short-term receivables and payables

The IASB clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is applicable for annual periods beginning on or after July 1, 2014.

Based on Parkland's preliminary assessment, items (c) to (e) are not expected to have a significant effect on the consolidated financial statements of the Corporation.

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

6. EARNINGS ANALYSIS AND NET EARNINGS PER SHARE

	Three months ended June 30,	
	2014	2013
Net earnings, basic	**6,924**	20,334
Interest and accretion on convertible debentures, net of tax	**1,908**	1,926
Net earnings, diluted	**8,832**	22,260
Net earnings per share		
- Basic	**0.09**	0.29
- Diluted	**0.09**	0.28
Equivalent shares outstanding, beginning of year	**73,759**	69,445
Weighted average of equivalent shares issued pursuant to:		
- Restricted share unit plan	**95**	-
- Dividend reinvestment plan	**450**	492
- Exercise of share options	**27**	20
- Conversion of convertible debentures	**73**	2
Denominator utilized in basic earnings per share	**74,404**	69,959
Incremental equivalent share options that were dilutive	**291**	131
Incremental equivalent shares for debentures that were dilutive	**8,159**	8,614
Denominator utilized in diluted earnings per share	**82,854**	78,704

	Six months ended June 30,	
	2014	2013
Net earnings, basic	**29,233**	50,859
Interest and accretion on convertible debentures, net of tax	**3,769**	5,133
Net earnings, diluted	**33,002**	55,992
Net earnings per share		
- Basic	**0.40**	0.73
- Diluted	**0.40**	0.72
Equivalent shares outstanding, beginning of year	**71,795**	67,973
Weighted average of common shares issued	**1,111**	-
Weighted average of equivalent shares issued pursuant to:		
- Restricted share unit plan	**47**	22
- Dividend reinvestment plan	**853**	807
- Exercise of share options	**21**	12
- Conversion of convertible debentures	**73**	652
Denominator utilized in basic earnings per share	**73,900**	69,466
Incremental equivalent share options that were dilutive	**311**	144
Incremental equivalent shares for debentures that were dilutive	**8,159**	8,614
Denominator utilized in diluted earnings per share	**82,370**	78,224

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

7. ACCOUNTS RECEIVABLE

	June 30, 2014	December 31, 2013 (revised - see note 2)
Trade accounts receivable	**403,708**	409,124
Miscellaneous, government and other non-trade accounts receivable	**127,186**	102,912
Allowance for doubtful accounts	**(12,153)**	(12,163)
	518,741	499,873

The allowance for doubtful accounts is provisions on trade accounts receivable. Trade accounts receivable, net of the allowance for doubtful accounts is $391,555 (December 31, 2013 – $396,961). Miscellaneous, government and other non-trade accounts receivable are reported net of allowances for doubtful accounts.

8. INVENTORIES

	June 30, 2014	December 31, 2013
Gas and diesel	**62,921**	68,107
Lubricants	**29,636**	18,984
Crude oil	**14,371**	10,347
Agricultural inputs	**4,424**	5,047
Natural gas and NGL MX	**2,461**	1,212
Propane and Butane	**20,888**	23,187
Other	**3,902**	1,999
	138,603	128,883

For the three and six month period ended June 30, 2014, the amount of inventory recognized as cost of goods sold amounted to $1,755,871 and $3,615,158 respectively ($1,213,840 and $2,299,019 for the three and six month period ended June 30, 2013, respectively).

9. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Parkland periodically enters into derivative contracts which are believed to be economically effective at managing exposure to movements in commodity prices, US dollar exchange rates and market interest rates. While these derivative contracts form a component of the Corporation's overall risk management program, they are not accounted for as hedges under IFRS because they have not been documented as such, or do not qualify under IFRS. In addition, Parkland's Senior Unsecured Notes (Note 14) contain a redemption option which has been accounted for as an embedded derivative financial instrument under IFRS (the "Redemption Option"). 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 fair value measurement hierarchy levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

Parkland's recurring measurements of the put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts, interest rate swaps and Redemption Option were at fair value based on Level 2 inputs.

Parkland used the following techniques to value financial instruments categorized in Level 2:

- The fair value of the outstanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts are determined using external counterparty information, which is compared to observable data.
- The fair value of commodities forward contracts, future contracts and US dollar forward exchange contracts are determined using independent price publications, third party pricing services, market exchanges and investment dealer quotes.
- Parkland used interest rate swaps to limit its credit risk by executing counterparty risk procedures which include transacting only with financial institutions within Parkland's Credit Facility (see Note 14). The fair value of the interest rate swap was determined using external counterparty information, which is compared to observable data. The interest rate swaps expired on June 30, 2014.
- The fair value of the Redemption Option is determined using a valuation model based on inputs from observable market data, including independent price publications, third party pricing services, and market exchanges.

The fair value of the outstanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts and interest rate swaps are reflected on the consolidated balance sheets with the changes in fair value during the period recorded in the consolidated statements of income within loss on risk management activities and finance costs.

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

Risk management positions

	June 30, 2014	December 31, 2013
Risk management assets		
Call option contracts	**-**	61
Commodities forward contracts	**119**	281
US dollar exchange contract	**274**	-
Future contracts	**-**	304
Total risk management assets	**393**	646
Risk management liabilities		
Commodities forward contracts	**(3,279)**	(4,073)
US dollar forward exchange contract	**-**	(488)
Interest rate swap	**-**	(348)
Total risk management liabilities	**(3,279)**	(4,909)
Net fair value of risk management	**(2,886)**	(4,263)

Reconciliation of net risk management positions

January 1, 2014 to June 30, 2014

	Interest rate swap (1)	**Put option contracts**	**Call option contracts**	**Commodities forward contracts**	**US dollar forward exchange contracts**	**Future contracts**	**Total net asset (liability)**
Total fair value, beginning of period	**(348)**	**-**	**61**	**(3,792)**	**(488)**	**304**	**(4,263)**
Change in fair value - unrealized gain (loss)	**-**	**-**	**-**	**632**	**762**	**(304)**	**1,090**
Change in fair value - realized gain (loss)	**348**	**-**	**11**	**(6,191)**	**(1,021)**	**60**	**(6,793)**
Value (received) paid upon exercising	**-**	**-**	**(72)**	**6,191**	**1,021**	**(60)**	**7,080**
Total fair value, end of period	**-**	**-**	**-**	**(3,160)**	**274**	**-**	**(2,886)**

(1) Adjustments to the fair value of the interest rate swap are also included in finance costs

January 1, 2013 to December 31, 2013

	Interest rate swap (1)	**Put option contracts**	**Call option contracts**	**Commodities forward contracts**	**US dollar forward exchange contracts**	**Future contracts**	**Total net asset (liability)**
Total fair value, beginning of year	(929)	2,015	-	-	-	-	1,086
Additions	-	-	88	(5,436)	151	-	(5,197)
Change in fair value - unrealized gain (loss)	581	-	(27)	1,644	(639)	304	1,863
Change in fair value - realized gain (loss)	-	(17)	-	(20,921)	(709)	97	(21,550)
Value (received) paid upon exercising	-	(1,998)	-	20,921	709	(97)	19,535
Total fair value, end of year	(348)	-	61	(3,792)	(488)	304	(4,263)

(1) Adjustments to the fair value of the interest rate swap are also included in finance costs

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

Offsetting risk management positions

Financial assets and liabilities are only offset if Parkland has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Parkland offsets risk management assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. No additional unrealized risk management positions are subject to an enforceable master netting arrangement or similar agreements that are not otherwise offset.

	June 30, 2014			December 31, 2013		
	Asset	**Liability**	**Net**	Asset	Liability	Net
Recognized risk management positions:						-
Gross amount	**1,941**	**4,827**	**(2,886)**	5,744	10,007	(4,263)
Amount offset	**(1,548)**	**(1,548)**	**-**	(5,098)	(5,098)	-
Total risk management	**393**	**3,279**	**(2,886)**	646	4,909	(4,263)

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

As at June 30, 2014 Parkland had commodities forward contracts (relating to the sale of butane, propane, natural gasoline, crude oil and ethanol), future contracts, call option contracts and US dollar forward exchange contracts outstanding. Details of the fair value of these financial instruments are as follows:

Risk management contracts outstanding

Commodities forward contracts

Settlement dates	Average Monthly Volume (bbl)	Price $/(bbl)	**Fair value**
Crude and Heavy Oil			
July - September 2014	289,713	92.75 - 119.14	**(1,029)**
October - December 2014	15,780	94.72 - 115.70	**(263)**
			(1,292)
Liquid Petroleum Gases			
July - September 2014	21,693	43.39 - 105.37	**(412)**
October - December 2014	49,593	42.37 - 102.98	**(192)**
January - March 2015	21,827	41.73 - 99.10	**(333)**
			(937)
Refined Fuels			
July - September 2014	69,740	73.50 - 127.82	**(266)**
October - December 2014	16,500	75.84 - 117.17	**(305)**
January - March 2015	16,420	74.45 - 121.93	**(139)**
April - June 2015	16,420	74.31 - 121.43	**(221)**
			(931)
Total fair value of commodities forward contracts			**(3,160)**

US dollar forward exchange contracts

Settlement dates	Amount (USD)	Forward rates (CAD)	**Fair value**
July - September 2014	35,740	1.0685 - 1.0700	**(78)**
October - December 2014	6,960	1.0708 - 1.0724	**49**
April - June 2014	3,280	1.0732 - 1.0747	**91**
April - June 2015	1,986	1.0756 - 1.0770	**71**
July - September 2015	1,404	1.0779 - 1.0796	**58**
October - December 2015	1,404	1.0799 - 1.0806	**62**
January - March 2016	468	1.0811 - 1.0811	**21**
Total fair value of US dollar forward exchange contracts	51,242		**274**
Net fair value of risk management as at June 30, 2014			**(2,886)**

Redemption Option

The Corporation has a Redemption Option to redeem the Senior Unsecured Notes (Note 14) prior to maturity at a premium. On initial recognition, the Redemption Option was ascribed a fair value of $3,220, which is 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 Option, which is amortized over the term of the Senior Unsecured Notes. The Redemption Option is fair valued at the end of the reporting date 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 Option was $3,140 as at June 30, 2014 (December 31, 2013 – $nil). The change in fair value of the Redemption Option for the three and six months ended June 30, 2014 was $80 and $80 respectively (three and six months ended June 30, 2013 – $nil and $nil).

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.

Other financial instruments

Financial instruments that are not measured at fair value on the balance sheet are cash and cash equivalents, restricted cash, accounts receivable, long-term receivables, bank indebtedness, accounts payable and accrued liabilities, dividends declared and payable, long-term debt and convertible debentures. The fair value of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, account payable and accrued liabilities and dividends declared and payable approximate their carrying values as at June 30, 2014 due to the short term nature of these instruments. The carrying value of the long-term debt approximates fair value as at June 30, 2014 as either the interest rate on the long-term debt is adjusted monthly or debt was issued recently. The carrying value of the long-term receivables approximates fair value as at June 30, 2014, as Parkland currently issues loans and advances to dealers and customers with similar terms. The convertible debentures had a carrying value of $126,188 as at June 30, 2014 (December 31, 2013 – $127,407) and a fair value of $126,125 as at June 30, 2014 (December 31, 2013 – $130,450).

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

BUSINESS RISKS

Credit Risk

A substantial portion of Parkland's trade accounts receivable and long-term receivable balances are with customers in the oil and gas, mining and forestry industries and is subject to normal industry credit risks. The credit risk is minimized by Parkland's broad customer and geographic base. Parkland manages its exposure to credit risk through rigorous credit granting procedures, typically short payment terms and security interests where applicable. Parkland attempts to closely monitor the financial conditions of its customers and the industries in which they operate. Parkland performs ongoing credit evaluations of its customers and outstanding debts are regularly monitored and when deemed uncollectible a provision is established. At June 30, 2014, the provision for impairment of credit losses on trade accounts receivable was $12,153 (December 31, 2013 – $12,163). No provision has been made for long-term receivables.

Parkland does not have a significant credit exposure to any individual customer. Parkland reviews each new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The maximum exposure to credit risk at the reporting date is the carrying value of Parkland's accounts receivable balance. Parkland mitigates credit risk for certain customers through the use of standby and commercial letters of credit.

The following table details the aging of trade accounts receivable, net of allowance for doubtful accounts and accounts payable and accrued liabilities:

As at June 30, 2014	**Current or within terms**	**31 - 60 days past terms**	**61 - 90 days past terms**	**Over 90 days past terms**	**Total**
Trade accounts receivable, net of allowance for doubtful accounts	**357,827**	**10,963**	**6,089**	**16,676**	**391,555**
Accounts payable and accrued liabilities	**381,012**	**16**	**56**	**66**	**381,150**

As at December 31, 2013	Current or within terms	31 - 60 days past terms	61 - 90 days past terms	Over 90 days past terms	Total
Trade accounts receivable, net of allowance for doubtful accounts	373,733	10,363	3,847	9,018	396,961
Accounts payable and accrued liabilities	372,235	330	203	3,031	375,799

Commodity Price Risk

Parkland is exposed to commodity price risk. The Corporation enters into derivative instruments from time to time to mitigate commodity price risk volatility. These financial instruments are subject to financial controls, risk management and monitoring procedures. The Corporation does not use derivative contracts for speculative purposes. As at June 30, 2014, a 5% change in commodity forward contract pricing, with other variables held constant, would cause an increase or decrease to net earnings of approximately $2,390 (June 30, 2013 – $5,530).

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

Interest Rate Risk

Parkland is exposed to market risk from changes in the Canadian prime interest rate, Bankers' Acceptance rate and LIBOR rate which can impact its borrowing costs. Parkland analyzes the interest rate risk on a regular basis and mitigates that risk by considering refinancing, renewal of existing credit line, hedging options and issuing long-term debt at the fixed rate. A 1% change in these interest rates, with all other variables assumed constant, would have caused an increase or decrease to consolidated net earnings for the three and six month period ended June 30, 2014 of $191 and $370 respectively ($120 and $196 for the three and six month period ended June 30, 2013, respectively).

On March 15, 2012, Parkland entered into interest rate swaps covering $150,000 of borrowings under its Credit Facility (see Note 14). The swaps required Parkland to pay a fixed interest rate of 1.69% plus 2.0%. The interest rate swaps expired on June 30, 2014. On May 29, 2014, the Corporation completed a private placement of Senior Unsecured Notes with the aggregate principle amount of $200,000 (Note 14) at the fixed rate of 5.5% per annum.

Effective January 1, 2013, Parkland discontinued the cash flow hedge accounting of the interest rate swaps due to its ineffectiveness. As a result, the loss on this hedge derivative was reclassified to net earnings under financing costs from accumulated other comprehensive (loss) income and subsequent changes in fair value were recognized in financing costs.

US Dollar Currency Rate Risk

Parkland's foreign exchange risk exposure is from fluctuation in the US dollar relative to the Canadian dollar, relating to the Corporation's operating activities (including purchasing and selling certain products in US dollars) and the Corporation's net investments in foreign subsidiaries. The following table demonstrates the sensitivity to a $0.01 change in US dollar to Canadian dollar exchange rates, with all other variables held constant. The impact on the Corporation's net earnings includes changes in the fair value of monetary assets and liabilities, including the fair value of US dollar forward exchange contracts outstanding. The impact on the Corporation's equity includes the impact on net earnings, as well as the effect of translating the Corporation's net investments in foreign operations and net investment hedges.

	Three months ended June 30,		**Six months ended June 30,**	
	2014	2013	**2014**	2013
$0.01 increase in US dollar to Canadian dollar exchange rate:				
- Effect on net earnings	**408**	154	**402**	223
- Effect on equity	**546**	154	**540**	223

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

Hedge of net investments in foreign operations

The foreign exchange gains and losses on long-term debt are mainly unrealized and can only be realized when US dollar denominated long-term debt matures or is settled. The Corporation also has long-term foreign exchange exposure on its investment in US subsidiaries. Specifically, the Corporation's net investment in SPF Energy Inc., whose functional currency is US dollars, presents a foreign exchange risk to the Corporation, whose functional currency is Canadian dollars. Parkland is using a net investment hedge to mitigate this risk. The Corporation has designated US$91,500 borrowings under the revolving operating loan of the Credit Facility as a hedge of the first US$91,500 of net investment in SPF Energy Inc. This designation has the effect of mitigating volatility on other comprehensive (loss) income by offsetting long-term foreign exchange gains and losses on US dollar denominated long-term debt and gains and losses on the US dollar investment in SPF Energy Inc.

Foreign currency translation of the net earnings of SPF Energy Inc. will impact consolidated net earnings. Foreign currency translation of the Corporation's investment in SPF Energy Inc. will impact other comprehensive (loss) income. During the three and six months ended June 30, 2014, the effective portion recognized in other comprehensive (loss) income was an unrealized foreign exchange gain, net of tax, of $2,913 and $472, respectively, which was used to offset the $3,405 and $1,140 loss, respectively on translation of the net investment in SPF Energy Inc. There was no ineffectiveness during the six months ended June 30, 2014.

Foreign Exchange Loss (Gain)

The following table details the foreign exchange loss (gain) as presented on the consolidated statements of income (loss):

	Three months ended June 30,		**Six months ended June 30,**	
	2014	2013	**2014**	2013
Unrealized loss (gain) on foreign exchange	**437**	(103)	**(580)**	(438)
Realized loss (gain) on foreign exchange	**1,569**	(1,268)	**(326)**	(1,230)
Foreign exchange loss (gain)	**2,006**	(1,371)	**(906)**	(1,668)

Liquidity Risk

Liquidity risk is the risk that Parkland will encounter difficulties in meeting its short term financial obligations. Cash liquidity of Parkland is mainly provided by cash flows from operating activities and borrowings available under its Credit Facility and Senior Unsecured Notes (see Note 14). In managing liquidity risk, Parkland has access to various credit products at competitive rates. At June 30, 2014, Parkland has available unused credit facilities in the amount of $231,982 (December 31, 2013 – $176,283). Parkland believes it has sufficient funding through the use of its facility to meet foreseeable borrowing requirements.

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

Undiscounted cash outflows relating to financial liabilities are outlined in the tables below:

As at June 30, 2014	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Bank indebtedness	**5,438**	**-**	**-**	**-**	**-**	**-**	**5,438**
Accounts payable and accrued liabilities	**381,150**	**-**	**-**	**-**	**-**	**-**	**381,150**
Dividends declared and payable	**6,602**	**-**	**-**	**-**	**-**	**-**	**6,602**
Long-term debt, including capital lease obligations (1)	**8,086**	**14,373**	**15,533**	**13,537**	**111,165**	**227,540**	**390,234**
Convertible debentures (1)	**86,186**	**47,405**	**-**	**-**	**-**	**-**	**133,591**

(1) Principal and interest, including current portion

As at December 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total
Bank indebtedness	2,539	-	-	-	-	-	2,539
Accounts payable and accrued liabilities	375,799	-	-	-	-	-	375,799
Dividends declared and payable	6,225	-	-	-	-	-	6,225
Long-term debt, including capital lease obligations (1)	8,437	7,144	7,095	227,680	66	450	250,872
Convertible debentures (1)	92,630	47,553	-	-	-	-	140,183

(1) Principal and interest, including current portion

10. PROPERTY, PLANT AND EQUIPMENT

Six months ended June 30, 2014	**Land**	**Land Improvements**	**Buildings**	**Assets under Capital Lease**	**Plant and Equipment**	**Asset Retirement Costs**	**Total**
Cost							
Balance, as at January 1, 2014	**37,103**	**29,148**	**77,129**	**8,229**	**352,672**	**31,743**	**536,024**
Additions	**-**	**353**	**991**	**-**	**13,405**	**-**	**14,749**
Change in asset retirement obligation	**-**	**-**	**-**	**-**	**-**	**4,456**	**4,456**
Additions due to acquisitions (Note 21)	**5,993**	**1,891**	**7,255**	**-**	**15,466**	**8,590**	**39,195**
Disposals	**(963)**	**(37)**	**(203)**	**-**	**(3,381)**	**-**	**(4,584)**
Exchange differences	**(43)**	**(22)**	**(80)**	**-**	**(416)**	**(76)**	**(637)**
Balance, as at June 30, 2014	**42,090**	**31,333**	**85,092**	**8,229**	**377,746**	**44,713**	**589,203**
Depreciation and impairment							
Balance, as at January 1, 2014	**-**	**6,722**	**29,682**	**5,911**	**168,042**	**6,323**	**216,680**
Depreciation charge for the year	**-**	**396**	**2,469**	**448**	**16,102**	**6,711**	**26,126**
Disposals	**-**	**(24)**	**(72)**	**-**	**(2,624)**	**(1,519)**	**(4,239)**
Exchange differences	**-**	**-**	**(26)**	**-**	**(260)**	**(17)**	**(303)**
Balance, as at June 30, 2014	**-**	**7,094**	**32,053**	**6,359**	**181,260**	**11,498**	**238,264**
Carrying amount							
As at June 30, 2014	**42,090**	**24,239**	**53,039**	**1,870**	**196,486**	**33,215**	**350,939**

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

Year ended December 31, 2013	Land	Land Improvements	Buildings	Assets under Capital Lease	Plant and Equipment	Asset Retirement Costs	Total
Cost							
Balance, as at January 1, 2013	37,528	28,741	70,844	7,141	282,640	22,460	449,354
Additions	885	527	5,594	-	49,705	-	56,711
Change in asset retirement obligation	-	-	-	-	-	9,283	9,283
Additions due to acquisitions	1,207	187	1,705	1,200	28,251	-	32,550
Disposals	(2,517)	(307)	(1,014)	-	(8,036)	-	(11,874)
Transfer	-	-	-	(112)	112	-	
Balance, as at December 31, 2013	37,103	29,148	77,129	8,229	352,672	31,743	536,024
Depreciation and impairment							
Balance, as at January 1, 2013	-	6,112	25,955	5,326	148,325	5,232	190,950
Depreciation charge for the year	-	737	4,464	690	25,953	1,091	32,935
Disposals	-	(127)	(737)	-	(6,341)	-	(7,205)
Transfer	-	-	-	(105)	105	-	-
Balance, as at December 31, 2013	-	6,722	29,682	5,911	168,042	6,323	216,680
Carrying amount							
As at December 31, 2013	37,103	22,426	47,447	2,318	184,630	25,420	319,344

As at June 30, 2014, Parkland had assets under construction of $6,297 (December 31, 2013 – $10,695) consisting primarily of constructing and upgrading retail stations and commercial bulk plants.

11. INTANGIBLE ASSETS

Six months ended June 30, 2014	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
Cost						
Balance, as at January 1, 2014	**191,417**	**12,245**	**6,111**	**1,550**	**18,072**	**229,395**
Additions due to acquisitions (Note 21)	**43,594**	**7,725**	**432**	**297**	**-**	**52,048**
Exchange differences	**(516)**	**(92)**	**(5)**	**(3)**	**-**	**(616)**
Balance, as at June 30, 2014	**234,495**	**19,878**	**6,538**	**1,844**	**18,072**	**280,827**
Accumulated amortization						
Balance, as at January 1, 2014	**84,438**	**6,570**	**5,050**	**452**	**5,874**	**102,384**
Amortization charge for the period	**11,191**	**1,031**	**563**	**269**	**904**	**13,958**
Exchange differences	**(102)**	**(18)**	**(1)**	**-**	**-**	**(121)**
Balance, as at June 30, 2014	**95,527**	**7,583**	**5,612**	**721**	**6,778**	**116,221**
Carrying amount						
Balance, as at June 30, 2014	**138,968**	**12,295**	**926**	**1,123**	**11,294**	**164,606**

Year ended December 31, 2013	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
Cost						
Balance, as at January 1, 2013	158,304	6,601	3,835	-	18,072	186,812
Additions due to acquisitions	33,113	5,829	2,276	1,550	-	42,768
Disposals	-	(185)	-	-	-	(185)
Balance, as at December 31, 2013	191,417	12,245	6,111	1,550	18,072	229,395
Accumulated amortization						
Balance, as at January 1, 2013	67,452	5,781	2,540	-	4,066	79,839
Amortization charge for the period	16,986	795	2,510	452	1,808	22,551
Disposals	-	(6)	-	-	-	(6)
Balance, as at December 31, 2013	84,438	6,570	5,050	452	5,874	102,384
Carrying amount						
As at December 31, 2013	106,979	5,675	1,061	1,098	12,198	127,011

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

12. GOODWILL

	January 1, 2014 to June 30, 2014	January 1, 2013 to December 31, 2013
Balance, beginning of period	**132,493**	91,138
Acquisition of SPF Energy Inc. (Note 21)	**34,548**	-
Acquisition of Chevron-branded service stations (Note 21)	**9,885**	
Acquisition of Elbow River Marketing	**-**	35,900
Acquired through TransMontaigne	**-**	12
Acquired through Scotsburn and R-Gas	**-**	159
Acquired through Sparling's Propane	**-**	5,284
Exchange differences	**(287)**	-
Balance, end of period	**176,639**	132,493

The Corporation did not identify any indicators of impairment during the period ended June 30, 2014.

13. LONG-TERM RECEIVABLES

Long-term receivables consist of dealer loans and forgivable loans to dealers and customers:

	June 30, 2014	December 31, 2013
Dealer loans	**1,823**	1,903
Forgivable loans to dealers and customers	**10,668**	10,178
Long-term receivables	**12,491**	12,081

Dealer loans receivable are repayable in monthly instalments of $244 (December 31, 2013 – $218), bear interest at rates ranging between nil% and 10% (December 31, 2013 – nil% and 10.00%) and are secured by specific assets of the borrower.

Forgivable loans to dealers and customers are amortized based on the volume of fuel product purchased from Parkland. For every litre of fuel product purchased by the dealer or customer a portion of the loan is recognized as a reduction of sales and operating revenue. Forgivable loans to dealers and customers are secured by specific assets of the dealers and customers.

The current portion of the dealer loans of $268 (December 31, 2013 – $180) and the forgivable loans to dealers and customers of $3,231 (December 31, 2013 – $2,603) are included in accounts receivable under current assets.

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

14. FINANCING AND CREDIT FACILITIES

Long-Term Debt

	June 30, 2014	December 31, 2013
Credit Facility (a)	**97,685**	224,000
Unamortized discount: deferred financing costs	**(1,219)**	(1,685)
	96,466	222,315
Senior Unsecured Notes (b)	**200,000**	-
Unamortized premium: Redemption Option	**3,180**	-
Unamortized discount: deferred financing costs	**(4,194)**	-
	198,986	-
Capital lease obligations (c)	**1,692**	1,842
Collateralized notes (d)	**5,777**	-
Other loans	**90**	152
	7,559	1,994
Total long-term debt	**303,011**	224,309
Less: current portion	**(1,854)**	(1,354)
Long-term debt	**301,157**	222,955

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

	2014	2015	2016	2017	2018	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)	-	-	-	-	97,685	-	-	97,685
Senior Unsecured Notes (b)	-	-	-	-	-	200,000		200,000
Capital lease obligations (c)	1,107	124	60	163	66	450	(278)	1,692
Collateralized notes (d)	346	1,056	2,316	217	1,335	507	-	5,777
Other loans	54	36	-	-	-	-	-	90
	1,507	1,216	2,376	380	99,086	200,957	(278)	305,244

(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 is for a maximum amount of $320,000 and US$30,000 (December 31, 2013 –$450,000) with interest only payable at the bank's Canadian and US prime lending rate plus 0.50% to 1.75% (December 31, 2013 – 0.75% to 2.00%) per annum.

The Credit Facility includes the following components:

i) A revolving operating loan to a maximum of $320,000 and US$30,000 less the value of letters of credit issued (December 31, 2013 –$450,000). At June 30, 2014, the outstanding borrowings totalled $120,045 (December 31, 2013 – $229,980). The revolving operating loan bears interest at prime plus 0.75% (December 31, 2013 – prime plus 1.00%), Bankers' Acceptance rate plus 1.75% (December 31, 2013 – Bankers' Acceptance rate plus 2.00%) or LIBOR rate plus 1.75%. The interest rate at June 30, 2014 was 3.75% for prime-based loans (December 31, 2013 – 4.00%), 3.21% for Bankers' Acceptance based loans (December 31, 2013 – 3.23%) and 2.20% and 2.33% for LIBOR loans.

ii) A letter of credit facility to a maximum of $100,000 and US$10,000 (December 31, 2013 – $85,000). At June 30, 2014, outstanding balances totalled $17,022 (December 31, 2013 – $43,737) which mature at various dates up to October 31, 2014.

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, 2013 – 0.394% to 0.675%) depending on the ratio of funded debt to earnings before interest, 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, and (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts included in risk management activities ("EBITDA" – as defined under the terms of the credit facility). Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900,000 creating a first floating charge over all of the undertaking, property and assets of Parkland.

At June 30, 2014, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter EBITDA (as defined under the terms of the credit facility) including acquisition related costs basis. The financial covenants under the Credit Facility are as follows:

1. Ratio of senior funded debt (which excludes the convertible debentures and unsecured subordinated senior debt (if any) but includes issued letters of credit) to EBITDA (as defined under the terms of the credit facility) including acquisition related costs 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 (which excludes the convertible debentures but includes issued letters of credit) to EBITDA (as defined under the terms of the credit facility) including acquisition related costs 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. Fixed charge coverage ratio (as defined under the terms of the credit facility) at each quarter shall not be less than 1.15 to 1.00;

As at June 30, 2014, the Corporation provided $431,748 (December 31, 2013 – $326,324) of unsecured guarantees to counter parties of commodity and US dollar forward exchange contracts used in natural gas liquids and crude oil purchases.

Deferred financing costs have been accounted for as a reduction of Credit Facility and amortized over the remaining term of the Credit Facility.

(b) Senior Unsecured Notes

On May 29, 2014, the Corporation completed a private placement of senior unsecured notes due on May 28, 2021 with an aggregate principal amount of $200,000 (the “Senior Unsecured Notes”). The Senior Unsecured Notes bear interest of 5.5% per annum, payable semi-annually in arrears on May 28 and November 28 of each year until maturity. The first interest payment will be paid on November 28, 2014. The Senior Unsecured Notes are guaranteed by Parkland subsidiaries and are unsecured obligations. As at June 30, 2014, the outstanding amount due on the Senior Unsecured Notes was $200,000 (December 31, 2013 – $nil).

The Senior Unsecured Notes contain a Redemption Option that allows the Corporation to redeem the notes prior to maturity at a premium. The Redemption Option has been accounted for as an embedded derivative financial instrument under IFRS. On initial recognition, the Redemption Option was ascribed a fair value of $3,220, which is 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 same amount as the debt premium arising from the Redemption Option, which is amortized over the term of the Senior Unsecured Notes. The amortization of the debt premium arising from the Redemption Option was $40 and $40 for the three and six months ended June 30, 2014, respectively ($nil and $nil for the three and six months ended June 30, 2013 respectively), which is presented within finance costs in the consolidated statements of income (loss).

At June 30, 2014, 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.

(c) Capital Lease Obligations

Capital leases are payable in monthly instalments totalling $24 (December 31, 2013 – $22) including interest varying from 3.4% to 10.2% (December 31, 2013 – 3.4% to 10.2%). The leases are for land, buildings and equipment with a net book value of $1,870 (December 31, 2013 – $2,318), 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 2014 to 2028. At June 30, 2014, the outstanding amounts due on the collateralized notes were $5,777 (December 31, 2013 – $nil).

15. CONVERTIBLE DEBENTURES

On December 1, 2009, Parkland issued $97,750 principal amount of 6.5% series 1 convertible unsecured subordinated debentures ("Series 1 Debentures"), at a price of $1 per debenture. Interest on the Series 1 Debentures is paid semi-annually in arrears, on November 30 and May 31 in each year commencing May 31, 2010. On December 21, 2010, Parkland issued $45,000 principal amount of 5.75% series 2 convertible unsecured subordinated debentures ("Series 2 Debentures"), at a price of $1 per debenture. Interest on the Series 2 Debentures is paid semi-annually in arrears, on June 30 and December 31 in each year commencing June 30, 2011. Collectively, the Series 1 Debentures and the Series 2 Debentures are referred to as the "Debentures". The Debentures are convertible at the option of the holder at any time into common shares of the Corporation at a conversion price of $14.60 per share for the Series 1 Debentures and $18.00 per share for the Series 2 Debentures.

The Series 1 Debentures mature on November 30, 2014 and the Series 2 Debentures mature on December 31, 2015 at which time the Debentures are due and payable. The Series 1 Debentures were redeemable in whole or in part at the option of Parkland on or after November 30, 2012 and prior to November 30, 2013 and the Series 2 Debentures may be redeemed in whole or in part at the option of Parkland on or after December 31, 2013 and prior to December 31, 2014, on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price of the common shares of Parkland on the date immediately preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. The Debentures may be redeemed prior to their maturity dates in whole or in part at a price equal to their principal amount plus accrued and unpaid interest on or after November 30, 2013 for the Series 1 Debentures and on or after December 31, 2014 for the Series 2 Debentures.

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

Upon the maturity or redemption of the Debentures, Parkland may pay the outstanding principal of the Debentures in cash or may, at its option, on not greater than 60 days and not less than 40 days prior notice and subject to regulatory approval, elect to satisfy its obligations to repay all or a portion of the principal amount of the Debentures which have matured or been redeemed by issuing and delivering that number of common shares obtained by dividing the aggregate principal amount of the Debentures which have matured or redeemed by 95% of the weighted average trading price of the common shares of Parkland on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.

The following table reconciles the principal amount, debt component and equity component of the Debentures.

	January 1, 2014 to June 30, 2014		January 1, 2013 to December 31, 2013	
	Principal amount of convertible debentures	**Carrying value of convertible debentures**	Principal amount of convertible debentures	Carrying value of convertible debentures
Current Portion:				
Series 1 Debentures				
Balance, beginning of period	**84,990**	**83,239**	96,794	93,130
Conversion to common shares	**(2,225)**	**(2,225)**	(11,804)	(11,804)
Change due to passage of time	**-**	**949**	-	1,913
Balance, current portion, end of period	**82,765**	**81,963**	84,990	83,239
Non-Current Portion:				
Series 2 Debentures				
Balance, beginning of period	**44,967**	**44,168**	44,975	43,777
Conversion to common shares	**(140)**	**(140)**	(8)	(8)
Change due to passage of time	**-**	**197**	-	399
Balance, non-current portion, end of period	**44,827**	**44,225**	44,967	44,168
Series 1 and Series 2 Debentures, end of period	**127,592**	**126,188**	129,957	127,407

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

16. ASSET RETIREMENT OBLIGATIONS

	January 1, 2014 to June 30, 2014	January 1, 2013 to December 31, 2013
Asset retirement obligations, beginning of the period	**42,648**	30,293
Additional provisions made during the period	**7,710**	20,236
Additions due to acquisitions (Note 21)	**8,590**	-
Amounts used during the period	**(582)**	(2,446)
Unused amounts reversed during the period	**(4,284)**	(3,053)
Change due to passage of time, exchange differences and discount rate	**2,816**	(2,382)
Asset retirement obligations, end of the period	**56,898**	42,648
Current	**8,285**	2,995
Non-current	**48,613**	39,653
Asset retirement obligations, end of the period	**56,898**	42,648

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 $89,550 at June 30, 2014 (December 31, 2013 – $70,872). The costs are expected to be paid by 2046. At June 30, 2014, the discount rates used to determine the present value of the future costs was in the range of 4.51% – 4.94% (December 31, 2013 – 5.01%).

17. REFINERY AND TERMINAL REMEDIATION ACCRUAL

	January 1, 2014 to June 30, 2014	January 1, 2013 to December 31, 2013
Refinery remediation accrual, beginning of period	**11,803**	13,957
Additions during the period	**1,245**	-
Unused amounts reversed during the period	**(2,612)**	-
Change due to passage of time and discount rate	**1,201**	(2,154)
Refinery remediation accrual, end of period	**11,637**	11,803

Parkland has estimated the discounted cost of remediation on the basis that remediation would be part of a multi-year management plan. Remediation costs have been estimated using engineering studies conducted in December 2007 and updated by the Corporation's management in 2013. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $30,765 at June 30, 2014 (December 31, 2013 – $31,777). The costs are expected to be incurred between 2018 and 2041 (December 31, 2013 – 2018 to 2041). At June 30, 2014, the discount rate used to determine the present value of the future costs was 4.51% (December 31, 2013 – 5.01%).

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

18. 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, 2014 to June 30, 2014			January 1, 2013 to December 31, 2013		
	Number of common shares		**Amount**	Number of common shares		Amount
Shareholders' capital, beginning of period	**71,795**	**$**	**411,503**	67,973	$	349,591
Issued on capital acquisition, net of issue costs	**1,163**		**21,484**	-		-
Issued under dividend reinvestment plan	**1,421**		**26,895**	2,940		49,613
Issued under share option plan	**84**		**1,292**	51		487
Issued on vesting of restricted shares	**142**		**1,235**	22		-
Issued upon conversion of debentures	**160**		**2,365**	809		11,812
Shareholders' capital, end of period	**74,765**	**$**	**464,774**	71,795	$	411,503

In January 2011, Parkland launched the Premium Dividend and Enhanced Dividend Reinvestment Plan as a means to incrementally raise equity capital for growth and other corporate purposes.

The Premium Dividend Plan provides eligible shareholders with a 2% cash premium on top of their regular cash dividend. Participants electing this option will receive a monthly payment of $0.0901 per share for dividend declared to shareholders of record on and after March 21, 2014. Prior to March 21, 2014, the participants received $0.0885 per share under this option. The Enhanced Dividend Reinvestment Plan allows shareholders to purchase additional shares with their dividend at a 5% discount to the volume weighted average price as defined by the plan. Those shareholders who do not elect to participate in the Premium Dividend and Enhanced Dividend Reinvestment Plan will still receive their regular monthly dividend of $0.0883 per share for dividend declared on and after March 21, 2014. Prior to March 21, 2014, the participants received $0.0867 per share under this option.

(b) Stock Option Plans

Parkland has two stock option plans under which Parkland may issue from treasury, together with any other compensation arrangement, an amount not to exceed 10% of the issued and outstanding common shares. The eligible participants are officers, employees or consultants of the Corporation. The exercise price shall be fixed by the Board of Directors at the time of grant; provided that the exercise price shall not be less than fair market value of the common shares.

Under the Share Option Plan, each annual vesting tranche is considered a separate award with its own vesting period and grant date fair value. Fair value of each annual vesting tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

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

Effective May 13, 2014, Parkland introduced a new grant agreement, the Penny Plan Stock Option Plan. Stock options granted under this plan vest on a fixed basis at 100% only when specific entity performance criteria such as non-acquired Adjusted EBITDA improvement and total Adjusted EBITDA targets are met. Adjusted EBITDA is defined as net earnings (loss) before finance costs, income taxes, depreciation and amortization, gain (loss) on disposal of property, plant and equipment, acquisition costs, 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 and unrealized gain (loss) on foreign exchange. The fair value of the vesting tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any change immediately recognized.

Share options outstanding at June 30, 2014 have the following expiry dates and exercise prices:

Grant-vest	Expiry date	Exercise price ($ per share)	Share options outstanding as at June 30, 2014	Share options outstanding as at December 31, 2013
2005-8	January 2015	$ 7.27	**30**	30
2011-12	May 2019	10.47	**29**	29
2011-12	May 2019	12.25	**114**	127
2011-13	May 2019	10.47	**29**	29
2011-13	May 2019	12.25	**115**	127
2011-14	May 2019	10.47	**29**	29
2011-14	May 2019	12.25	**122**	135
2012-13	May 2020	13.80	**117**	134
2012-14	May 2020	13.80	**120**	137
2012-15	May 2020	13.80	**123**	137
2013-14	March 2021	17.74	**42**	42
2013-15	March 2021	17.74	**41**	41
2013-16	March 2021	17.74	**42**	42
2013-14	May 2021	17.79	**197**	216
2013-15	May 2021	17.79	**194**	217
2013-16	May 2021	17.79	**194**	216
2014-15	May 2022	20.57	**200**	-
2014-16	May 2022	20.57	**741**	-
2014-17	May 2022	20.57	**200**	-
			2,679	1,685

The total share option compensation cost that has been included in marketing, general and administrative expenses for the three and six month period ended June 30, 2014 amounted to

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

$263 and $497, respectively ($181 and $567 for the three and six month period ended June 30, 2013, respectively).

Changes in the number of options with their average exercise price per option are summarized below:

	January 1, 2014 to June 30, 2014		January 1, 2013 to December 31, 2013	
	Number of options	**Average exercise price per option**	Number of options	Average exercise price per option
Share options, beginning of period	**1,685**	**$ 14.97**	991	$ 12.40
Granted	**1,141**	**20.57**	774	17.78
Exercised	**(84)**	**13.98**	(51)	9.21
Forfeited	**(63)**	**16.74**	(29)	12.62
Share options, end of period	**2,679**	**$ 17.35**	1,685	$ 14.97
Exercisable options, end of period	**915**	**$ 13.80**	475	$ 12.13

Out of the 2,679 outstanding options (December 31, 2013 – 1,685), 915 options were exercisable (December 31, 2013 – 475). Options exercised during the period ended June 30, 2014 resulted in 84 (December 31, 2013 – 51) shares being issued at a weighted average price of $13.98 each (December 31, 2013 – $9.21 each). The related weighted average share price over the period of exercise was $20.25 (December 31, 2013 – $17.84) per share.

The weighted average fair value of options granted during the six month period ended June 30, 2014, using the Black-Scholes valuation model was $1.45 (December 31, 2013 – $1.75) per option. The significant inputs into the model were weighted average share price of $20.57 (December 31, 2013 – $17.78) at the grant date, exercise price of $20.57 (December 31, 2013 – $17.78), volatility of 21.6% (December 31, 2013 – 27.1%), dividend yield of 5.15% (December 31, 2013 – 5.85%), an expected option life of eight years and an annual risk-free interest rate of 1.16% (December 31, 2012 – 1.15%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last two years.

(c) Restricted Share Unit Plans

Parkland awards certain directors, officers, employees and consultants restricted share units ("RSUs") under two plans: the Restricted Share Unit Plan and the Penny Plan Restricted Share Unit Plan. The units are awarded under both plans at no cost to the recipient and the fair market value determined at the date of the grant is expensed uniformly over their vesting period. The fair market value of the award is based on the volume weighted average trading price for the shares on the Toronto stock exchange for the five trading days immediately preceding the date of the grant.

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

Under the Restricted Share Unit Plan the units granted in 2009 and 2010 vest over a three year period. For grants prior to 2011, the restricted share units vesting is typically subject to entity performance criteria, including maintenance of the annual fund distribution target. For restricted share units granted on or after January 1, 2011, restricted share units are earned over a three year period with vesting at the third anniversary of the grant. The number of shares earned can range from 0 to 200% of the grant amount based on entity performance criteria, specifically Total Shareholder Return ("TSR") ranking versus a specified peer group of companies. In March 8, 2012, the Restricted Share Unit Plan was amended to award participants with additional RSUs upon each dividend payment made by the Corporation.

Effective May 13, 2014, Parkland introduced a new grant agreement, the Penny Plan Restricted Share Unit Plan. The restricted share units under this plan vest on a fixed basis at 100% only when specific entity performance criteria such as non-acquired Adjusted EBITDA improvement and total Adjusted EBITDA targets are met.

Changes in the number of RSUs with their average share price are summarized below:

	January 1, 2014 to June 30, 2014		January 1, 2013 to December 31, 2013	
	Number of RSU's	**Weighted Average Share Price**	Number of RSU's	Weighted Average Share Price
Restricted share units, beginning of period	**548**	**$ 14.73**	336	$ 13.14
Granted	**308**	**19.27**	256	17.79
Dividend equivalents	**7**	**18.91**	12	16.52
Issued on vesting	**(210)**	**12.57**	(45)	13.18
Cancelled	**(26)**	**15.06**	(11)	-
Restricted share units, end of period	**627**	**$ 17.72**	548	$ 14.73

The total compensation cost that has been included in marketing, general and administrative expenses for the three and six month period ended June 30, 2014 amounted to $454 and $1,861, respectively ($616 and $1,132 for the three and six month period ended June 30, 2013, respectively).

(d) Deferred Share Unit Plan

Parkland established the deferred share units ("DSUs") plan for non-executive members of the Board of Directors as a long-term incentive plan. Under this plan, each director is entitled to receive DSUs as a result of a grant and/or in lieu of directors' fees. Furthermore, directors receive additional DSUs upon each dividend payment made by the Corporation. The fair value of the DSUs on the grant day is based on the weighted average trading price of the shares on the Toronto stock exchange for the five trading days immediately preceding the date of the grant. DSUs vest immediately on the day of the grant and they are redeemed for cash when the director ceases to be a member of the Board of Directors. Compensation expense is recognized in the marketing, general and administrative expense immediately upon the vesting of DSUs.

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

The Corporation has recorded a liability of $3,021 at June 30, 2014 (December 31, 2013 – $2,209) in the Consolidated Balance Sheets for DSUs based on the market value of Parkland's common shares as June 30, 2014. The total compensation costs that have been included in marketing, general and administrative expenses for the three and six month period ended June 30, 2014 amounted to $427 and $813 ($314 and $755 for the three and six month period ended June 30, 2013, respectively).

Changes in the number of DSU's are summarized below:

	January 1, 2014 to June 30, 2014	January 1, 2013 to December 31, 2013
	Number of DSU's	Number of DSU's
Deferred share units, beginning of period	**120**	87
Granted	**24**	27
Dividends equivalent	**3**	6
Redeemed	**-**	-
Deferred share units, end of period	**147**	120

(e) Shareholder Rights Plan

The Shareholder Rights Plan is intended to ensure that in the context of an unsolicited take-over proposal for the common shares of Parkland, the Board of Directors has sufficient time to explore and develop strategic alternatives that are in the best interests of Parkland's investors.

The Board of Directors has authorized the issuance of one right in respect of each common share of the Corporation outstanding at the close of business on March 18, 2014 and each share issued thereafter. The rights will become exercisable if a person, together with its affiliates, associates and joint actors, acquires or announces an intention to acquire beneficial ownership of common shares which, when aggregated with its current holdings, total 20 per cent or more of the outstanding common shares of the Corporation (determined in the manner set out in the Rights Plan). Following the acquisition of 20 per cent or more of the outstanding common shares, each right held by a person other than the acquiring person and its affiliates, associates and joint actors would, upon exercise, entitle the holder to purchase the common shares at a substantial discount to the market price of the common shares at that time.

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

19. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Interest on long-term debt	**3,375**	1,810	**5,894**	3,783
Interest and accretion on convertible debentures	**2,630**	2,606	**5,196**	5,278
Amortization of deferred financing costs	**542**	366	**960**	653
Accretion on refinery remediation	**128**	136	**241**	272
Accretion on asset retirement obligation	**558**	81	**980**	150
Change in fair value of Redemption Option	**80**	-	**80**	-
Amortization of debt premium arising from Redemption Option	**(40)**	-	**(40)**	-
Loss (gain) on interest rate swap	**(160)**	(325)	**(348)**	101
Finance costs	**7,113**	4,674	**12,963**	10,237

20. CAPITAL MANAGEMENT

Parkland's capital structure is comprised of bank indebtedness, long-term debt including current portion, convertible debentures and shareholders' equity, less cash and cash equivalents and restricted cash. Parkland's objectives when managing its capital structure are to:

I. Maintain financial flexibility so as to preserve the Corporation's access to capital markets and its ability to meet its financial obligations; and
II. Finance internally generated growth as well as potential acquisitions.

Parkland monitors its capital structure and financing requirements using non-GAAP financial metrics consisting of Net Debt to Capitalization and Net Debt to Adjusted EBITDA. The metrics are used to monitor and guide the Corporation's overall financial strength and flexibility of capital structure.

Parkland currently targets a Net Debt to Capitalization ratio of below 50% on a long-term basis. This target may be exceeded if strategic acquisitions are available. At June 30, 2014, the Net Debt to Capitalization ratio was 47% (December 31, 2013 – 44%), calculated as follows:

	June 30, 2014	December 31, 2013 (revised - see note 2)
Bank Indebtedness	**5,438**	2,539
Long-term debt (including current portion)	**303,011**	224,309
Convertible debentures (including current portion)	**126,188**	127,407
Cash and cash equivalents	**(12,281)**	(8,986)
Restricted cash	**(1,833)**	(1,833)
Net Debt	**420,523**	343,436
Shareholders' equity	**472,323**	429,823
Capitalization	**892,846**	773,259
Net Debt to Capitalization	**47%**	44%

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

Parkland currently targets a Net Debt to Adjusted EBITDA ratio of less than 3.0 times (December 31, 2013 – 3.0 times). This target may be exceeded if strategic acquisitions are available. Adjusted EBITDA from acquisitions is not included for periods prior to acquisition in the following trailing twelve-month Adjusted EBITDA calculation. At June 30, 2014 the debt to Adjusted EBITDA ratio was 2.27 times (December 31, 2013 – 1.66 times) calculated on a trailing twelve-month basis as follows:

	June 30, 2014	December 31, 2013
Net Debt	**420,523**	343,436
Net earnings	**70,333**	91,957
Add:		
Depreciation and amortization	**67,204**	56,003
Finance costs [(1)]	**22,634**	19,884
Unrealized loss from foreign exchange	**451**	592
Loss on disposal of property, plant and equipment	**3,219**	2,440
Unrealized gain from the change in fair value of commodities forward contracts, US dollar forward exchange contracts and future contracts	**(11,245)**	(1,309)
Income tax expense	**24,498**	31,010
Acquisition costs	**8,168**	6,852
Adjusted EBITDA [(2)]	**185,262**	207,429
Net Debt to Adjusted EBITDA	**2.27**	1.66

(1) Includes realized and unrealized (gain) loss on the interest rate swap
(2) Includes the realized and unrealized (gain) loss on put options

The Corporation manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving objectives stated above. To manage the capital structure, Parkland may adjust capital spending, adjust dividends paid to shareholders, issue new equity, issue new debt or repay existing debt.

21. ACQUISITIONS

(a) Acquisition of SPF Energy Inc.

On January 8, 2014, the Corporation completed the acquisition of 100% of outstanding shares of SPF Energy Inc. based in North Dakota, USA. SPF Energy Inc. supplies and distributes approximately 1.1 billion litres (300 million gallons) of refined petroleum products through North Dakota, Montana, Minnesota, South Dakota and Wyoming. This acquisition provides Parkland with an expandable platform for growth in the Northwest United States and export opportunities for excess refined product in Western Canada. In addition, it enhances supply capabilities leveraging Elbow River Marketing rail assets.

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

The preliminary fair value of the identifiable assets and liabilities of SPF Energy Inc. are as follows:

	January 8, 2014 (restated)
Assets	
Cash	**2,576**
Accounts receivable	**44,347**
Prepaid expenses and other	**3,177**
Inventory	**14,451**
Income tax receivable	**227**
Property, plant and equipment (Note 10)	**31,002**
Intangible assets (Note 11)	**52,048**
	147,828
Liabilities	
Accounts payable and accrued liabilities	**(32,272)**
Deferred revenue	**(739)**
Asset retirement obligation (Note 16)	**(5,354)**
Bank indebtedness	**(10,455)**
Collateralized notes	**(7,901)**
Deferred tax liability	**(27,522)**
	(84,243)
Goodwill arising on acquisition (Note 12)	**34,548**
Purchase consideration transferred	**98,133**
Fair value analysis of purchase consideration transferred	
Cash paid	**76,649**
Common shares (Note 18)	**21,484**
Total purchase consideration	**98,133**
Analysis of cash flows on acquisition	
Cash paid	**76,649**
Net cash acquired	**(2,576)**
Bank indebtedness assumed	**10,455**
Net cash outflow (included in cash used in investing activities)	**84,528**

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on the preliminary fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisition, with the excess of the purchase price over the fair value being allocated to goodwill. During the three months ended June 30, 2014, the Corporation made revisions to certain preliminary estimates that resulted in an increase of $3,446 to property, plant and equipment and an increase of $3,446 to asset retirement obligation. These adjustments have been applied retrospectively to the acquisition date of January 8, 2014, resulting in revised property, plant and equipment and asset retirement obligation balances of $31,002 and $5,354 respectively. Given the recent timing of the transaction, Parkland is still assessing the fair value of the net assets acquired. As a result, these amounts are subject to change.

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

The fair value of accounts receivable amounts to $44,347. The gross amount of trade receivables is $45,726. None of the accounts receivable amounts have been impaired and it is expected that the full contractual amounts can be collected. Accounts payable and accrued liabilities acquired have a fair value that equal their gross contractual value and expected cash outflow at the acquisition date.

The goodwill of $34,548 is attributable to the anticipated future revenue from the expansion of Parkland in the Northwest United States, export opportunities for excess refined product in Western Canada, and expected synergies from combining the assets and liabilities of SPF Energy Inc. with those of the Corporation. The total amount of goodwill recognized is not deductible for income tax purposes.

Share consideration was calculated using the trading price of $18.48 per common share.

Since the date of acquisition, revenue of $520,289 and net income of $1,249 are included in the June 30, 2014 consolidated statement of comprehensive (loss) income.

(b) Acquisition of Chevron-branded service stations

On April 2, 2014, the Corporation completed the acquisition of twelve Chevron-branded service stations located in northern British Columbia. The service stations acquired are expected to sell approximately 36 million litres of fuel annually and provide Parkland with access to an additional major retail fuel brand. Chevron's strong brand equity will enhance the development of Parkland's dealer business and will support Parkland's growing retail presence in British Columbia.

The preliminary fair value of the identifiable assets and liabilities of the acquired twelve Chevron-branded service stations are as follows:

	April 2, 2014
Assets	
Inventory	1,604
Property, plant and equipment (Note 10)	8,193
	9,797
Liabilities	
Asset retirement obligation (Note 16)	(3,236)
	(3,236)
Goodwill arising on acquisition (Note 12)	9,885
Purchase consideration transferred	16,446
Fair value analysis of purchase consideration transferred	
Cash paid	16,446
Total purchase consideration	16,446
Analysis of cash flows on acquisition	
Cash paid	16,446
Net cash outflow (included in cash used in investing activities)	16,446

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

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on the preliminary fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisition, with the excess of the purchase price over the fair value being allocated to goodwill. Given the recent timing of the transaction, Parkland is still assessing the fair value of the net assets acquired. As a result, these amounts are subject to change.

The goodwill of $9,885 is attributable to the anticipated future revenue from the service stations, location and characteristics of the service stations and expected synergies arising from the acquisition. Seventy five percent of the amount of goodwill recognized is deductible for income tax purposes.

Since the date of acquisition, revenue of $8,578 and net income of $545 are included in the June 30, 2014 consolidated statement of comprehensive (loss) income.

22. NET CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended June 30,		**Six months ended June 30,**	
	2014	2013	**2014**	2013
Accounts receivable	**64,840**	112,242	**24,991**	61,990
Inventories	**(4,565)**	6,922	**6,162**	10,446
Income taxes receivable	**(4,150)**	-	**(10,573)**	-
Prepaid expenses and other	**5,657**	7,457	**(729)**	5,442
Accounts payable and accrued liabilities	**(11,266)**	(39,748)	**(27,030)**	30,796
Income tax payable	**-**	(231)	**-**	(16,771)
Deferred revenue	**(8,200)**	(9,334)	**(4,705)**	(6,711)
Total net changes in non-cash working capital	**42,316**	77,308	**(11,884)**	85,192

23. SEGMENTED INFORMATION

During the first quarter of 2014, Parkland changed its internal organizational structure resulting in the following operating segments based on the nature of their products and services: i) Parkland Retail Fuels, ii) Parkland Wholesale, Supply and Distribution and iii) Parkland Commercial Fuels. The Corporation also reports activities not directly attributable to an operating segment under Corporate. Parkland has changed its segmented information to be in line with its internal reorganization and has amended its prior year segment information to conform to the current year presentation. These segments are defined as follows:

Parkland Retail Fuels

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

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. In addition, SPF Energy Inc. maintains the Superpumper brand.

Parkland Commercial Fuels

Parkland 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 and the Northwestern United States. Parkland Commercial Fuels' brands include: Bluewave Energy, Columbia Fuels, Sparlings Propane Co. Ltd. and Island Petroleum.

Parkland 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.

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

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. Inter-segmental 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 Retail Fuels		Parkland Commercial Fuels		Parkland Wholesale, Supply and Distribution		Corporate		Consolidated	
For the three months ended June 30,	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fuel and petroleum products volume (millions of litres)	457,764	438,041	319,332	311,670	1,145,350	830,817	-	-	1,922,446	1,580,528
Sales and operating revenue - external and intersegmental										
Fuel and petroleum product revenue	475,582	422,151	307,773	279,824	1,995,281	1,454,300	-	-	2,778,636	2,156,275
Non-fuel revenue	12,864	4,576	89,372	84,443	23,746	12,159	309	98	126,291	101,276
Total sales and operating revenue - external and intersegmental	488,446	426,727	397,145	364,267	2,019,027	1,466,459	309	98	2,904,927	2,257,551
Less: intersegment revenues			(7,405)	(6,633)	(1,018,369)	(908,221)	-	-	(1,025,774)	(914,854)
Sales and operating revenue	488,446	426,727	389,740	357,634	1,000,658	558,238	309	98	1,879,153	1,342,697
Cost of sales, excluding depreciation										
Fuel and petroleum product cost of sales	452,275	401,434	277,124	250,758	1,960,231	1,396,872	-	-	2,689,630	2,049,064
Non-fuel costs of sales	5,258	-	71,280	69,679	15,440	9,709	(123)	(120)	91,855	79,268
Total cost of sales, excluding depreciation	457,533	401,434	348,404	320,437	1,975,671	1,406,581	(123)	(120)	2,781,485	2,128,332
Less: intersegment cost of sales			(7,405)	(6,633)	(1,018,366)	(908,221)	157	362	(1,025,614)	(914,492)
Net cost of sales	457,533	401,434	340,999	313,804	957,305	498,360	34	242	1,755,871	1,213,840
Adjusted gross profit										
Fuel and petroleum product adjusted gross profit (before risk management)	23,307	20,717	30,649	29,065	35,050	57,428	-	-	89,006	107,210
Realized (loss) gain on risk management activities	-	-	-	-	(273)	(4,372)	-	-	(273)	(4,372)
Realized (loss) gain on foreign exchange	-	-	-	-	(1,610)	1,234	41	34	(1,569)	1,268
Fuel and petroleum product adjusted gross profit	23,307	20,717	30,649	29,065	33,167	54,290	41	34	87,164	104,106
Non-fuel adjusted (loss) gross profit	7,606	4,576	18,092	14,764	8,306	2,450	272	(145)	34,276	21,645
Total adjusted gross profit	30,913	25,293	48,741	43,829	41,473	56,740	313	(111)	121,440	125,751
Customer finance income	-	(3)	(624)	(601)	(274)	(23)	31	(105)	(867)	(732)
Operating costs	9,761	6,757	33,350	30,472	17,181	6,497	(157)	(363)	60,135	43,363
Marketing, general and administration	3,580	3,111	6,601	6,753	6,307	6,842	12,425	10,522	28,913	27,228
Realized gain on risk management activities	-	-	-	-	-	(427)	(10)	-	(10)	(427)
less: acquisition costs, included in marketing, general and administrative expenses	-	-	-	-	-	-	(2,424)	(1,795)	(2,424)	(1,795)
Adjusted EBITDA	17,572	15,428	9,414	7,205	18,259	43,851	(9,552)	(8,370)	35,693	58,114
Depreciation and amortization	-	-	-	-	-	-	20,407	14,757	20,407	14,757
Finance costs	-	-	-	-	-	-	7,113	4,674	7,113	4,674
Loss (gain) on disposal of property, plant and equipment	-	-	-	-	-	-	27	125	27	125
Acquisition costs (1)	-	-	-	-	-	-	2,424	1,795	2,424	1,795
Unrealized (gain) loss from the change in fair value of commodities	-	-	-	-	-	-	(3,645)	7,321	(3,645)	7,321
forward contracts and US dollar forward exchange contracts	-	-	-	-	-	-	-	-	-	-
Unrealized loss (gain) on foreign exchange	-	-	-	-	-	-	437	(103)	437	(103)
Earnings before income taxes									8,930	29,545
Additions to property, plant and equipment	6,156	2,045	4,433	33,430	950	2,004	867	1,070	12,406	38,549

(1) Acquisition costs include direct and indirect costs related to acquisition targets.

	Parkland Retail Fuels		Parkland Commercial Fuels		Parkland Wholesale, Supply and Distribution		Corporate		Consolidated	
For the six months ended June 30,	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fuel and petroleum products volume (millions of litres)	874,525	837,867	836,290	744,382	2,483,873	1,398,245	-	-	4,194,688	2,980,495
Sales and operating revenue - external and intersegmental										
Fuel and petroleum product revenue	879,736	787,576	834,080	683,205	4,103,943	1,918,046	-	-	5,817,759	3,388,827
Non-fuel revenue	24,331	8,506	169,293	144,241	44,354	26,298	588	202	238,566	179,247
Total sales and operating revenue - external and intersegmental	904,067	796,082	1,003,373	827,446	4,148,297	1,944,344	588	202	6,056,325	3,568,074
Less: intersegment revenues	-	-	(16,484)	(13,620)	(2,136,424)	(998,933)	-	-	(2,152,908)	(1,012,553)
Sales and operating revenue	904,067	796,082	986,889	813,826	2,011,873	945,411	588	202	3,903,417	2,555,521
Cost of sales, excluding depreciation										
Fuel and petroleum product cost of sales	837,317	748,762	744,889	603,514	4,014,381	1,822,493	-	-	5,596,587	3,174,769
Non-fuel costs of sales	9,640	2	133,080	113,298	28,516	22,995	(96)	(49)	171,140	136,246
Total cost of sales, excluding depreciation	846,957	748,764	877,969	716,812	4,042,897	1,845,488	(96)	(49)	5,767,727	3,311,015
Less: intersegment cost of sales	-	-	(16,484)	(13,620)	(2,136,424)	(998,933)	339	557	(2,152,569)	(1,011,996)
Net cost of sales	846,957	748,764	861,485	703,192	1,906,473	846,555	243	508	3,615,158	2,299,019
Adjusted gross profit										
Fuel and petroleum product adjusted gross profit (before risk management)	42,419	38,814	89,191	79,691	89,562	95,553	-	-	221,172	214,058
Realized (loss) gain on risk management activities	-	-	-	-	(7,149)	(5,060)	-	-	(7,149)	(5,060)
Realized gain (loss) on foreign exchange	-	-	-	-	325	1,249	1	(19)	326	1,230
Fuel and petroleum product adjusted gross profit	42,419	38,814	89,191	79,691	82,738	91,742	1	(19)	214,349	210,228
Non-fuel adjusted gross profit	14,691	8,504	36,213	30,943	15,839	3,303	345	(306)	67,088	42,444
Total adjusted gross profit	57,110	47,318	125,404	110,634	98,577	95,045	346	(325)	281,437	252,672
Customer finance income	-	(4)	(1,224)	(1,021)	(232)	(23)	(40)	(152)	(1,496)	(1,200)
Operating costs	18,801	12,922	74,176	64,587	32,741	8,914	(345)	(553)	125,373	85,870
Marketing, general and administration	7,185	6,537	13,227	13,296	20,311	11,941	24,574	20,373	65,297	52,147
Realized loss (gain) on risk management activities	-	-	-	-	-	61	(7)	-	(7)	61
less: acquisition costs, included in marketing, general and administrative expenses	-	-	-	-	-	-	(4,636)	(3,320)	(4,636)	(3,320)
Adjusted EBITDA	31,124	27,863	39,225	33,772	45,757	74,152	(19,200)	(16,673)	96,906	119,114
Depreciation and amortization	-	-	-	-	-	-	38,882	27,681	38,882	27,681
Finance costs	-	-	-	-	-	-	12,963	10,237	12,963	10,237
Loss (gain) on disposal of property, plant and equipment	-	-	-	-	-	-	1,177	400	1,177	400
Acquisition costs (1)	-	-	-	-	-	-	4,636	3,320	4,636	3,320
Unrealized (gain) loss from the change in fair value of commodities	-	-	-	-	-	-	(1,089)	8,860	(1,089)	8,860
forward contracts and US dollar forward exchange contracts	-	-	-	-	-	-	-	-	-	-
Unrealized (gain) loss on foreign exchange	-	-	-	-	-	-	(580)	(438)	(580)	(438)
Earnings before income taxes									40,917	69,054
Additions to property, plant and equipment	24,382	2,423	12,438	39,842	6,717	4,778	1,817	1,818	45,354	48,861

(1) Acquisition costs include direct and indirect costs related to acquisition targets.

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,	
	2014	2013	**2014**	2013
Revenue from external customers - Canada	**1,635,762**	1,342,697	**3,383,128**	2,555,521
Revenue from external customers - United States	**243,391**	-	**520,289**	
Sales and operating revenue	**1,879,153**	1,342,697	**3,903,417**	2,555,521

	As at June 30, 2014		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**321,347**	**29,592**	**350,939**
Intangible assets	**117,057**	**47,549**	**164,606**
Goodwill	**142,101**	**34,538**	**176,639**
Total	**580,505**	**111,679**	**692,184**

	As at December 31, 2013		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	319,344	-	319,344
Intangible assets	127,011	-	127,011
Goodwill	132,493	-	132,493
Total	578,848	-	578,848

24. RELATED PARTY TRANSACTIONS

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The fees paid during the six months ended June 30, 2014 amounted to $863 (June 30, 2013 – $1,662) including $1 (June 30, 2013 – $156) in amounts payable at June 30, 2014.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

25. CONTINGENCIES AND COMMITMENTS

(a) Legal

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

The Corporation recognized $9,800 for legal claims in the fourth quarter of 2013, 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. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on Parkland's financial position, results of operations, or cash flows. No additional amounts have been recorded during the six months ended June 30, 2014.

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

(b) Commitments

Parkland has operating leases primarily for buildings, offices, rail tank cars, warehouses, equipment and land. These operating leases expire at various dates over the next 32 years. The minimum payments required under these commitments are as follows:

	2014	2015	2016	2017	2018	Thereafter	Total
Obligations under operating leases	18,675	26,956	22,993	10,546	16,117	22,038	117,325

26. 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 and propane demand during the colder months.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the presentation adopted in the current period.