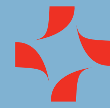


Superior Plus

Annual Report 2011

Performance Highlights

Financial Results

(millions of dollars)	2011	2010
Revenues	**3,925.6**	3,537.4
Gross profit	**827.5**	780.6
EBITDA from operations [1]	**273.0**	243.0
Adjusted operating cash flow [1]	**180.4**	162.9
Net loss	**(302.6)**	(75.8)
Dividends	**127.7**	171.2
(dollar per basic share except shares outstanding)		
EBITDA from operations [1]	**2.50**	2.30
Adjusted operating cash flow [1]	**1.65**	1.54
Net loss	**(2.77)**	(0.72)
Dividends	**1.17**	1.62
Weighted average shares outstanding (millions)	**109.2**	105.6

Financial Position

(millions of dollars except debt ratios)	2011	2010
Total assets	**2,193.4**	2,696.9
Total liabilities	**1,843.8**	1,942.5
Net capital expenditures	**35.0**	38.0
Acquisitions	**15.1**	166.2
Senior debt [2] [3]	**612.1**	590.0
Total debt [2] [3]	**1,353.5**	1,381.4
Senior debt/Compliance EBITDA [4]	**2.3x**	2.6x
Total debt/Compliance EBITDA [4]	**5.1x**	6.0x

[1] Earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA from operations and adjusted operating cash flow (AOCF) are not recognized financial measures under International Financial Reporting Standards (IFRS). See Superior's Management's Discussion and Analysis, "Non-IFRS Financial Measures" for additional details.
[2] Includes off-balance sheet accounts receivable securitization program.
[3] Senior debt and total debt are stated before deferred issue costs.
[4] See Superior's Management's Discussion and Analysis for additional details and Superior's Consolidated Financial Statements for the calculation of Compliance EBITDA.

Contents

Performance Highlights IFC
President's Message 1
Energy Services 3
Specialty Chemicals 6
Construction Products Distribution 8
Management Team 10
Board of Directors 11
Corporate Governance 12
Management's Discussion and Analysis 14
Management's Report 63
Independent Auditors' Report 64
Consolidated Financial Statements 65
Notes to the Consolidated Financial Statements 69
Selected Historical Information 158
Corporate Information 159
Businesses 160
Shareholder Information IBC

President's Message

Since commencing the role of President and Chief Executive Officer on November 14, 2011, I have been intently focused on obtaining a ground floor or grass roots understanding of Superior's businesses and its people.

Luc Desjardins
President and
Chief Executive Officer

Based on my past experiences, it is vitally important to understand a business and its people in order to effectively manage and direct that business. Based on the limited time I have spent interacting with Superior's businesses and people, I am extremely encouraged by what I have experienced to date. Superior's businesses are well positioned in their respective markets, have excellent opportunities looking forward and have a dedicated and talented group of employees who are committed to ensuring the long-term success of Superior. All of which, in my view, are necessary to create long-term success for all of Superior's stakeholders.

Economy and Business in 2011

Although my time with Superior in 2011 was brief, 2011 proved to be a difficult year for many companies, Superior included. Ongoing uncertainty in the global economy, the European sovereign debt crisis and concerns regarding the U.S. economy and U.S. sovereign debt have created continued volatility in world and North American capital markets, making the management of any business more difficult than ever. In 2011, due to a combination of business performance and volatility in capital markets, Superior made the difficult decision to reduce its monthly dividend from $0.135 per share to $0.05 per share. These decisions were not made lightly and not without careful consideration of the impact on Superior's shareholders and other stakeholders, but ultimately were viewed as a necessary step to ensure the long-term success of Superior. Superior understands the impact this had on our shareholders, and while it was a difficult decision, it was necessary to ensure Superior maintained the financial flexibility to execute its long-term strategy. Superior will continue to work hard with the goal that all of our stakeholders are rewarded for their commitment to Superior.

Creating a Best in Class Organization

My primary goal and vision for Superior is to build best in class businesses throughout the entire organization. As a result of the current economic environment, it is extremely important we continue to improve and review all aspects of our business for improvements on an ongoing basis. I am a strong believer in continuous improvement, as it is the corner stone to build and maintain a best in class organization. Building a best in class organization and realizing the full benefits of, is a long-term objective, but one that we have already begun. As part

I am a strong believer in continuous improvement, as it is the corner stone to build and maintain a best in class organization.

of transforming Superior into a best in class organization, the President of each business and their respective teams have identified a number of significant business and process improvement opportunities which are currently being assessed in detail. Although I am confident that these process improvement opportunities will result in significant improvements in the medium and long-term, it is not yet possible to provide an estimate of the impact and the timing of completion for these opportunities. The transformation to a best in class organization will be a difficult and challenging process but I want to assure our shareholders that it is an undertaking Superior is committed to seeing to completion. The potential benefits are too great to ignore. Superior must and will remain committed to becoming a best in class organization across all of its businesses.

Acknowledgements

Superior's success will ultimately be due to the hard work and dedication of our more than 4,600 employees. I would like to thank each of our employees for your commitment to your respective businesses. I also welcome every new employee to the Superior organization. I would also like to thank each of our directors for the opportunity to lead Superior. I look forward to working with each of you in the coming year. On behalf of the entire organization, I would like to thank our securityholders for your continued support and confidence in Superior.

I would also like to thank Grant Billing for his contributions and dedication to Superior in the role of Chief Executive Officer of Superior. I look forward to working with Mr. Billing in his current role of Chairman of the Board. I would also like to thank Peter Valentine for his contributions to Superior's Board of Directors. Mr. Valentine has decided to not stand for re-election in 2012. Mr. Valentine has been a member of Superior's Board of Directors since 2004.

On behalf of the Board of Directors,

Luc Desjardins
President and Chief Executive Officer
February 16, 2012

Energy Services

Superior's Energy Services business provides distribution, supply portfolio management and related services covering propane, heating oil and other refined fuels throughout Canada and the northeast United States. Energy Services also provides fixed-price natural gas supply services in Ontario, Quebec and British Columbia and fixed-price electricity supply services in Ontario.

Energy Services' EBITDA from operations for 2011 was $133.6 million compared to $114.7 million in the prior year. The business's EBITDA from operations is calculated as follows:

(millions of dollars)	**2011**	2010
Gross profit summary		
Canadian Propane Distribution	**223.0**	216.7
U.S. Refined Fuels	**137.7**	130.1
Other services	**42.3**	43.1
Supply portfolio management	**15.1**	15.9
Fixed-price energy services	**37.1**	29.1
Operating expenses	**(321.6)**	(320.2)
EBITDA from operations	**133.6**	114.7

Energy Services' results in 2011 were significantly improved compared to 2010. Improvements in gross profits at the Canadian Propane Distribution business were due to increased industrial sales volumes as a result of strong oil and gas related sales volumes which more than offset the reduction in residential sales volumes due to warmer than average temperatures experienced in 2011 relative to 2010. The U.S. Refined Fuels business also had improved operating results in 2011 relative to 2010, as improved sales margins due to margin management initiatives and improved sales volumes due to sales and marketing efforts, more than offset the impact of warmer than average temperatures. The fixed-price energy services business had a strong year due to the extension of existing customer contracts at favourable margins. Operating costs were consistent with the prior year as cost reduction initiatives, reductions in the fixed-price energy risk reserves and the absence of integration costs incurred in the prior year offset general inflationary increases. The Energy Services business continues to actively explore opportunities to manage its expenses in relation to changes in volumes.

Market Fundamentals

The Energy Services business anticipates that the market in 2012 will be similar to 2011. A summary is as follows:

- Industrial/oilfield propane demand will continue to be strong in Canada;
- U.S. Northeast heating oil demand will continue to decline but propane and commercial fuel volumes will increase; and

- Customer conservation will continue to be prevalent due to economic uncertainty, high commodity prices and energy efficiency.

Strategy Moving Forward

Superior will continue to position its Energy Services business to allow it to grow in a profitable and sustainable manner. The Energy Services business will strive to provide sustainable, long-term cash flow through the following measures:

- Improve customer service levels;
- Continue to focus on reducing cost structure and improving operational efficiencies;
    - All aspects of the business to be reviewed including working capital management, capital expenditure assessment and overall logistics;
- Continued investment in new technologies and optimization of the technologies introduced over the last several years;
- Continued focus on sales and marketing programs by becoming more customer centric;
- Cross-selling of complementary product offerings amongst Superior's existing customer base; and
- Optimization of storage and delivery capacity for propane and refined fuels, which will provide the supply portfolio management business with increased market opportunities.

Energy Services at a Glance

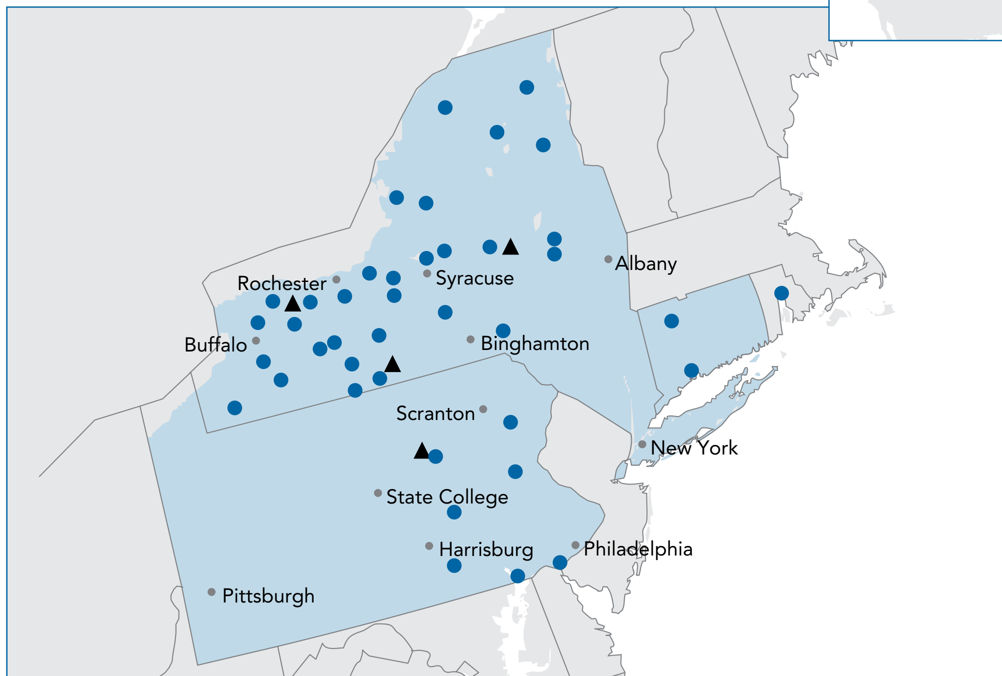
The Energy Services business has a large diversified customer base.

	Canadian Propane Distribution	U.S. Refined Fuels	Fixed-Price Energy Services	Total
Customers	160,000	224,000	58,789	442,789
Sales volumes (millions of litres)	1,305	1,741	n/a	3,046
Fleet (number of vehicles)	772	904	n/a	1,676
Employees	1,345	1,131	50	2,526

Canadian Propane Footprint

Location
Terminal

Northeast U.S. Refined Fuels Footprint



Specialty Chemicals

Superior's Specialty Chemicals business is a leading supplier of sodium chlorate and technology to the pulp and paper industries, and a regional supplier in the Midwest United States of potassium and chloralkali products.

Specialty Chemicals' EBITDA from operations for 2011 was $115.2 million compared to $101.5 million in the prior year. The business's EBITDA from operations is calculated as follows:

(millions of dollars)	2011	2010
Gross profit	**238.7**	220.2
Operating expenses	**(123.5)**	(118.7)
EBITDA from operations	**115.2**	101.5
Chemical sales volumes (thousands of metric tonnes)	**772**	735

Specialty Chemicals' 2011 operating results were a significant improvement over the prior year due to the increased chemical sales volumes and improved overall pricing.

The expansion of the Port Edwards facility in 2009 provided the foundation for new sales channels throughout 2010, of which the full year impact was realized in the 2011 results, resulting in improved chloralkali sales volumes. Selling prices of chloralkali products in 2011 were stronger than in 2010 due to ongoing general economic improvements and improvement in supply demand fundamentals, particularly related to hydrochloric acid. Demand for hydrochloric acid was very strong due principally to oil and gas drilling activity throughout North America, allowing for improved pricing throughout 2011.

Gross profits from sodium chlorate sales volumes were modestly higher in 2011 over the prior year due to strong demand for pulp which resulted in strong demand for sodium chlorate. The North American and international markets for sodium chlorate were strong in 2011, supporting modestly higher selling prices. Although pulp demand and pricing moderated in the second half of 2011, the overall market continues to be strong, providing relative demand and pricing stability for sodium chlorate.

Market Fundamentals

- Demand for sodium chlorate will continue to be strong due to the relative strength in pulp markets;
  - Strong demand for chlorate will result in improved U.S. dollar pricing which will be partially offset by reduced hedging gains relative to the prior year;
  - Pulp markets have softened from 2011 highs but continue to be strong relative to historical levels with excellent long-term fundamentals;
- Demand for chloralkali products remains strong;
  - North American markets will remain stable, Superior's chloralkali facilities are strategically positioned providing a competitive advantage;
  - Global demand remains steady, the North American export market is benefitting from low natural gas prices and a historically weaker U.S. dollar; and
  - Demand for hydrochloric acid is particularly robust due to oil and gas drilling activity.

Strategy Moving Forward

The strategy of the Specialty Chemical's business for 2012 is a continuation of the strategy implemented over the last several years:

- Increase the operating capacity and efficiency at existing chemical facilities through strategic capital investment;
  - Organic growth opportunities will allow for strategic capacity expansion to take advantage of existing market conditions, for example strong demand for hydrochloric acid;
  - Reduced operating costs will help to ensure the business's facilities remain competitive over the long-term;
- Continue to leverage proprietary chlorine dioxide technology and strategic partnerships by exploring international expansion opportunities, particularly in South America, similar to that of the business's Chilean operations;
- Explore opportunities over the long-term to expand into additional inorganic chemicals that are a strategic fit to the existing business; and
- Explore opportunities to attract new customers with adjacent land at the Port Edwards facility.

Specialty Chemicals at a Glance

Construction Products Distribution

Superior's Construction Products Distribution business is one of North America's leading distributors of commercial and industrial insulation and specialty walls and ceiling products. It is the largest distributor of specialty construction products to the walls and ceilings industry in Canada.

Construction Products Distribution's EBITDA from operations for 2011 was $24.2 million compared to $26.8 million in the prior year. The business's EBITDA from operations is calculated as follows:

(millions of dollars)	**2011**	2010
Gross profit	**174.7**	172.3
Operating expenses	**(150.5)**	(145.5)
EBITDA from operations	**24.2**	26.8

The 2011 operating results, including gross profit, were generally consistent with prior year but relative to historical levels, continue to be negatively affected by the ongoing weakness in the U.S. economy. In particular, the U.S. housing and construction markets are very weak, reducing average selling prices and gross margins. The ongoing economic weakness, particularly in the U.S., impacted new home residential housing starts and commercial building activity across most of North America, which in turn resulted in reduced demand and selling prices for architectural products and commercial and industrial insulation. Gross profits benefitted from successfully expanding the gypsum product line into select U.S. branches; future expansions will be assessed on a market-by-market basis, the product line expansion will positively impact future year results, particularly as end-use markets return to normalized levels. Construction activities in Canada were generally consistent with the prior year in terms of housing starts and commercial construction activity, but there was a shift to multi-family and smaller single family dwellings, both of which require less gypsum than large single family homes, thereby reducing overall demand for gypsum and related products.

Operating expenses were higher than the prior year due general inflationary wage increases, costs associated with expansion of the gypsum supply business into select U.S. markets and the full-year impact of the acquisition of Burnaby Insulation in June 2010. The Construction Products Distribution business continues to actively assess opportunities to reduce its cost structure in light of ongoing difficult market conditions.

Market Fundamentals

The Construction Products Distribution anticipates that the operating environment for 2012 will be very similar to 2011. A summary of the market fundamentals is as follows:

- Ongoing U.S. economic weakness, particulary in the housing and construction sectors will continue to challenge the business;
  - Low gypsum and insulation capacity utilization has resulted in reduced pricing leverage;
  - U.S. housing starts appear to be stabilized although continued headwinds persist suggesting that improvements in the housing markets are not anticipated for several years;

- Industrial business spending continues to be stable supporting insulation related purchasing; and

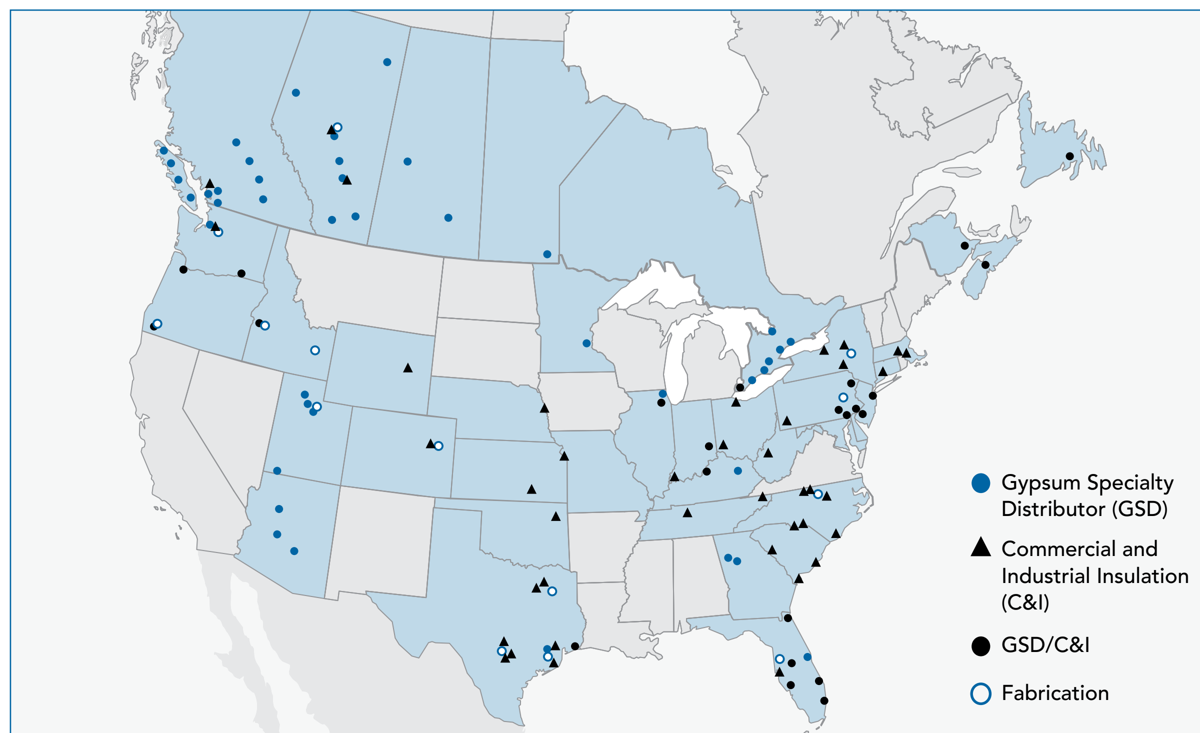
- Housing starts in Canada remain relatively stable supported by demographic demand and low interest rates.

Strategy Moving Forward

Superior will continue to carefully manage its Construction Products Distribution business to ensure it remains a leading distributor of specialty building products that is well positioned to take advantage of future improvements in the North American specialty construction markets by undertaking the following actions:

- Continue to focus on reducing cost structure and improving operational efficiencies;
  - All aspects of the business to be reviewed including procurement, working capital management and capital expenditure assessment;
  - A review of the overall delivery and service platform to determine if the existing operations model is driving ongoing efficiencies;
- Continue to integrate walls and ceilings product offerings with commercial and industrial insulation product offerings across the business's North American footprint on a market-by-market basis to take advantage of supplier relationships and provide customers with a full-service product offering; and
- Restructuring existing business operations.

Construction Products Distribution at a Glance



Management Team

Luc Desjardins
President and
Chief Executive Officer

Mr. Desjardins joined Superior Plus as President and CEO in 2011. Prior to joining Superior Plus, Mr. Desjardins was a partner of the Sterling Group, a private equity firm. Mr. Desjardins also served as CEO at Transcontinental Inc. from 2004 to 2008 and President and COO from 2000 to 2004. Mr. Desjardins holds a Masters of Business Administration degree from the University of Quebec and has taken the Harvard Business School Management Development Program.

Wayne M. Bingham
Executive Vice-President and
Chief Financial Officer

Mr. Bingham joined Superior in 2006. He previously was Chief Financial Officer at Finning International Inc. and Ontario Power Generation. He has extensive experience in financial reporting, strategy, compliance, risk management, treasury and supply chain operations. Mr. Bingham holds a B. Comm. (Honours) and is a Chartered Accountant.

Douglas Elliott
President,
Superior Propane

President of Superior Propane since January 1, 2011 and various positions with Superior and its predecessor since November, 2006. Prior thereto, Mr. Elliott held a number of leadership positions in sales & marketing, supply, and enterprise development with Labatt Breweries. Mr. Elliott holds a B.A. from the University of Waterloo.

Greg L. McCamus
President,
U.S. Refined Fuels and
Superior Energy Management

Mr. McCamus was appointed as President of the U.S. Refined Fuels business in late 2009. He joined Superior in 2005 as President of Superior Energy Management. He previously was President of Sprint Canada Business Solutions and held various executive positions within the deregulated telecom industry over a 20-year period. Mr. McCamus holds B.A. and M.B.A. degrees.

Eric McFadden
Executive Vice-President,
Business Development

Mr. McFadden joined Superior in 2008. Prior to joining Superior, he was CEO of a company which developed, constructed, and operated a number of wind power projects. He also spent 14 years in investment banking at a major Canadian bank developing expertise in capital markets and acquisitions. Mr. McFadden holds B.A. and M.B.A. degrees.

Dave Tims
Senior Vice President,
Commodity Portfolio
Management

Mr. Tims joined Superior in 2009. Prior to joining Superior Plus he was CEO of a natural gas storage development company. He has extensive energy marketing, trading and risk management experience as a Managing Director with BMO Nesbitt Burns and prior to that as Director of Supply Services with TransCanada. Mr. Tims holds a B.A. from the University of Calgary and an M.B.A. in Finance from the Simon School of Business at the University of Rochester.

Paul S. Timmons
President,
Specialty Chemicals

Mr. Timmons has been with the Specialty Chemicals business or its predecessor organization, ERCO Worldwide, for 30 years, and was appointed as President in 2001. Mr. Timmons holds an Engineering Diploma from St. Francis Xavier University and a degree in Metallurgical Engineering from Technical University of Nova Scotia.

Paul J. Vanderberg
President,
Construction Products
Distribution

Mr. Vanderberg has been President of the Building Products Distribution business or its predecessor organization, Winroc, since 2000. He previously held various executive positions in general management and business development at USG Corporation, a leading building products manufacturer. Mr. Vanderberg holds B.A. and M.B.A. degrees.

Board of Directors

Luc Desjardins

President and Chief Executive Officer of Superior since November 14, 2011; Previously, Mr. Desjardins was a partner of the Sterling Group, a private equity firm; Mr. Desjardins also served as CEO at Transcontinental Inc. from 2004 to 2008 and President and COO from 2000 to 2004; Mr. Desjardins is also a director of CIBC, a Canadian chartered bank.

Grant D. Billing

Chairman and Chief Executive Officer of Superior since July 2006; On November 14, 2011, Mr. Billing retired as Chief Executive Officer and continues to serve as non-executive Chairman; prior to he was executive Chairman since 1998; previously, President and CEO of Norcen Energy Resources Limited; Director of Provident Energy Ltd.

Catherine (Kay) Best (1)

Director since 2007; Corporate Director and Consultant; former Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region; previous partner with Ernst & Young; Director of Canadian Natural Resources Limited, Enbridge Income Fund Holdings and AltaGas Ltd.

Robert J. Engbloom, Q.C. (2)

Director since 1996; Deputy Chair and Partner of Norton Rose Canada LLP, formerly Macleod Dixon LLP; Director of Parex Resources Inc.; Corporate Secretary of Vermillion Energy Inc. and CE Franklin Ltd.

Randall J. Findlay (2)

Director since 2007; Corporate Director; Past President of Provident Energy from 2001 through 2006; Director of Provident Energy Ltd., Canadian Helicopters Group Inc., Pembina Pipelines Corporation, Compton Petroleum Corporation and Charger Energy Inc.

Norman R. Gish (3)

Director since 2003; Corporate Director and Independent Businessman; Previous Chairman, President and CEO of Alliance Pipeline Ltd. and Aux Sable Liquid Products Inc.; Chairman of ICG Propane Inc., from 1998 to 2000; Director of Provident Energy Ltd. Chair of the Compensation Committee.

Peter A.W. Green (1) (2)

Lead Director since 2003; Director since 1996; Corporate Director and Business Advisor; Chairman of Frog Hollow Group Inc., international business advisors; Director of Gore Mutual Insurance Company; Chair of the Governance and Nominating Committee.

James S.A. MacDonald (3)

Director in 1998 and since 2000; Corporate Director and Chairman of Cormark Securities Inc.; former Chairman and Managing Partner of Enterprise Capital Management Inc.; Director of ICG Propane Inc. from 1998 to 2000; Director of Cymbria Inc.

Walentin (Val) Mirosh (3)

Director since 2007; Corporate Director and President of Mircan Resources Ltd.; former Vice-President and Special Advisor to the President and COO of Nova Chemicals Corp.; former Partner at Macleod Dixon LLP; Director of TC Pipelines LP and Murphy Oil Corporation.

David P. Smith (1)

Director since 1998; Corporate Director; former Managing Partner of Enterprise Capital Management Inc.; Director of Xinergy Ltd.; Chair of the Audit Committee.

Peter Valentine (1)

Director since 2004; Corporate Director and Consultant; past Senior Advisor to the President and CEO of the Calgary Health Region and to the Dean of Medicine of the University of Calgary; past Auditor General of Alberta.

Committee

(1) Audit Committee
(2) Governance and Nominating Committee
(3) Compensation Committee

Corporate Governance

The Board of Directors ("Board") and senior management of Superior Plus Corp. ("Superior") consider good corporate governance to be central to the effective and efficient operation of Superior.

Superior strives to conduct its business ethically and in conformance with applicable laws and regulations. As such, Superior has earned a well-deserved reputation for honesty, integrity and maintaining a high standard of business conduct. To preserve and build upon that reputation, Superior continues to strengthen its governance processes, and foster a good governance culture throughout the organisation.

The Board has general authority over Superior's business and affairs. Superior owns all of the Class A limited partnership units of Superior Plus LP ("Superior LP") and all of the common shares of Superior General Partner Inc. ("Superior GP"), the general partner of Superior LP. Superior LP is a diversified limited partnership with three operating segments comprised of the following businesses: Energy Services, Specialty Chemicals, and Construction Products Distribution.

The Board's fundamental objectives are to enhance the Superior's investments and ensure that Superior and Superior GP meet their obligations and operate the underlying businesses of Superior LP in a responsible, reliable and safe manner. The Board works with management of the businesses to identify business risks and to oversee the appropriate strategies to maximize shareholder value, while seeking to reduce the environmental impacts of our operations and products.

The Board is comprised of 11 members, nine of whom are considered independent. Grant Billing, Chairman, is not considered to be independent as he was recently an executive officer of Superior. Luc Desjardins is not considered to be independent as he is the President and Chief Executive Officer. Since 2003, Peter Green has served as Lead Director to strengthen the independence of the Board from management. The responsibilities of the Board are set forth in a written mandate of the Board which the Board reviews annually and changes as appropriate. Superior is governed by a Code of Business Conduct and Ethics, along

with well defined policies and procedures such as the Communication and Disclosure, Insider Trading and Whistleblower policies, all designed to promote honesty and integrity throughout Superior.

To assist the Board with its fiduciary responsibilities, the Board is supported by an Audit Committee, a Compensation Committee and by a Governance and Nominating Committee. Only independent directors serve on board committees. Each committee has a mandate that sets out its duties and responsibilities. Each committee makes regular reports to the Board. The Board reviews Superior's policies upon the recommendation of the Corporate Governance Committee. As we move forward, the Board will continue to be committed to a high standard in corporate governance and corporate conduct.

In further keeping with our commitment to high standards of corporate governance, Superior has Advisory Committees for each of Superior LP's businesses. The Advisory Committees are composed of three independent directors, senior corporate management and one President from Superior's other businesses. The Advisory Committees were formed with the intent of allowing for more detailed operational reviews at the different business levels which would result in a more focused strategic review at the Board level. In addition, each of Superior's businesses maintains appropriate programs and standards pertaining to quality, health and safety, while being committed to environmental and social responsibility and support for their local communities. These and other programs are also monitored through the Advisory Committees.

Although not formal Board committees, the Advisory Committee structure provides the directors with additional time to address social, environmental and regulatory matters, business opportunities, risks, strategies and challenges and allows the members of the Advisory Committee to provide advice where appropriate and act as the sounding board prior to bringing strategic matters and initiatives to the Board. Membership rotation for the Advisory Committees occurs from time to time in order to provide each Board member with maximum exposure to each of the businesses of Superior LP.

For complete information on our corporate governance practices, please read our 2011 Information Circular. All Committee mandates, including those for the Audit, Compensation and Governance and Nominating Committees, our Code of Business Conduct and Ethics and our corporate governance policies and categorical standards are available at www.superiorplus.com.

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) is a review of the financial performance and position of Superior Plus Corp. (Superior) as at December 31, 2011 and for the years ended December 31, 2011 and 2010. The information in this MD&A is current to February 16, 2012. This MD&A should be read in conjunction with Superior's audited consolidated financial statements and notes to those statements as at December 31, 2011 and for the year ended December 31, 2011.

On January 1, 2011, Superior adopted *International Financial Reporting Standards* (IFRS) for Canadian publicly accountable enterprises. Prior to the adoption of IFRS, Superior followed Canadian Generally Accepted Accounting Principles (GAAP). While IFRS has many similarities to GAAP, some of our accounting policies have changed as a result of our transition to IFRS. The most significant accounting policy changes that have had an impact on the results of our operations are discussed within the applicable sections of this MD&A, and in more detail in the Adoption of IFRS section of this MD&A.

The accompanying audited consolidated financial statements of Superior have been prepared by and are the responsibility of Superior's management. Superior's audited consolidated financial statements as at December 31, 2011 and the years ended December 31, 2011 and 2010 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). Dollar amounts in this MD&A are expressed in Canadian dollars and millions except where otherwise noted.

Overview of Superior

Superior is a diversified business corporation. Superior holds 99.9% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. (Superior GP) as general partner and Superior as limited partner. Superior owns 100% of the shares of Superior GP and Superior GP holds 0.1% of Superior LP. The cash flow of Superior is solely dependent on the results of Superior LP and is derived from the allocation of Superior LP's income to Superior by means of partnership allocations. Superior, through its ownership of Superior LP and Superior GP, has three operating segments: the Energy Services segment which includes a Canadian Propane Distribution business, a U.S. Refined Fuels distribution business, a fixed-price energy services business and a supply portfolio management business; the Specialty Chemicals segment; and the Construction Products Distribution segment.

Summary of Adjusted Operating Cash Flow [1]

(millions of dollars except per share amounts)	2011	2010
EBITDA from operations: [2]		
Energy Services	**133.6**	114.7
Specialty Chemicals	**115.2**	101.5
Construction Products Distribution	**24.2**	26.8
	273.0	243.0
Interest	**(79.2)**	(68.9)
Cash income tax (expense) recovery	**(1.5)**	(0.8)
Corporate costs	**(11.9)**	(10.4)
Adjusted operating cash flow [2]	**180.4**	162.9
Adjusted operating cash flow per share [2], basic [3] and diluted [4]	**$1.65**	$1.54

[1] Superior has restated its 2010 results in accordance with IFRS, see "Adoption of IFRS" for the impact of IFRS on Superior's 2010 results.
[2] Earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted operating cash flow are not IFRS measures. See "Non-IFRS Financial Measures".
[3] The weighted average number of shares outstanding for the year ended December 31, 2011, is 109.2 million (2010 – 105.6 million).
[4] For the years ended December 31, 2011 and 2010, there were no dilutive instruments.

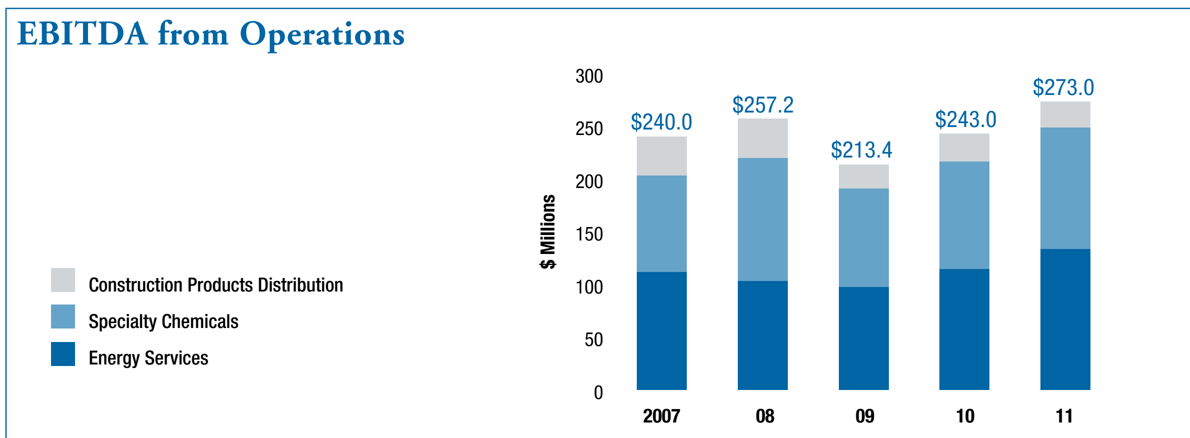
Adjusted Operating Cash Flow Reconciled to Cash Flow from Operating Activities [1]

(millions of dollars)	2011	2010
Net cash flow from operating activities	**291.2**	82.4
Add: Increase (decrease) in non-cash working capital	**(30.1)**	143.3
Other expenses	**–**	6.6
Non cash interest expense	**8.0**	6.6
Less: Income taxes (expense) recovery	**(1.5)**	(0.8)
Finance costs recognized in net earnings	**(85.5)**	(75.2)
Gain on debenture redemption	**(1.7)**	–
Adjusted operating cash flow	**180.4**	162.9

[1] See the Condensed Consolidated Financial Statements for net cash flows from operating activities and changes in non-cash working capital.

Adjusted operating cash flow for the year ended December 31, 2011 was $180.4 million, an increase of $17.5 million or 11% compared to the prior year. The increase in adjusted operating cash flow was due to increased EBITDA from operations of Energy Services and Specialty Chemicals offset in part by higher interest and corporate costs. Adjusted operating cash flow per share was $1.65 per share for the year ended December 31, 2011, an increase of $0.11 per share or 7% due to the increase in adjusted operating cash flow as noted above offset in part by a 3% increase in the weighted average number of shares outstanding. The average number of shares outstanding increased in 2011 as a result of shares issued from Superior's Dividend Reinvestment Program and Optional Share Purchase Plan (DRIP).

As demonstrated in the following chart, Superior is well diversified with Energy Services, Specialty Chemicals and Construction Products Distribution contributing 49%, 42%, and 9% of EBITDA from operations in 2011, respectively.



Superior had a net loss of $302.6 million for 2011, compared to a net loss of $75.8 million for 2010. The net loss was impacted by higher operating costs, impairment of intangible assets and goodwill and higher finance costs offset in part by higher gross profits. The net loss was primarily impacted by $78.0 million in intangible assets and goodwill impairment charges due to continued weakness in Superior's Construction Products Distribution segment (see Note 13 to the Consolidated Financial Statements), a $300.6 million intangible assets and goodwill impairment charge to the Energy Services' segment (see Note 13 to the Consolidated Financial Statements) and an asset write off of $3.4 million at U.S refined fuels due to flooding damage and a fire at one of its branches. Consolidated revenues of $3,925.6 million in 2011 were $388.2 million higher than the prior year due principally to higher Energy Services revenue as a result of the full period contribution of the acquisition of Griffith Holdings Inc. (Griffith), higher commodity prices and increased sales volumes and higher Specialty Chemicals revenue due to increased sales volumes and pricing. Gross profit of $827.5 million was $46.9 million higher than the prior year due to improved gross profit at Energy Services due to higher sales volumes and the contribution from the acquisition of Griffith along with higher Specialty Chemicals gross profits.

Operating expenses of $706.7 million in 2011 were $30.3 million higher than in the prior year, due to the full year contribution of Griffith, increased depreciation expense and corporate costs. The increase in depreciation expense was primarily due to increased amortization at Energy Services as a result of acquisitions completed during 2010 and 2011. Total interest expense of $85.5 million was $10.3 million higher than in the prior year due principally to higher average interest rates on debentures and average debt levels throughout the year due to higher working capital requirements. Unrealized losses on financial instruments were $9.7 million in 2011 compared to unrealized losses of $2.2 million in the prior year. The increase in unrealized losses from the prior year is primarily due to higher unrealized losses in the current year on foreign currency forward contracts due to fluctuations in the spot prices of the U.S. dollar. Gains or losses on Superior's various financial instruments are without consideration of the fair value of the underlying customer or supplier commitment. Total income tax recovery was $50.4 million for 2011 compared to an expense of $6.5 million for 2010. Income taxes were impacted by a future income tax recovery associated with the impairment charges recorded to intangible assets and goodwill during 2011.

Annual Financial Results of Superior's Operating Segments

Energy Services

Energy Services' condensed operating results for 2011 and 2010 are provided in the following table.

(millions of dollars)	2011	2010 [2]
Revenue [1]	**2,686.1**	2,339.1
Cost of sales [1]	**(2,230.9)**	(1,904.2)
Gross profit	**455.2**	434.9
Less: Cash operating and administration costs [1]	**(321.6)**	(320.2)
EBITDA from operations	**133.6**	114.7

[1] In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this MD&A to present its results as if it had accounted for various transactions as accounting hedges. See "Reconciliation of Divisional Segmented Revenue and Cost of Sales to EBITDA" for detailed amounts.
[2] Superior has restated its 2010 results in accordance with IFRS. See "Adoption of IFRS" for the impact of IFRS on Superior's 2010 results.

Revenues were $2,686.1 million in 2011, an increase of $347.0 million from revenues of $2,339.1 million in 2010. The increase in revenues is primarily due to higher commodity prices and increased sales volumes. Total gross profit for 2011 was $455.2 million, an increase of $20.3 million or 5% over the prior year. The increase in gross profit is due to higher sales volumes and higher gross margins within Canadian Propane Distribution, U.S. Refined Fuels and fixed-price energy services businesses. A summary and detailed review of gross profit is provided below.

Gross Profit Detail

(millions of dollars)	2011	2010
Canadian Propane Distribution	**223.0**	216.7
U.S. Refined Fuels distribution	**137.7**	130.1
Other services	**42.3**	43.1
Supply portfolio management	**15.1**	15.9
Fixed-price energy services	**37.1**	29.1
Total gross profit	**455.2**	434.9

Canadian Propane Distribution

Canadian Propane Distribution gross profit for 2011 was $223.0 million, an increase of $6.3 million or 3% from 2010, due to higher sales volumes and interest charges on past due customer balances offset in part by lower gross margins. Residential and commercial sales volumes in 2011 were 3 million litres or 1% lower than the prior year due to customer conservation efforts and warmer weather primarily during the fourth quarter. Average weather across Canada for the year, as measured by degree days, was 7% colder than the prior year and 2% colder than the five-year average. Industrial volumes increased by 91 million litres or 13%, primarily due to an increased oilfield services demand, industrial demand and favourable contribution from sales initiatives in the wholesale segment. Automotive propane volumes declined by 14 million litres or 15%, due to the continued structural decline in this end-use market.

Average propane sales margins for 2011 decreased slightly to 17.1 cents per litre from 17.5 cents per litre in the prior year. The decrease in average margins compared to the prior year quarter is principally due to sales mix as the current year includes a higher proportion of lower margins sales volume.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [1]			*Volumes by Region* [2]		
(millions of litres)	**2011**	2010	*(millions of litres)*	**2011**	2010
Residential	**128**	135	Western Canada	**738**	670
Commercial	**262**	258	Eastern Canada	**460**	467
Agricultural	**67**	71	Atlantic Canada	**107**	98
Industrial	**769**	678			
Automotive	**79**	93			
	1,305	1,235		**1,305**	1,235

[1] **Regions:** Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon and Northwest Territories; Eastern Canada region consists of Ontario (except for Northwest Ontario) and Quebec; and Atlantic Canada consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island.

U.S. Refined Fuels Distribution

U.S. Refined Fuels gross profit for 2011 was $137.7 million, an increase of $7.6 million from the prior year. The increase in gross profit is due to higher sales volumes, higher gross margins and full year contribution from the acquisition of Griffith. Sales volumes of 1,741 million litres, increased by 39 million litres or 2% as compared to the prior year. The increase in sales volumes was primarily due to cold weather during the first quarter and sales initiatives, partially offset by warm weather during the fourth quarter. Weather as measured by heating degree days for the year was 5% warmer than the prior year. Average U.S. Refined Fuels sales margins of 7.9 cents per litre increased from the 7.6 cents per litre in the prior year. The increase in sales margins is due to margin management efforts and a reduction in lower margin sales volumes.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application [1]			*Volumes by Region* [2]		
(millions of litres)	**2011**	2010	*(millions of litres)*	**2011**	2010
Residential	**336**	340	Northeast United States	**1,741**	1,702
Commercial	**892**	907			
Wholesale	**513**	455			
	1,741	1,702		**1,741**	1,702

[1] **Volume:** Volume of heating oil, propane, diesel and gasoline sold (millions of litres).
[2] **Regions:** Northeast United States region consists of Pennsylvania, Connecticut, New York, and Rhode Island.

Other Services

Other services gross profit was $42.3 million in 2011, a decrease of $0.8 million or 2% from the prior year. The decrease in other services gross profit is due to lower customer demand.

Supply Portfolio Management

Supply portfolio management gross profits was $15.1 million in 2011, a decrease of $0.8 million from the prior year due to reduced market related opportunities and lower sales volume due to warm weather.

Fixed-Price Energy Services Gross Profit

	2011			2010		
(millions of dollars except volume and per unit amounts)	**Gross Profit**	**Volume**	**Per Unit**	Gross Profit	Volume	Per Unit
Natural gas [1]	**31.0**	**21.1 GJ**	**146.9 ¢/GJ**	25.0	27.4 GJ	91.2 ¢/GJ
Electricity [2]	**6.1**	**606.3 KWh**	**1.01 ¢/KWh**	4.1	366.6 KWh	1.12 ¢/KWh
Total	**37.1**			29.1		

[1] Natural gas volumes and per unit amounts are expressed in millions of gigajoules (GJ).
[2] Electricity volumes and per unit amounts are expressed in millions of kilowatt hours (KWh).

Fixed-price energy services gross profit was $37.1 million in 2011, an increase of $8.0 million (27%) from $29.1 million in the prior year. Natural gas gross profit was $31.0 million, an increase of $6.0 million from the prior year due to higher margins offset in part by lower volumes. Gross profit per unit was 146.9 cents per gigajoule (GJ), an increase of 55.7 cents per GJ (61%) from the prior year. The increase in natural gas gross margin was due to increased residential renewal margins, higher transportation revenue, lower charges associated with load balancing and lower risk reserve funding requirements. Sales volumes of natural gas were 21.1 million GJ, 6.3 million GJ (23%) lower than the prior year due to a continued decline in residential volumes as a result of focusing marketing efforts towards the commercial segment and continued low natural gas prices. Electricity gross profit in 2011 was $6.1 million, an increase of $2.0 million or 49% from the prior year due to the aggregation of additional commercial customers in the Ontario market and higher customer demand. Fixed-price energy services continues to grow in the newly entered Pennsylvania electricity market due to the launch of a residential electricity offering that is being sold to existing heating oil and propane customers.

Operating Costs

Cash operating and administrative costs were $321.6 million in 2011, a decrease of $1.4 million or nil% from the prior year. Operating costs were lower than the prior year due to a $5.2 million reduction in fixed-price energy services risk reserve allowance due to current market exposure offset in part by a $3.5 million increase in bad debt expense provision associated with Canadian Propane Distribution's system upgrade (see "System Upgrade"), higher truck maintenance, higher fuel costs and an inventory write down of $1.5 million.

System Upgrade

During the second quarter of 2010, Superior's Canadian Propane Distribution business upgraded its JD Edwards enterprise system to the most recent version in order to enhance efficiencies and core business functions. As a result of the system upgrade, Superior experienced complications with processing certain sales transactions and producing accurate invoices which delayed customer collections. The delay in customer collections has resulted in increased past due receivables which Superior has provided

for through an increase to the allowance for doubtful accounts during 2011 of $6.6 million (2010 – $4.3 million). Early in the second quarter of 2011 Superior resolved the remaining technical issues associated with the system upgrade and the system is now fully operational. Superior will continue to focus on collecting the remaining past due receivable balances associated with the system upgrade.

U.S. Refined Fuels Impairments

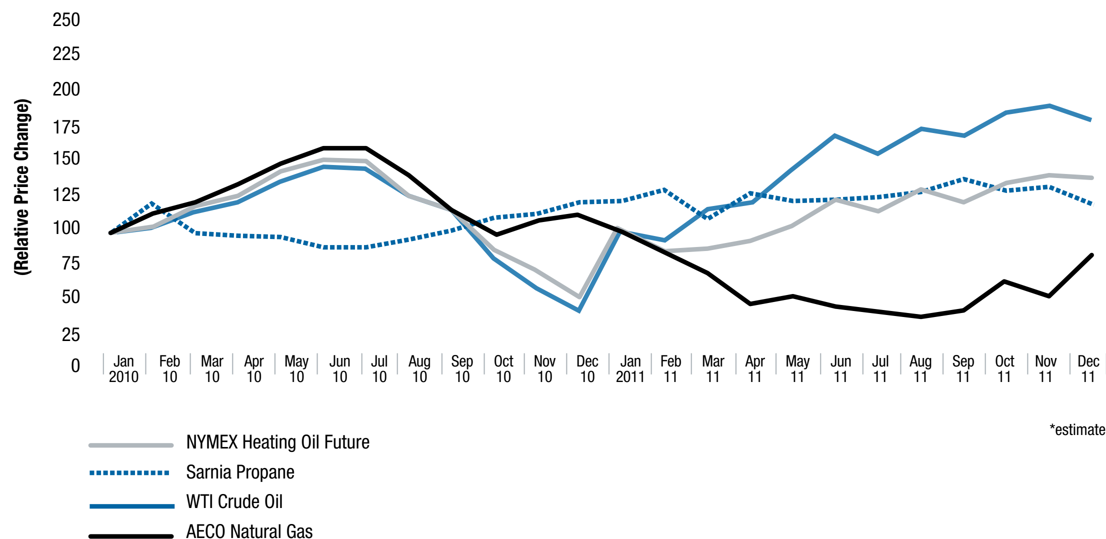
During the third quarter, U.S. Refined Fuels incurred asset impairments of $3.4 million due to flooding in Montoursville, Pennsylvania, which caused damage to buildings, tanks and equipment, and due to a fire at one of its locations in Mumford, New York, which also damaged buildings, tanks and equipment. These interruptions will not impact U.S. Refined Fuels operations and management is working with our insurance providers in order to get the facilities repaired.

During the fourth quarter of 2011, Energy Services performed a detailed impairment review of its intangible assets and goodwill. This calculation was performed as part of the annual impairment test and resulted in indications of impairment with the Canadian Propane Distribution and U.S. Refined Fuels segments within Energy Services. As a result of a detailed cash flow evaluation, Energy Services recorded an impairment charge of $100.6 million to the intangible assets and goodwill of U.S. Refined Fuels and $200.0 million to the goodwill of Canadian Propane Distribution.

Overall, Energy Services' operations benefit from its leading market share in the Canadian Propane Distribution market and considerable operational and customer diversification throughout Canada and the Northeast United States through Superior's U.S. Refined Fuels assets. Energy Services' customer base is well diversified geographically and across end-use applications, and its largest customer contributed approximately 3% of gross profits in 2011. Energy Services' top 10 customers comprised approximately 10% of its revenues in 2011, with its largest customer representing approximately 12% of its revenues.

As shown in the chart below, wholesale propane and heating oil prices fluctuated throughout 2011. Approximately 27% of Superior's fuel distribution sales volumes are due to heating-related applications and 73% to general economic activity levels.

Relative Change in WTI Crude Oil, Natural Gas, NYMEX Heating Oil vs Sarnia Propane



Acquisitions

During 2011, Canadian Propane Distribution and U.S. Refined Fuels completed several tuck-in acquisitions which totaled $14.9 million. These acquisitions were completed in order to expand Energy Services' geographic footprint and customer base.

On January 20, 2010, Superior completed its acquisition of the shares of Griffith Holdings, Inc. (Griffith) for consideration of approximately $147.4 million (U.S.$140.6 million), inclusive of working capital adjustments and transaction costs. Griffith is a retail and wholesale distributor of retail propane, heating oil and motor fuels in upstate New York. The completion of this acquisition, along with the U.S. Refined Fuels assets acquired during the prior year, form the foundation for Superior's U.S. Refined Fuels distribution platform.

On October 26, 2010, Superior acquired certain assets which make up a U.S. retail heating oil and propane distribution business (KW heating oil assets) from KW Oil & Propane (KW), for an aggregate purchase price of approximately $4.9 million including adjustments for working capital. The KW heating oil assets distribute a broad range of liquid fuels and propane gas and related services, serving markets in Pennsylvania. The acquisition was partially financed by deferred consideration of approximately $0.5 million and the remaining acquisition cost has been financed through borrowings from Superior's existing revolving term bank credits and term loans.

The acquisitions are complementary to Superior's existing Energy Services segment and will expand Energy Services' customer base and product diversification.

Outlook

Superior's expects business conditions in 2012 for its Energy Services segment to be similar to 2011, with the exception of a reduced contribution from its fixed-price energy services business. The fixed-price energy services business profitability will moderate as it is expected that there will be fewer renewals of residential customers at favourable margins. Additionally, weather, is anticipated to be consistent with the 5-year average with the exception of the unseasonably warm weather experienced in January 2012.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of significant business risks affecting the Energy Services' businesses.

Specialty Chemicals

Specialty Chemicals' condensed operating results for 2011 and 2010 are provided in the following table.

(millions of dollars except per metric tonne (MT) amounts)	2011		2010 [2]	
		$ per MT		$ per MT
Chemical revenue [1]	**529.1**	**685**	481.1	655
Chemical cost of sales [1]	**(290.4)**	**(376)**	(260.9)	(355)
Chemical gross profit	**238.7**	**309**	220.2	300
Less: Cash operating and administrative costs [1]	**(123.5)**	**(160)**	(118.7)	(162)
EBITDA from operations	**115.2**	**149**	101.5	138
Chemical volumes sold (thousands of MTs)	**772**		735	

[1] In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this MD&A related to derivative financial instruments, non-cash amortization and foreign currency translation losses/gains related to U.S.-denominated working capital. See "Reconciliation of Divisional Segmented Revenue and Cost of Sales to EBITDA" for detailed amounts.
[2] Superior has restated its 2010 results in accordance with IFRS. See "Adoption of IFRS" for the impact of IFRS on Superior's 2010 results.

Chemical revenue was $529.1 million in 2011, $48.0 million or 10% higher than the prior year, primarily as a result of increased sodium chlorate and chloralkali/potassium sales volumes and higher sodium chlorate and chloralkali/potassium pricing.

Gross profit of $238.7 million in 2011 was $18.5 million higher than the prior year due to increased sodium chlorate and chloralkali/potassium gross profits. Sodium chlorate gross profit increased by $0.6 million or 1%, due to higher sales volumes and realized pricing offset in part by lower technology gross profits. Sodium chlorate gross profits included the recognition of a $3.2 million gain from the receipt of a $3.7 million insurance settlement in connection with the Buckingham, Quebec insurance claim (See Note 8 to the Consolidated Financial Statements for further details) which offset higher inventory purchase costs incurred earlier in the year the remaining $0.5 million was allocated to operating costs.

Sodium chlorate sales volumes increased by 10,400 tonnes or 2% compared to the prior year due to higher demand from North America as a result of increased demand for pulp and increased Chilean sale volumes.

Average selling prices for sodium chlorate were 2% higher than the prior year due to contract renewals and the favourable impact of U.S. dollar forward exchange contract settlements on U.S. dollar-denominated sales. See "Financial Instruments – Risk Management" for a discussion of hedge positions.

Cost of sales for sodium chlorate was higher than in the prior year due to higher sales volumes and electrical input costs. Electrical costs, which represent approximately 70% to 85% of the variable costs of the production of sodium chlorate, were higher than in the prior year as upward pressure on overall electricity pricing more than offset production management activities at facilities where the cost of electricity is subject to market fluctuations.

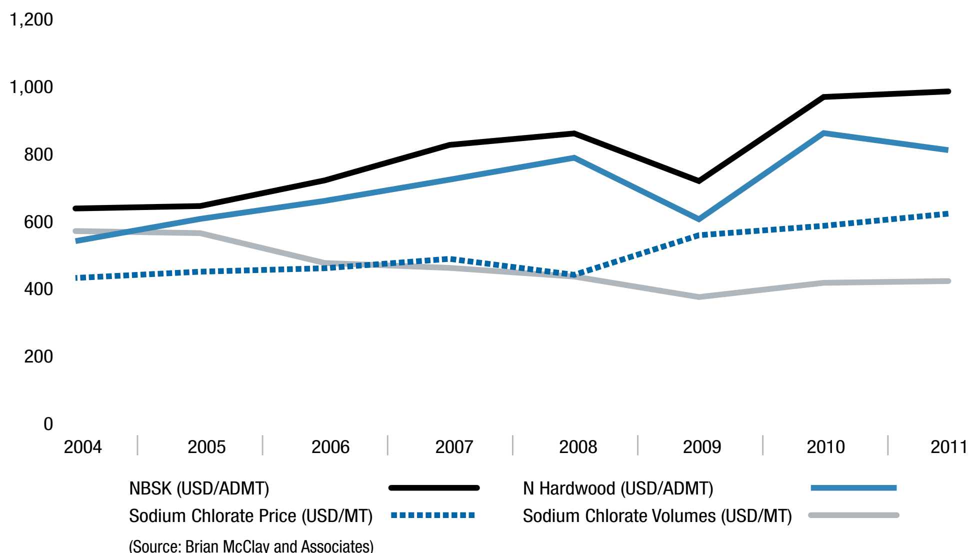
Chloralkali/potassium gross profits increased by $15.9 million or 19%, due to an increase in sales volumes, higher gross margins and improved sales mix. Chloralkali/potassium sales volumes increased by 24,300 tonnes (9%) due to increased demand across all product lines, especially for caustic and hydrochloric acid. Overall average selling prices were higher than in 2010 due to the implementation of price increases and strong demand.

Total chemical sales volumes were 772,000 tonnes in 2011, an increase of 37,000 tonnes or 5% from the prior year, due to higher sales volumes of sodium chlorate and chloralkali/potassium as noted above. Average chemical revenue was $685 per MT in 2011 compared to $655 per MT in 2010, an increase of 5%, reflecting higher realized sodium chlorate pricing and higher overall average pricing on chloralkali/potassium products. Sodium chlorate and chloralkali/potassium production capacity utilization averaged 95% (2010 – 94%) and 94% (2010 – 92%), respectively.

Cash operating and administration costs were $123.5 million in 2011, an increase of $4.8 million or 4% from the prior year. Operating expenses were impacted by higher maintenance and employee compensation costs.

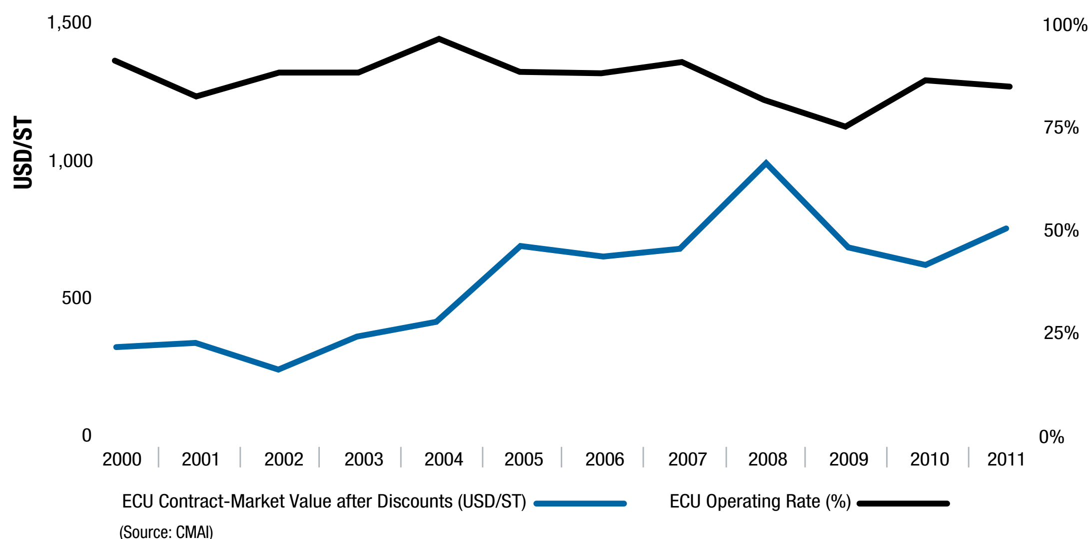
Sodium chlorate sales in 2011 represented 57% of Specialty Chemicals EBITDA from operations, a decrease of 4% from the 61% contribution in 2010. Sodium chlorate is principally sold to bleached pulp manufacturers, as it is a required input to generate chlorine dioxide, which is in turn used to bleach pulp. Sodium chlorate represents approximately 5% of the variable cost to manufacture bleached pulp. As a result, sodium chlorate sales volumes and prices tend to be stable over time despite the volatility of bleached pulp prices (see the following chart).

Pulp Prices Compared to Sodium Chlorate Price and Sales Volumes



Chloralkali/potassium sales in 2011 contributed 43% of EBITDA from operations, an increase of 4% from the 39% contribution in 2010. Operating rates of the North American chloralkali segment has remained relatively stable while ECU pricing levels have continued to improve.

Chloralkali ECU Pricing Compared to Operating Rates



Specialty Chemicals' top 10 customers comprised approximately 40% of its revenues in 2011, with its largest customer representing 6% of its revenues.

Outlook

Superior expects business conditions in 2012 for its Specialty Chemicals segment will be similar to 2011. Superior continues to see a stable market for sodium chlorate as a result of the current market for pulp. Superior also expects continued strength in chloralkali sales volumes and pricing due to strong North American supply demand fundamentals.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Specialty Chemicals' segment.

Construction Products Distribution

Construction Products Distribution's condensed operating results for 2011 and 2010 are provided in the following table.

(millions of dollars)	2011	2010 [3]
Revenue		
Gypsum Specialty Distribution (GSD) revenue [1] [2]	**479.9**	485.3
Commercial and Industrial Insulation (C&I) revenue [2]	**231.9**	232.3
Cost of sales		
GSD cost of sales [2]	**(367.7)**	(374.9)
C&I cost of sales [2]	**(169.4)**	(170.4)
Gross profit	**174.7**	172.3
Less: Cash operating and administrative costs	**(150.5)**	(145.5)
EBITDA from operations	**24.2**	26.8

[1] In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this MD&A to present its results as if it had accounted for various transactions as accounting hedges. See "Reconciliation of Divisional Segmented Revenue and Cost of Sales to EBITDA" for detailed amounts.

[2] Certain reclassifications of 2010 amounts have been made to conform to current presentation. Specifically, for the year ended December 31, 2010, $485.3 million has been reclassified to GSD revenue from distribution and direct sales revenue to provide comparative presentation of Construction Products Distribution's revenue. For the year ended December 31, 2010, $232.3 million has been reclassified to C&I revenue from distribution and direct sales revenue to provide comparative presentation of Construction Products Distribution revenue. For the year ended December 31, 2010, $374.9 million has been reclassified to GSD cost of sales from distribution and direct cost of sales to provide comparative presentation of Construction Products Distribution's cost of sales. For the year ended December 31, 2010, $170.4 million has been reclassified to C&I cost of sales from distribution and direct cost of sales to provide comparative presentation of Construction Products Distribution's cost of sales.

[3] Superior has restated its 2010 results in accordance with IFRS. See "Adoption of IFRS" for the impact of IFRS on Superior's 2010 results.

GSD and C&I revenues were $711.8 million for 2011, $5.8 million or 1% lower than the prior year. The slight decrease in revenue was due to lower demand for GSD products in Canada and continued pricing pressure offset in part by higher GSD revenue from the expansion of the GSD product line into some existing U.S. based branches.

Gross profits were $174.7 million in 2011, $2.4 million or 1% higher than the prior year due to sales mix, higher gross margins due to contribution from the U.S. GSD expansion and ongoing impact of the implementation of a strategic procurement strategy. Sales margins and average selling prices continue to be challenged as a result of ongoing competitive pressures, supplier price increases and slow economic activity.

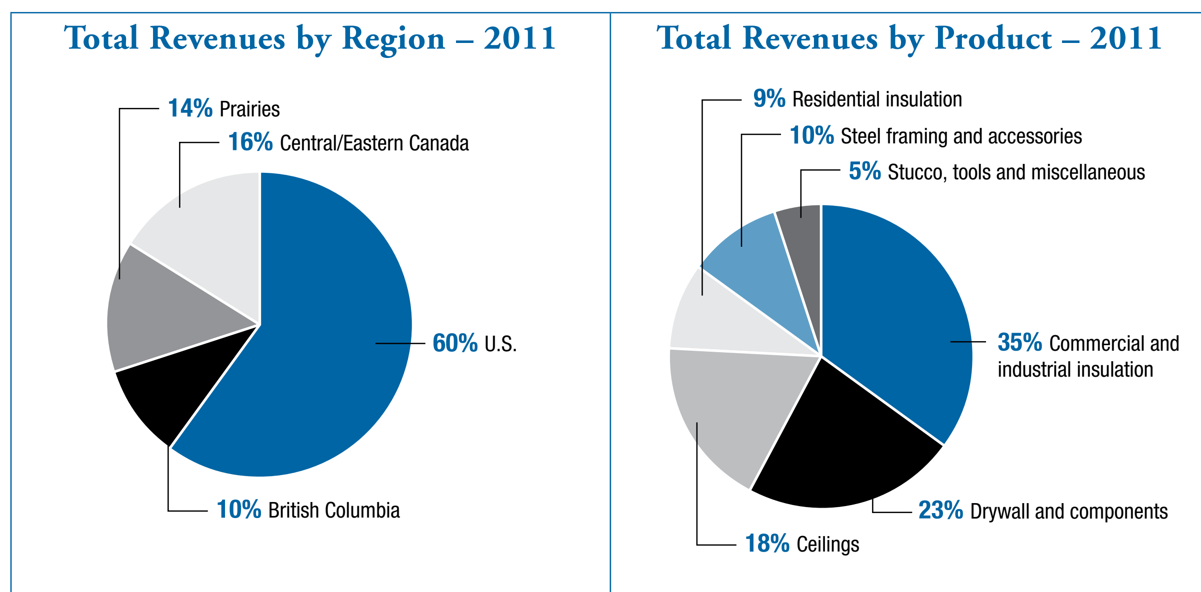
Cash operating and administration costs were $150.5 million in 2011, an increase of $5.0 million or 3% from the prior year. The increase in expenses was primarily due to higher employee wages, additional costs associated with expanding the GSD product line into some existing U.S. based branches and the full year impact of the acquisition of the Burnaby Assets on June 28, 2010.

During the fourth quarter of 2011, restructuring charges were incurred in order to close two branches in Canada which were no longer economically viable. Construction Products Distribution will continue to assess the profitability of its branches going forward given the current operating environment.

Intangible and Goodwill Impairments

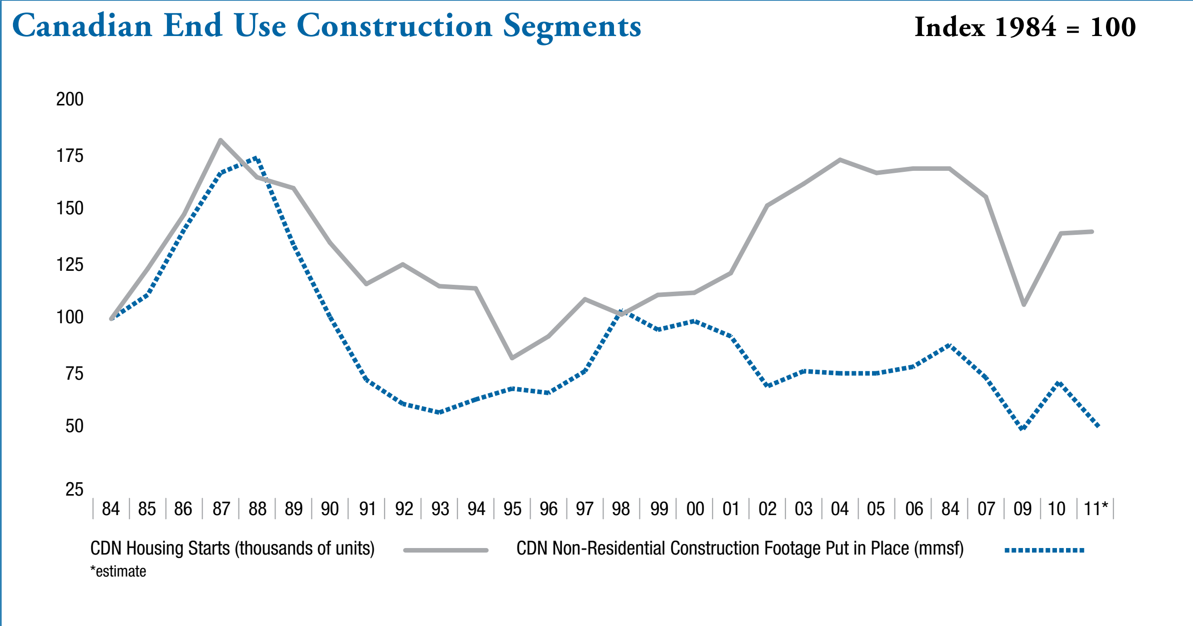
During the third quarter of 2011, Construction Products Distribution performed a detailed impairment review of its intangible assets and goodwill. This calculation was performed due to a reduction in the near term and medium term forecast for the segment which resulted in indications of impairment. As a result of a detailed cash flow evaluation, Construction Products Distribution recorded an impairment charge of $78.0 million to intangible assets and goodwill.

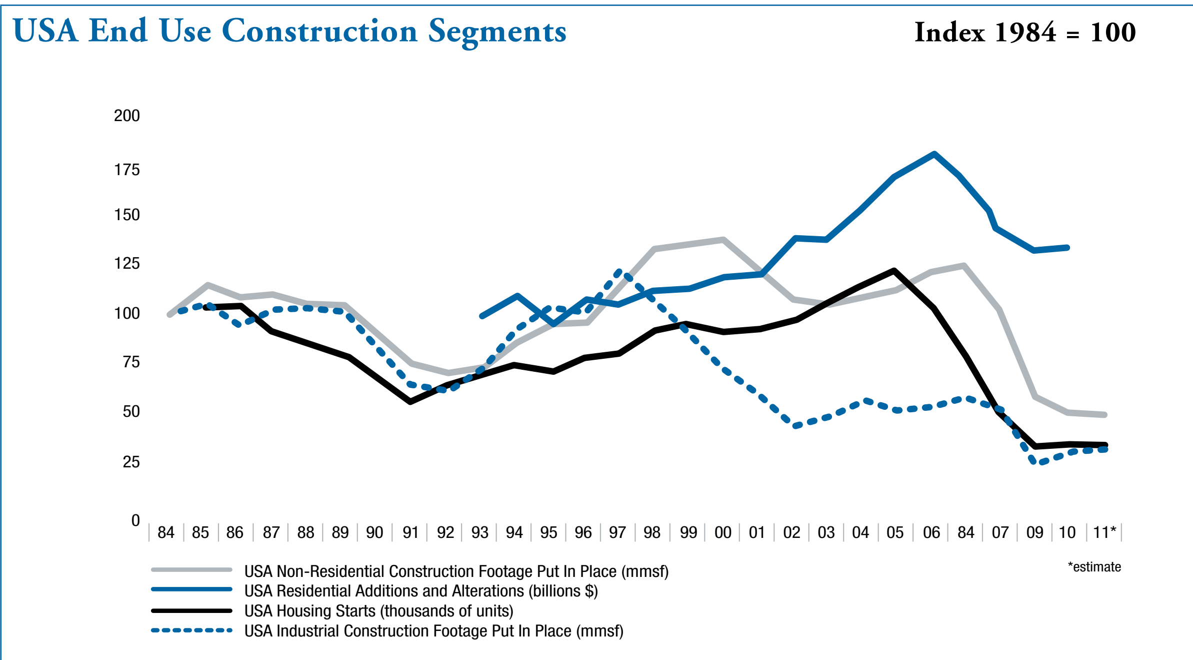
Construction Products Distribution enjoys considerable geographical and customer diversification, servicing over 18,000 customers from 121 distribution branches (see "Total Revenues by Region" pie chart). Construction Products Distribution's 10 largest customers represent approximately 8% of its annual distribution sales with the largest customer representing approximately 1% of annual distribution sales. Construction Products Distribution enjoys a strong position in the distribution markets where it operates, supported by its complete walls, ceilings, residential insulation, commercial and industrial insulation product lines, and by its procurement capabilities (see "Total Revenues by Product" pie chart).



Sales to commercial and industrial builders and contractors are comprised of Construction Products Distribution's full product line, whereas sales to residential builders and contractors are principally comprised of drywall and components, insulation and plaster products. Demand for walls and ceiling

construction products is influenced by overall economic conditions with approximately 56% of sales from servicing commercial new construction and remodelling activity, 28% from servicing residential new construction and remodelling activity and 16% of sales from servicing industrial activity. New commercial construction and industrial demand trends have historically lagged new residential construction (see "U.S. and Canadian End Use Construction Segments" charts below).





Outlook

Superior expects business conditions in 2012 for its Construction Products Distribution business to be similar to 2011. EBITDA from operations is anticipated to be lower than in 2011 due to anticipated costs associated with further restructuring activities and ongoing tough market conditions in both the residential and commercial segments in both the U.S. and Canada. Superior does not anticipate significant improvements in the end-use markets for some time.

In addition to the Construction Products Distribution segment's significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Construction Products Distribution segment.

Consolidated Capital Expenditure Summary

(millions of dollars)	2011	2010
Efficiency, process improvement and growth related	**16.3**	23.9
Other capital	**21.9**	16.9
	38.2	40.8
Acquisition of Griffith	**–**	142.4
Acquisition of Burnaby Assets (Burnaby)	**–**	17.7
Other acquisitions	**15.1**	6.1
Investment in finance leases	**–**	10.3
Proceeds on disposition of capital	**(3.2)**	(2.8)
Total net capital expenditures	**50.1**	214.5
Investment in finance leases	**15.7**	13.9
Total expenditures	**65.8**	228.4

Efficiency, process improvement and growth related expenditures were $16.3 million in 2011 compared to $23.9 million in the prior year. These expenditures are primarily in relation to Energy Services' purchases of rental assets and truck related expenditures and Specialty Chemicals related capital projects.

Other capital expenditures were $21.9 million in 2011 compared to $16.9 million in the prior year, consisting primarily of required maintenance and general capital across all of Superior's segments including a Specialty Chemical cell replacement project which increased the amount of 2011 expenditures.

During 2011, U.S. Refined Fuels completed the acquisition of eight heating oil and propane distributors for total consideration of $10.4 million and Canadian Propane Distribution completed the acquisition of a small propane distributor for total consideration of $4.5 million. Construction Products Distribution also completed an acquisition of a small branch for $0.2 million.

Proceeds on the disposal of capital were $3.2 million in 2011 and consisted of Superior's disposition of surplus tanks, cylinders and other assets.

During 2011, Superior entered into new leases with capital equivalent value of $15.7 million primarily related to delivery vehicles for the Energy Services and Construction Products Distribution segments.

Capital expenditures were funded from a combination of operating cash flow, the issuance of common shares, the issuance of convertible unsecured subordinated debentures ("Debentures" includes all series of convertible unsecured subordinated debentures) and revolving term bank credit facilities.

Corporate and Interest Costs

Corporate costs were $11.9 million in 2011, an increase of $1.5 million in the prior year. The increase in corporate costs was primarily due to $2.8 million in gains from the one-time unwind of some of Superior's foreign currency forward contracts in the prior year. Corporate costs excluding the currency forward contract unwind were $1.3 million higher than the prior year due to the recognition of chief executive officer transition costs, recruiting fees and higher professional costs offset in part by lower employee short term incentive costs and lower long term incentive costs.

Interest expense on borrowings were $42.7 million in 2011, a decrease of $1.4 million from the $44.1 million incurred in the prior year. The decrease in interest costs was primarily due to lower average debt levels during the majority of 2011 offset in part by the redemption of $75.0 million on November 7, 2011 and $50.0 million on December 12, 2011 of Superior's previously issued 5.75% debentures due December 31, 2012. See "Liquidity and Capital Resources" discussion for further details on the change in average debt levels.

Interest on Superior's convertible unsecured subordinated debentures ("Debentures" which includes all series of convertible unsecured subordinated debentures) was $36.6 million for 2011, an increase of $11.8 million from the $24.8 million incurred in the prior year. The increase in debenture interest is primarily due to full year impact of the issuance of $150.0 million, 6.00% convertible debentures on December 23, 2010 for general corporate purposes and the issuance of $75.0 million, 7.50% convertible debentures on October 4, 2011. The above noted debenture issuances were offset in part by the redemption of $75.0 million on November 7, 2011 and $50.0 million on December 12, 2011 of Superior's previously issued 5.75% debentures due December 31, 2012.

Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and future income taxes, including U.S. income tax, U.S. non-resident withholding tax and Chilean income tax.

Total income tax recoveries for 2011 were $50.4 million, comprised of $1.5 million in cash income tax expense and $51.9 million in deferred income tax recovery. This compares to a total income tax expense of $6.5 million in the prior year, which consisted of $0.8 million in cash income tax expense and a $5.7 million deferred income tax expense.

Cash income taxes for 2011 were $1.5 million, consisting of income taxes in the U.S. of $1.5 million (2010 – $0.8 million of U.S. cash tax expense). Deferred income tax recoveries for 2011 were $51.9 million (2010 – $5.7 million deferred income tax expense), resulting in a corresponding net deferred income tax asset of $309.6 million as at December 31, 2011. Deferred income taxes in 2011 were impacted by the impairment charges recorded in both Canada and the U.S.

As at December 31, 2011, Superior had the following tax pools available to be used in future years:

Canada	(millions of dollars)
Tax basis	412.0
Non-capital losses	52.8
Capital losses	611.5
Canadian scientific research expenditures	602.2
Investment tax credits	164.9
United States	
Tax basis	231.9
Capital loss carry-forwards	–
Non-capital losses	81.4
Chile	
Tax basis	21.2
Non-capital loss carry-forwards	28.0

See the audited consolidated financial statements for the year ended December 31, 2011 for a summary of the expiration of the non-capital loss carry-forwards and investment tax credits. Capital loss carry-forwards, Canadian scientific research expenditures and Chilean non-capital losses are eligible to be carried forward indefinitely.

2012 Financial Outlook

Superior outlook for cash flow from operations for 2012 has been reduced to between $1.45 and $1.80 per share, a slight decrease from Superior's previous financial outlook as provided in the 2011 third quarter MD&A of $1.55 to $1.90. The decrease in Superior's outlook is due to lower 2011 actual results and a weaker than anticipated start to the 2012 heating season due to unseasonably warm temperatures throughout Canada and the Northeast U.S. Superior's consolidated adjusted operating cash flow outlook is dependent on the operating results of its three operating segments.

In addition to the operating results of Superior's three operating segments, significant assumptions underlying Superior's current 2012 outlook are:

- Economic growth in Canada and the U.S. is expected to be similar or modestly lower than 2011;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- The foreign currency exchange rate between the Canadian and U.S. dollar is expected to average par in 2012 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior;
- Superior's average interest rate on floating-rate debt is expected to remain consistent with 2011 levels; and
- Canadian and U.S. based cash taxes are expected to be minimal in 2012 and have been based on existing statutory income tax rates.

Energy Services

- Average temperatures across Canada and the Northeast U.S. are expected to be consistent with the recent five-year average except for January 2012;
- Total propane and U.S. Refined Fuels-related sales volumes in 2012 compared to 2011 are anticipated to increase due to economic improvement and sales and marketing initiatives;
- Wholesale propane, and U.S. Refined Fuels-related prices are not anticipated to significantly impact demand for propane, refined fuels and related services;
- Supply portfolio management market opportunities are expected to improve as compared to 2011 although growth is expected to be moderate; and
- Fixed price energy services is expected to be able to access sales channel agents on acceptable contract terms and expects gross profit to decrease as compared to 2011. The decrease in gross profit is primarily related to lower natural gas gross margins as transportation related gross profits and contribution from customer renewals begins to decrease. Total customer aggregation estimates are expected to be consistent with 2011.

Specialty Chemicals

- Supply and demand fundamentals for sodium chlorate are expected to remain strong in 2012, resulting in increased sales volumes as compared to 2011. Pricing is expected to remain consistent or slightly improved as compared to 2011 levels;
- Chloralkali revenues and gross profits are expected to increase in 2012 due to higher sales volumes for caustic and hydrochloric acid product lines combined with improved pricing; and
- Average plant utilization will approximate 95% in 2012.

Construction Products Distribution

- GSD sales revenue from Canada is expected to increase slightly from 2011 levels due to the full year contribution from greenfield operations in the Maritimes. GSD sales revenue from the United States is expected to increase from 2011 due to continued expansion of existing product lines into U.S. branches. C&I sales revenue is expected to increase from 2011 due to a focus on increasing the fabrication and export business;
- Sales margins for both GSD and C&I as compared to 2011 are expected to decrease slightly due to competitive pressures; and
- Construction Products Distribution has performed a detailed review of its existing operations and has announced the closure of two branches in early 2012 as part of its restructuring efforts.

Debt Management Update

Superior remains committed to reducing its total debt and its total debt leverage ratios. An update to the anticipated total debt and total debt leverage ratios as at December 31, 2011 based on the updated 2012 Outlook, is detailed in the chart below. The mid-point of Superior's 2012 Outlook has been reduced since the third quarter MD&A, as detailed above, and the impact has been adjusted in the table below.

Debt Management Summary [1]	(Per Share)	(Millions of Dollars)
2012 financial outlook AOCF per share – mid-point [2]	**$1.62**	181.4
Maintenance capital expenditures	**(0.21)**	23.5
Capital lease obligation repayments	**(0.16)**	17.9
Cash flow available for dividends and debt repayment before growth capital	**$1.25**	140.0
One-time environmental expenditures at Port Edward's	**(0.10)**	11.2
Other growth capital expenditures	**(0.09)**	10.1
Proceeds from dividend reinvestment program	**0.12**	13.4
Estimated 2012 free cash flow available for dividend and debt repayment	**$1.18**	132.1
Dividends (annualized)	**$(0.60)**	(67.2)
Cash flow available for debt repayment	**0.58**	64.9
Estimated total debt to EBITDA as at December 31, 2012	**4.6X – 4.8X**	4.6X – 4.8X
Dividends (annualized)	**$0.60**	67.2
Calculated payout ratio after all capital expenditures	**52%**	52%

[1] All amounts per share unless otherwise indicated.
[2] See "2012 Financial Outlook" for additional details including assumptions, definitions and risk factors.

In addition to Superior's significant assumptions detailed above, refer to the section "Risk Factors to Superior" for a detailed review of Superior's significant business risks.

Liquidity and Capital Resources

Superior's total and available sources of credit are detailed in the chart below:

Available Credit Facilities

(millions of dollars)	Total Amount	Borrowings	Letters of Credit Issued	Amount Available
	As at December 31, 2011			
Revolving term bank credit facilities [1]	615.0	410.3	35.0	169.7
Term loans [1]	280.1	280.1	–	–
Finance lease obligations	71.7	71.7	–	–
Total	966.8	762.1	35.0	169.7

[1] Revolving term bank credit facilities and term loan balances are presented before deferred financing fees.

Superior's revolving syndicated bank facility (Credit Facility), term loans and finance lease obligations (collectively "Borrowings") before deferred financing fees totaled $762.1 million as at December 31, 2011, an increase of $22.1 million from December 31, 2010. Overall Borrowings increased as compared to the prior year due to funding requirements in order to finance the redemption of $125.0 million in Debenture, finance lease repayments, dividend payments and net capital expenditures offset in part by higher cash flows and the issuance of $75.0 million in Debentures.

On June 20, 2011, Superior completed an extension of its Credit Facility with ten lenders and increased the size of the facility from $450 million to $615 million. The secured revolving credit facility matures on June 27, 2014 and can be expanded up to $750 million. Financial covenant ratios were unchanged with Consolidated Secured Debt to Consolidated EBITDA ratio and Consolidated Debt to Consolidated EBITDA ratio of 3.0x and 5.0x, respectively. Additionally, in conjunction with the extension of the Credit Facility, Superior has terminated its accounts receivable securitization program which provided up to $130 million of additional credit on a seasonally adjusted basis. See "Summary of Cash Flows" for details on Superior's sources and uses of cash.

As at December 31, 2011, Debentures (before deferred issue costs) issued by Superior totaled $591.4 million, $50.0 million lower than the balance of $641.4 million outstanding as at December 31, 2010. The decrease in Debentures was due to the redemption of $75.0 million on November 7, 2011 and $50 million on December 12, 2011 of Superior's previously issued 5.75% debentures due December 31, 2012 offset in part by the issuance of $75.0 million, 7.50% convertible debentures on October 4, 2011. See Note 19 to the audited Consolidated Financial Statements for additional details on Superior's Debentures.

As at December 31, 2011, approximately $169.7 million was available under the Credit Facility which Superior considers sufficient to meet its net working capital funding requirements, expected capital expenditures and refinancing requirements.

Consolidated net working capital was $377.3 million as at December 31, 2011, a decrease of $23.6 million from net working capital of $400.9 million as at December 31, 2010. The decrease in net working capital was primarily due to significant collections of past due accounts receivable related to the System Upgrade (refer to "System Upgrade" for additional details) at Canadian Propane Distribution offset in part by higher commodity prices. Lower net working capital levels at Specialty Chemicals were due to a prepayment of approximately $10.8 million from a large customer. The above decreases were offset in part by increased working capital levels at Supply Portfolio Management due to high inventory levels associated with warmer than anticipated weather and lower net working capital levels at corporate due to reduced dividends and interest payable. Superior's net working capital requirements are financed from revolving term bank credit facilities.

In May 2010, Superior reestablished its DRIP, commencing with the payment of the May 2010 dividend. The DRIP provides shareholders with the opportunity to reinvest their cash dividends at a 5% discount to the market price of Superior's shares. Proceeds received from the DRIP for 2011 were $28.9 million as compared to $17.2 million in 2010.

As at December 31, 2011, when calculated in accordance with the Credit Facility, the Consolidated Secured Debt to Compliance EBITDA ratio was 2.3 to 1.0 (December 31, 2010 – 2.6 to 1.0) and the Consolidated Debt to Compliance EBITDA ratio was 2.9 to 1.0 (December 31, 2010 – 3.2 to 1.0). For both of these covenants all outstanding Debentures are not considered. These ratios are within the requirements contained in Superior's debt covenants. In accordance with the Credit Facility, Superior must maintain a Consolidated Secured Debt to Compliance EBITDA ratio of not more than 3.0 to 1.0 and not more than 3.5 to 1.0 as a result of acquisitions. In addition, Superior must maintain a Consolidated Debt to Compliance EBITDA ratio of not more than 5.0 to 1.0, excluding Debentures. Distributions (including payments to Debenture holders) cannot exceed Compliance EBITDA less cash income taxes, plus $35.0 million on a trailing twelve month rolling basis.

As at December 31, 2011 proceeds of $nil million (December 31, 2010 – $90.1 million) had been raised under the accounts receivable securitization program. During the month of June of 2011, Superior terminated the accounts receivable securitization program. (See Note 17 to the audited Consolidated Financial Statements).

On March 8, 2011, Standard and Poor's lowered both Superior and Superior LP's long-term corporate credit rating to BB- from BB and reduced the secured debt rating to BB+ from BBB-. The outlook rating for both Superior and Superior LP remains stable and the credit rating on Superior's unsecured debt is unchanged at BB-. On September 12, 2011, DBRS lowered Superior LP's senior secured rating to BB (high) from BBB (low) and lowered Superior LP's senior unsecured rating to BB (low) from BB (high). The trend for both ratings has been changed to stable from negative.

As at December 31, 2011, Superior had an estimated defined benefit pension solvency deficiency of approximately $36.3 million (December 31, 2010 – $23.7 million) and a going concern solvency deficiency of approximately $16.6 million (December 31, 2010 – $17.7 million). Funding requirements

required by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions used in Superior's financial statements. Superior has sufficient liquidity through existing revolving term bank credits and anticipated future operating cash flow to fund this deficiency over the prescribed funding period.

In the normal course of business, Superior is subject to lawsuits and claims. Superior believes the resolution of these matters will not have a material adverse effect, individually or in the aggregate, on Superior's liquidity, consolidated financial position or results of operations. Superior records costs as they are incurred or when they become determinable.

Contractual Obligations and Other Commitments

			Payments Due In			
(millions of dollars)	Notes [1]	Total	2012	2013-2014	2015-2016	Thereafter
Borrowings (including capital leases)	17	762.1	54.3	505.8	197.4	4.6
Debentures	19	571.0	49.3	66.6	145.4	309.7
Operating leases [2]	18	111.1	26.8	28.6	28.6	27.1
US$ foreign currency forward sales contracts (US$)	21	706.9	206.9	356.0	144.0	–
Natural gas, propane, butane, heating oil, and electricity purchase commitments [3]	21	76.6	67.0	9.8	(0.2)	–
Future employee benefits [4]	20	68.8	8.8	17.6	17.6	24.8
Total contractual obligations		2,296.5	413.1	984.4	532.8	366.2

[1] Notes to the Consolidated Financial Statements.
[2] Operating leases comprise Superior's off balance sheet obligations.
[3] Does not include the impact of financial derivatives. See Note 21 to the Consolidated Financial Statements.
[4] Does not include Energy Services' or Specialty Chemicals' defined benefit pension asset.

Shareholders' Capital

The weighted average number of shares outstanding was 109.2 million in 2011 compared to 105.6 million in 2010, an increase of 3.6 million shares compared to the prior year due to the issuance of 3,109,694 common shares over the past twelve months and the resulting impact on weighted average number of shares outstanding. The following table provides a detailed breakdown of the common shares issued over the last twelve months:

	Closing Date	Average Issuance Price per Share	Issued Number of Common Shares (Millions)
As at December 31, 2010			**107.7**
Issuance of common shares under Superior's DRIP	January 15, 2011 through December 15, 2011	$9.40	3.1
As at December 31, 2011			**110.8**

As at February 16, 2012, December 31, 2011 and December 31, 2010, the following common shares and securities convertible into common shares were outstanding:

	February 16, 2012		December 31, 2011		December 31, 2010	
(millions)	Convertible Securities	Shares	Convertible Securities	Shares	Convertible Securities	Shares
Common shares outstanding [1]		**111.0**		**110.8**		107.7
5.75% Debentures [2]	**$49.9**	**1.4**	**$49.9**	**1.4**	$174.9	4.9
5.85% Debentures [3]	**$75.0**	**2.4**	**$75.0**	**2.4**	$75.0	2.4
7.50% Debentures [4]	**$69.0**	**5.3**	**$69.0**	**5.3**	$69.0	5.3
5.75% Debentures [5]	**$172.5**	**9.1**	**$172.5**	**9.1**	$172.5	9.1
6.00% Debentures [6]	**$150.0**	**9.9**	**$150.0**	**9.9**	$150.0	9.9
7.50% Debentures [7]	**$75.0**	**6.6**	**$75.0**	**6.6**		
Shares outstanding and issuable upon conversion of Debentures		**145.7**		**145.5**		139.3

[1] Common shares outstanding as at February 16, 2012, includes 207,402 common shares issued under Superior's DRIP program during the month of January.
[2] Convertible at $36.00 per share.
[3] Convertible at $31.25 per share.
[4] Convertible at $13.10 per share.
[5] Convertible at $19.00 per share.
[6] Convertible at $15.10 per share.
[7] Convertible at $11.35 per share.

Dividends Paid to Shareholders

Dividends paid to Superior's shareholders are dependent on its cash flow from operating activities with consideration for changes in working capital requirements, investing activities and financing activities of Superior. See "Summary of Adjusted Operating Cash Flow" and "Summary of Cash Flows" for additional details on the sources and uses of Superior's cash flow.

Dividends paid to shareholders for 2011 were $136.7 million (before DRIP proceeds of $28.9 million) or $1.26 per share compared to $156.8 million or $1.62 per share in 2010. The decrease of $43.5 million in dividends paid to shareholders over the prior year was due to the two revisions to Superior's dividend rate. On February 17, 2011, Superior announced that the monthly dividend has been reduced to $0.10 per share per month effective with the March 2011 dividend payment. On November 2, 2011, Superior announced that the monthly dividend has been reduced to $0.05 per share or $0.60 per share on an annualized basis; a decrease from the prior level of $0.10 per share per month or $1.20 per share on an annualized basis effective with Superior's March 2011 dividend. Superior has made the determination that it is prudent to accelerate its debt reduction plan by reducing its monthly dividend. See Superior's "Debt Management and Dividend Payout Ratio" section for further details. Dividends to shareholders are declared at the discretion of the board of directors of Superior.

Superior's primary sources and uses of cash are detailed below:

Summary of Cash Flows [1]

(millions of dollars)	2011	2010
Net cash flows from operating activities	**212.0**	9.9
Investing activities:		
Purchase of property, plant and equipment [2]	**(38.2)**	(40.8)
Proceeds on disposal of property, plant and equipment	**3.2**	2.8
Investment in finance lease	**–**	(10.3)
Acquisition of Griffith	**–**	(142.4)
Other acquisitions	**(14.8)**	(23.8)
Cash flows used in investing activities	**(49.8)**	(214.5)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**132.3**	47
Repayment of senior secured notes	**(32.5)**	(2.0)
Repayment of finance lease obligation	**(14.2)**	(12.8)
Net proceeds (repayment) of accounts receivable securitization program	**(90.1)**	(2.6)
Redemption of convertible debentures	**(125.0)**	–
Proceeds from the issuance of 5.75% convertible debentures	**–**	172.5
Costs incurred for the issuance of 5.75% convertible debentures	**–**	(6.9)
Proceeds from the issuance of 6.00% convertible debentures	**–**	150.0
Costs incurred for the issuance of 6.00% convertible debentures	**–**	(5.6)
Proceeds from the issuance of 7.50% convertible debentures	**75.0**	–
Costs incurred for the issuance of 7.50% convertible debentures	**(3.4)**	–
Issuance of common shares	**–**	82.2
Proceeds from the dividend reinvestment plan	**28.9**	17.2
Dividends paid to shareholders	**(136.7)**	(156.8)
Cash flows from (used in) financing activities	**(165.7)**	188.2
Net increase (decrease) in cash and cash equivalents	**(3.5)**	(16.4)
Cash and cash equivalents, beginning of period	**7.8**	24.3
Effect of translation of foreign denominated cash and cash equivalents	**0.9**	(0.1)
Cash and cash equivalents, end of period	**5.2**	7.8

[1] See the Consolidated Statements of Cash Flows for additional details.
[2] See "Consolidated Capital Expenditure Summary" for additional details.

Financial Instruments – Risk Management

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading.

Energy Services enters into natural gas financial swaps primarily with Macquarie Cook Energy Canada Ltd. for distributor billed natural gas business in Canada to manage its economic exposure of providing fixed-price natural gas to its customers. Additionally, Energy Services maintains its natural gas swap positions with six additional counterparties. Energy Services monitors its fixed-price natural gas positions on a daily basis to evaluate compliance with established risk management policies. Superior maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

Energy Services entered into electricity financial swaps with four counterparties to manage the economic exposure of providing fixed-price electricity to its customers. Energy Services monitors its fixed-price electricity positions on a daily basis to evaluate compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

Energy Services entered into various propane forward purchase and sale agreements with more than 20 counterparties to manage the economic exposure of its wholesale customer supply contracts. Energy Services monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price propane gas position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, entered into foreign currency forward contracts with twelve counterparties to manage the economic exposure of Superior's operations to movements in foreign currency exchange rates. Energy Services contracts a portion of its fixed-price natural gas, propane and heating oil purchases and sales in U.S. dollars and enters into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals enters into U.S. dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S. dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

As at December 31, 2011, Energy Services had hedged approximately 100% of its U.S. dollar natural gas and propane purchase (sales) obligations for 2012. Overall Superior has hedged approximately 95% of its estimated U.S. dollar exposure for 2012 and approximately 89% for 2013. The estimated sensitivity on adjusted operating cash flow for Superior, including divisional U.S. exposures and the impact on U.S.-denominated debt with respect to a $0.01 change in the Canadian to United States exchange rate for 2011 is $0.1 million, respectively after giving effect to United States forward

contracts for 2012, as shown in the table below. Superior's sensitivities and guidance are based on an anticipated average Canadian to U.S. dollar foreign currency exchange rate for 2012 at par with the U.S. dollar.

(millions of U.S. dollars except exchange rates)	2012	2013	2014	2015	2016	2017 and Thereafter	Total
Energy Services – US$ forward sales	48.4	44.0	26.0	26.0	–	–	144.4
Construction Products Distribution – US$ forward sales	24.0	24.0	12.0	–	–	–	72.0
Specialty Chemicals – US$ forward sales	134.5	132.0	118.0	106.0	–	–	490.5
Net US$ forward sales	206.9	200.0	156.0	144.0	–	–	706.9
Energy Services – Average US$ forward sales rate	1.05	1.06	1.01	1.01	–	–	1.04
Construction Products Distribution – Average US$ forward sales rate	**1.06**	1.07	1.00	1.00	–	–	1.04
Specialty Chemicals – US$ forward sales rate	1.04	1.04	1.03	1.00	–	–	1.03
Net average external US$/Cdn$ exchange rate	1.05	1.05	1.03	1.00	–	–	1.03

Superior has interest rate swaps with four counterparties to manage the interest rate mix of its total debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term maturity debt instruments. Superior reviews its mix of short-term and longer-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

Superior utilizes a variety of counterparties in relation to its derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the credit worthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Services and Construction Products Distribution deal with a large number of small customers, thereby reducing this risk. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring the overall credit worthiness of its customers. Energy Services fixed-price energy services business has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide invoicing, collection and the assumption of bad debts risk for residential and small commercial customers. Fixed-price energy services actively monitor the credit worthiness of its direct bill industrial customers. All of Superior's business segments have credit risk policies in place in order to minimize credit exposures.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's year end Consolidated Financial Statements, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 21 to the audited Consolidated Financial Statements.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2011 to the following changes is provided below:

	Change	Change	Impact on Adjusted Operating Cash Flow	Per Share
Energy Services				
Change in propane sales margin	$0.005/litre	3%	$6.5 million	$0.06
Change in propane sales volume	50 million litres	4%	$7.7 million	$0.07
Change in U.S. Refined Fuels sales margin	$0.005/litre	6%	$8.7 million	$0.08
Change in U.S. Refined Fuels sales volume	50 million litres	3%	$3.5 million	$0.03
Change in natural gas sales margin	$0.02/GJ	1%	$0.4 million	$nil
Change in natural gas sales volume	2 million GJ	9%	$2.9 million	$0.03
Specialty Chemicals				
Change in sales price	$10.00/tonne	1%	$7.7 million	$0.07
Change in sales volume	15,000 metric tonnes	2%	$4.5 million	$0.04
Construction Products Distribution				
Change in sales margin	1% point change in average gross margin	4%	$6.6 million	$0.06
Change in sales volume	5% change in sales volume	5%	$4.4 million	$0.04
Corporate				
Change in Cdn$/US$ exchange rate	$0.01	1%	$0.1 million	$nil
Corporate change in interest rates	0.5%	14%	$1.7 million	$0.02

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures are designed by or designed under the supervision of Superior's President and Chief Executive Officer (CEO) and the Executive Vice President and Chief Financial Officer (CFO) in order to provide reasonable assurance that all material information relating to Superior is communicated to them by others in the organization as it becomes known and is appropriately disclosed as required under the continuous disclosure requirements of securities legislation and regulation. In essence, these types of controls are related to the quality and timeliness of financial and non-financial information in securities filings. The CEO and CFO are assisted in this responsibility by a Disclosure Committee (DC), which is composed of senior managers of Superior. The DC has established procedures so that it can be aware of any material information affecting Superior in order to evaluate and discuss this information and determine the appropriateness and timing of its public releases. An evaluation of the effectiveness of the design and operation of Superior's disclosure controls and procedures was

conducted as at December 31, 2011 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation and regulation is recorded, processed, summarized and reported within the times specified in those rules and forms.

Superior's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

The evaluation of the design of Superior's internal controls over financial reporting was conducted as at December 31, 2011 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the design of Superior's internal control over financial reporting, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

The evaluation of effectiveness of Superior's internal controls over financial reporting was conducted as at December 31, 2011 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's internal controls over financial reporting, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings were effective at December 31, 2011.

No changes have been made in Superior's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Superior's internal control over financial reporting in the quarter ended December 31, 2011.

Critical Accounting Policies and Estimates

Superior's audited Consolidated Financial Statements have been prepared in accordance with IFRS. The significant accounting policies are described in the audited Consolidated Financial Statements for the period ended December 31, 2011. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Our critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, future income tax assets and liabilities, the valuation of derivatives and non-financial derivatives and asset impairments and the assessment of potential asset retirement obligations.

Critical Accounting Estimates

Superior's significant accounting policies are contained in Note 2 to the Consolidated Financial Statements. Certain of these policies involve critical accounting estimates because they require Superior to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. Superior constantly evaluates these estimates and assumptions.

Allowance for Doubtful Accounts

Superior expects that a certain portion of required customer payments will not be made and maintains an allowance for these doubtful accounts. This allowance is based on Superior's estimate of the likelihood of recovering its accounts receivable. It incorporates current and expected collection trends. If economic conditions change, actual results or specific industry trends differ from Superior's expectations, Superior will adjust its allowance for doubtful accounts and its bad debts expense accordingly.

Employee Future Benefits

The accrued benefit obligation is determined by independent actuaries using the projected benefit method prorated on service and based on management's best economic and demographic estimates. The benefit relates to Superior's defined benefit plans. The expected return on plan assets is determined by considering long-term historical returns, future estimates of long-term investment returns and asset allocations.

Asset Impairment

Superior reviews long-lived assets and intangible assets with finite lives whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be fully recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows, and measurement of an impairment loss is based on the fair value of the assets.

Goodwill is not amortized, but is assessed for impairment at the reporting unit level annually, or sooner if events or changes in circumstances indicate that the carrying amount could exceed fair value. Goodwill is assessed for impairment using a two-step approach, with the first step being to assess whether the fair value of the reporting unit to which the goodwill is assigned is less than its carrying value. If this is the case, a second impairment test is performed which requires a comparison of the fair value of goodwill to its carrying amount. If fair value is less than the carrying value, goodwill is considered to be impaired and an impairment charge would be recognized immediately.

Valuation of Derivatives and Non-Financial Derivatives

The valuation of derivatives and non-financial derivatives is determined by reference to quoted bid or asking prices, as appropriate, in the most advantageous active market for that instrument to which Superior has immediate access. Where bid and ask prices are unavailable, Superior uses the closing price of the most recent transaction of the instrument. In the absence of an active market, Superior determines fair value based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis, using observable market-based inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, Superior looks primarily to external readily observable market inputs including interest rate yield curves, currency rates, and price and rate volatilities as applicable. With respect to the valuation of Specialty Chemicals' fixed-price electricity agreements, Superior makes assumptions about the long-term price of electricity in electricity markets for which active market information is not available. This assumption has a material impact on the fair value of these agreements. Any changes in the fair values of financial instruments classified or designated as held-for-trading are measured at fair value and are recognized in net income.

Adoption of IFRS

The Accounting Standards Board of Canada (AcSB) announced plans in 2008 which require the convergence of GAAP with IFRS for publicly accountable enterprises, including Superior. The changeover date from GAAP to IFRS is for annual and quarterly financial statements relating to fiscal years beginning on or after January 1, 2011. Superior adopted IFRS effective January 1, 2011 and has prepared its financial statements in accordance with IFRS.

The initial adoption of IFRS has required Superior to review each of its accounting policies and determine whether or not a change is required or permitted under IFRS and whether any amended policy is required to be applied on a retrospective or prospective basis. This review was performed in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards* which provides guidance for initial adoption, policy choice option and exemptions available.

IFRS accounting standards are similar to the conceptual framework of GAAP, although significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS has had a material impact on Superior's consolidated balance sheets and consolidated statement of net loss and comprehensive loss.

Transition to IFRS

Superior has restated previously reported audited financial figures for 2010 under GAAP to reflect the impact of adopting IFRS. Superior's financial information has been compiled from the underlying IFRS basis of financial information included in the accompanying financial statements as at December 31, 2011 and for the year ended December 31, 2011 and 2010. See Note 35 to Superior's audited Consolidated Financial Statements for the details on Superior's transition to IFRS.

The actual adjustments recorded in Superior's opening balance sheet as at January 1, 2010 for the year ending December 31, 2011, may differ from those presented in the unaudited Condensed Consolidated Financial Statements as at September 30, 2011 pending changes to IFRS accounting standards.

The following table highlights the significant impacts of adopting IFRS on Superior's opening IFRS balance sheet.

Standards	Comparison Between IFRS and GAAP	Findings	Financial Impact on Superior's January 1, 2010 Opening IFRS Balance Sheet
International Accounting Standards (IAS) *16 Property, Plant and Equipment*	**Componentization** IFRS: Property, plant and equipment have to be recorded and amortized based on material components. GAAP: Component identification rules are less stringent. **Major inspections and overhauls** IFRS: Costs related to major inspections and overhauls required at regular intervals over the life of an item of property, plant and equipment are capitalized if the recognition criteria are met. GAAP: Only costs meeting the criteria to be classified as betterment are capitalized.	**Componentization** Superior has identified several new material component categories under IAS 16. This will result in reclassification of some property, plant and equipment into the new categories. This will result in changes to the useful lives of some components of property, plant and equipment. **Major inspections and overhauls** Superior has identified some major inspections and overhauls which meet the recognition criteria under IFRS. Superior retroactively applied IAS 16 to previously expensed major inspection and overhaul costs. This will result in the capitalization of previously expensed major inspection and overhaul costs.	**Componentization** The impact upon transition to IFRS is a decrease in Energy Services' accumulated amortization of various property, plant and equipment components of approximately $37 million and a decrease in opening deficit of approximately $37 million. **Major inspections and overhauls** The impact upon transition to IFRS is a net increase in property, plant and equipment of Energy Services of approximately $32 million and a decrease in opening deficit of approximately $32 million.
IAS 39 *Derecognizing Financial Assets and Financial Liabilities*	IFRS: Various criteria must be met in order to derecognize financial assets and financial liabilities from the balance sheet. GAAP: Criteria for derecognizing financial assets and financial liabilities from the balance sheet are less stringent than IFRS.	Based on an analysis of IAS 39, Superior's accounts receivable securitization program would not qualify for derecognition. As such, the related accounts receivable balance and obligation would also be recorded on the balance sheet.	The impact upon transition to IFRS is an increase of approximately $93 million to accounts receivable and an increase of approximately $93 million to revolving term bank credits and term loans.

<table>
<tr><td>IAS 17 Leases</td><td>IFRS: The criteria for determining whether a lease is considered to be a finance (capital) or operating lease are based on a number of indicators; however, quantitative thresholds are not offered as an indicator as under GAAP.

GAAP: The criteria for determining whether a lease is considered to be a finance (capital) lease or operating lease are based on a number of indicators and quantitative thresholds.</td><td>In applying IFRS, Superior has developed internal indicators for assessing the classification of leases under IFRS. As a result of these indicators, Superior will be classifying those leases meeting the criteria set out in IAS 17 as finance (capital) leases under IFRS. This will result in an increase in property, plant and equipment and associated lease obligations.</td><td>The impact upon transition to IFRS is an increase to property, plant and equipment of both Energy Services and Construction Products Distribution of $73 million in total. Also an increase to lease obligations of $58 million was recognized upon transition.</td></tr>
<tr><td rowspan="2">IAS 19 Employee Benefits</td><td>Measurement date
IFRS: Under IFRS, the plan assets and the accrued benefit obligation are measured at the end of the reporting period.

GAAP: The plan assets and the accrued benefit obligation can be measured as of a date not more than three months prior to the reporting date, provided the entity adopts this practice consistently from year to year.</td><td>Under IFRS, Superior will measure its employee benefit obligation at the end of each fiscal reporting period.</td><td>The impact upon transition to IFRS is an increase in employee benefit liabilities of approximately $13 million and an increase in opening deficit of approximately $13 million.</td></tr>
<tr><td>Actuarial gains and losses
IFRS: Under IFRS, an entity can elect to recognize actuarial gains and losses immediately in other comprehensive income.

GAAP: Under GAAP, an entity can elect to recognize actuarial gains and losses immediately and must put them through income for the period.</td><td>Under IFRS, Superior will recognize actuarial gains and losses immediately through other comprehensive income. Currently under GAAP, Superior defers and amortizes actuarial gains and losses through income using a rational manner.</td><td>The impact upon transition to IFRS is a decrease in employee benefit assets of approximately $18 million and an increase in opening deficit of approximately $18 million.</td></tr>
</table>

IAS 12 *Income Taxes*	**Deferred credit** IFRS: Any amounts relating to deferred credits are recognized immediately in net earnings. GAAP: Recognition of deferred credits on the balance sheet are specifically addressed under Emerging Issues Committee (EIC) – 110 Accounting for Acquired Future Tax Benefits in Certain Purchase Transactions that are not Business Combinations. Under EIC – 110, any deferred credits are amortized into net earnings as the related assets are utilized.	Based on an analysis of IAS 12, Superior will adjust the deferred credit liability to zero upon transition to IFRS.	The impact upon transition to IFRS is a decrease to the deferred credit of approximately $271 million and an increase to opening deficit of approximately $271 million. Superior's net deferred tax liability was increased by approximately $35 million and a decrease of $35 million to accumulated deficit due to the application of IAS 12.
IAS 36 *Impairment of Assets*	**Reversing Impairment Losses** IFRS: An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. GAAP: Impairment losses are not reversed.	Superior has reviewed prior impairment of assets and determined that a reversal should be recognized. The impairment charge recognized in 2005 on Specialty Chemicals' Valdosta facility will be reversed based on the estimated net book value of the related assets as at January 1, 2010.	The impact upon transition to IFRS is a net increase to Specialty Chemicals' property, plant and equipment of approximately $64 million and a decrease of approximately $64 million to opening deficit.

See Note 35 to Superior's audited Consolidated Financial Statements for the further details on Superior's transition to IFRS.

Reconciliation from GAAP to IFRS

The following table reconciles Superior's audited financial information for the year ended December 31, 2010 under GAAP to that under IFRS. Superior has also provided additional analysis describing the reconciling items affecting AOCF for the period.

Reconciliation of Net Earnings (Losses) for the Year Ended December 31, 2010

(millions of dollars)	GAAP	Adjustments	Reclassifications	IFRS	IFRS Accounts
	Year ended December 31, 2010				
Revenues	**3,529.2**	–	8.2	**3,537.4**	Revenues
Cost of products sold	**(2,661.3)**	(1.3)	(94.2)	**(2,756.8)**	Cost of sales
Realized gains (losses) on derivative financial instruments	**(80.3)**	–	80.3	**–**	
Gross profit	**787.6**	(1.3)	(5.7)	**780.6**	
Operating and administrative costs	**624.4**	(23.4)	75.4	**676.4**	Selling, distribution and administrative costs
Selling, distribution and administrative costs	**–**	5.4	1.2	**6.6**	Other expenses
Deprecation of property, plant and equipment	**37.7**	13.7	(51.4)	**–**	
Amortization of intangible assets	**25.0**	3.0	(28.0)	**–**	
Interest on revolving term bank credits and term loan	**39.6**	4.4	31.2	**75.2**	Finance expense
Interest on convertible unsecured subordinated debt	**27.6**	–	(27.6)	–	
Accretion of convertible debenture and borrowings issue costs	**6.7**	(0.4)	(6.3)	–	
Impairment of intangible assets and goodwill	**89.5**	–	–	**89.5**	Impairment of intangible assets and goodwill
Unrealized losses on derivative financial instruments	**2.2**	–	–	**2.2**	Unrealized losses on derivative financial instruments
	852.7	2.7	(5.5)	**849.9**	
Net loss before income taxes	**(65.1)**	(4.0)	(0.2)	**(69.3)**	Net loss before income taxes
Income tax recovery (expense)	**18.1**	(24.8)	0.2	**(6.5)**	Income tax recovery (expense)
Net loss	**(47.0)**	(28.8)	–	**(75.8)**	**Net loss**

In the above table, any amounts under IFRS adjustments represent changes made to GAAP information due to the adoption of IFRS. See Note 35 to Superior's audited Consolidated Financial Statements as at and for the year ended December 31, 2011 for details of these changes.

Reconciliation from AOCF under GAAP to AOCF under IFRS

(millions of dollars)	Year ended December 31, 2010
AOCF as reported under GAAP	143.4 [(1)]
IFRS Adjustments:	
Finance leases	12.8
Employee future benefits	1.1
Capitalization of major inspections and overhauls	4.0
Add back of non-recurring other expenses	1.2
Non-IFRS Adjustments:	
Revenue recognition adjustment	0.4
AOCF as revised under IFRS	162.9

[(1)] In order to better reflect the results of its operations, Superior has revised the treatment of customer contract related costs and non-cash interest expenses in the prior year AOCF.

Adjustments:

Finance leases: Under IFRS, Superior is required to capitalize leases which qualify as finance leases based on the criteria set out in IAS 17 Leases. AOCF has increased by an amount equal to the principal repayment of leases treated as finance under IFRS. Also Superior has increased borrowings by $69.7 million as at December 31, 2010 due to the recognition of finance leases under IFRS.

Employee Future Benefits: Under IFRS, Superior was required to revalue its employee benefit obligation as at January 1, 2010, which reduced the period expense for employee future benefits during 2010.

Capitalization of major inspections and overhauls: Under IFRS, Superior has capitalized various expenditures for major inspections and overhauls which did not qualify for capitalization under GAAP. As such AOCF has increased due to the capitalization of those types of costs.

Revenue Recognition Adjustment: Superior has adjusted the amount of previously recorded revenue and cost of goods sold for the year ended December 31, 2010.

Selected Financial Information

(millions of dollars except per share amounts)	2011	2010	2009
Total assets (as at December 31)	**2,193.4**	2,696.9	2,274.0
Total revenues	**3,925.6**	3,537.4	2,246.7
Gross profit	**827.5**	780.6	653.4
Net earnings (losses)	**(302.6)**	(75.8)	68.3
Per share, basic and diluted	**$(2.77)**	$(0.72)	$0.75
Cash flow from operating activities	**212.0**	9.9	191.3
Adjusted operating cash flow	**180.4**	162.9	163.9
Per share, basic and diluted	**$1.65**	$1.54	$1.80
Cash dividends per share	**$1.17**	$1.62	$1.62
Current and long-term debt [1] (as at December 31)	**762.1**	740.0	645.4

[1] Current and long-term debt before deferred financing fees, accounts receivable securitization and Debentures.

Fourth Quarter Results

Fourth quarter adjusted operating cash flow was $63.8 million, an increase of $1.3 million or 2% from the prior year quarter. The increase in adjusted operating cash flow was due to higher operating results at Energy Services and Specialty Chemicals offset in part by higher interest and corporate costs. Adjusted operating cash flow of $0.58 per share was consistent with the prior year quarter due to a 3% increase in adjusted operating cash flow offset in part by a 3% increase in the weighted average number of shares outstanding. The average number of shares outstanding increased in 2011 as a result of shares issued from Superior's DRIP.

The net loss for the fourth quarter was $231.4 million, compared to net losses of $56.0 million in the prior year quarter. Net losses were impacted by higher operating costs, interest costs, impairment of intangible assets and goodwill, and lower unrealized gains on financial instruments in the current quarter. The change in the unrealized gains on financial instruments was due principally to lower gains in the current quarter on Superior's foreign currency financial derivatives compared to the prior year quarter as a result of fluctuations in the spot and forward price for U.S. dollars. The net loss for the quarter was impacted by a $300.6 million intangible asset and goodwill impairment charge to the Energy Services' segment and an asset write off of $3.4 million at U.S. Refined Fuels due to flooding damage and an explosion at one of its branches. Revenues of $1,043.4 million were $32.2 million higher than the prior year quarter due principally to higher Energy Services' revenue as a result of higher commodity prices along with higher Specialty Chemicals' revenue due to increased pricing. Gross profit of $234.6 million was $9.9 million higher than the prior year quarter due principally to higher Specialty Chemicals' gross profits on higher gross margins. Operating expenses of $188.7 million in the fourth quarter were $11.1 million higher than in the prior year, due to the full year contribution of Griffith, increased depreciation expense and higher corporate costs. Total income tax for the fourth quarter was a recovery of $43.7 million compared to income tax expenses of $21.1 million in the prior year quarter. The income tax recovery in 2011 was primarily impacted by the impairment charges recorded to intangible assets and goodwill.

Quarterly Financial and Operating Information

(millions of dollars except per share amount)	2011 Quarters				2010 Quarters [2]			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Canadian propane sales volumes (millions of litres)	**368**	**239**	**260**	**439**	372	234	249	380
U.S. Refined Fuels sales volumes (millions of litres)	**440**	**344**	**405**	**552**	499	363	371	469
Natural gas sales volumes (millions of GJs)	**5**	**5**	**6**	**6**	6	7	7	7
Electricity sales volumes (millions of KwH)	**167**	**176**	**146**	**117**	133	86	73	74
Chemical sales volumes (thousands of metric tonnes)	**187**	**197**	**192**	**196**	193	189	183	170
Revenues (millions of dollars)	**1,043.4**	**845.0**	**898.4**	**1,138.8**	1,011.2	769.1	791.2	965.9
Gross profit	**234.6**	**178.5**	**176.0**	**238.4**	224.7	172.4	165.9	217.6
Net earnings (losses)	**(231.4)**	**(113.4)**	**1.1**	**41.1**	(56.0)	(13.8)	(5.5)	(0.5)
Per share, basic and diluted	**$(2.10)**	**$(1.04)**	**$0.01**	**$0.38**	$(0.53)	$(0.13)	$(0.05)	$(0.00)
Adjusted operating cash flow (millions of dollars)	**63.8**	**23.5**	**19.8**	**73.3**	62.5	26.5	12.9	61.0
Per share, basic and diluted	**$0.58**	**$0.21**	**$0.18**	**$0.68**	$0.58	$0.25	$0.12	$0.59
Net working capital [1] (millions of dollars)	**377.3**	**295.0**	**365.3**	**416.1**	400.9	280.9	268.3	228.8

[1] Net working capital reflects amounts as at the quarter-end and is comprised of accounts receivable and inventories, less trade and other payables and deferred revenue.
[2] All 2010 figures have been restated for the adoption of IFRS.

Forward-Looking Information

Certain information included herein is forward-looking, within the meaning of applicable Canadian securities laws. Forward-looking information includes, without limitation, statements regarding the future financial position and debt repayment, business strategy, market conditions, budgets, litigation, projected costs, capital expenditures, financial results, adjusted operating cash flow, EBITDA from operations, taxes and plans and objectives of or involving Superior and Superior Plus LP. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. Forward-looking information in this MD&A, includes but is not limited to, consolidated and business segment outlooks, product production, expected EBITDA from operations, expected AOCF, expected AOCF per share, expected leverage ratios and debt repayment, debt management summary, future capital expenditures, future economic conditions, tax horizon, future income taxes, exchange rates, dividend strategy, commodity prices and costs, development plans and programs, effects of operational and technological improvements, impact of accounts receivable collection delays, sodium chlorate demand, business strategy and objectives, payout ratio, future dividend payments, future cash flows, anticipated taxes, benefits and synergies resulting from corporate and asset acquisitions, expected life of facilities

and statements regarding the future financial position of Superior and Superior Plus LP. Superior believes the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Forward-looking information is based on various assumptions. Those assumptions are based on information currently available to Superior, including information obtained from third-party industry analysts and other third-party sources, the historic performance of Superior's businesses, and such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, our ability to obtain financing on acceptable terms, and the other assumptions set forth under the "2012 Financial Outlook" section contained in this MD&A. Readers are cautioned that the preceding list of assumptions is not exhaustive.

Forward-looking information is not a guarantee of future performance. By its very nature, forward-looking information involves inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking information will not be achieved, some of which are described herein and in this MD&A. Such risks and uncertainties may cause Superior's or Superior Plus LP's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking information. We caution readers not to place undue reliance on this information as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in such forward-looking information.

These risks and uncertainties include but are not limited to the risks referred to under "Risk Factors to Superior", and the risks identified in Superior's 2011 Annual Information Form under "Risk Factors". Any forward-looking information is made as of the date hereof and, except as required by law, Superior does not undertake any obligation to publicly update or revise such information to reflect new information, subsequent or otherwise. Any forward-looking information is expressly qualified by this cautionary statement.

Non-IFRS Financial Measures

Adjusted Operating Cash Flow

Adjusted operating cash flow is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items to its calculation of adjusted operating cash flow; these items would generally, but not necessarily, be items of a non-recurring nature. Adjusted operating cash flow is the main performance measure used by management and investors to evaluate the performance of Superior. Readers are cautioned that adjusted operating cash flow

is not a defined performance measure under IFRS and that adjusted operating cash flow cannot be assured. Superior's calculation of adjusted operating cash flow may differ from similar calculations used by comparable entities. Adjusted operating cash flow represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior.

The seasonality of Superior's individual quarterly results must be assessed in the context of annualized adjusted operating cash flow. Adjustments recorded by Superior as part of its calculation of adjusted operating cash flow include, but are not limited to, the impact of the seasonality of Superior's businesses, principally the Energy Services segment, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expense, which can differ significantly from quarter to quarter. Adjustments are also made to reclassify the cash flows related to natural gas and electricity customer contract related costs in a manner consistent with the income statement recognition of these costs. Adjusted operating cash flow is reconciled to net cash flow from operating activities on page 48.

EBITDA

EBITDA represents earnings before taxes, depreciation, amortization, finance expense and other non-cash expenses, and is used by Superior to assess its consolidated results and the results of its operating segments. EBITDA is not a defined performance measure under IFRS. Superior's calculation of EBITDA may differ from similar calculations used by comparable entities. EBITDA of Superior's operating segments may be referred to as EBITDA from operations. Net earnings are reconciled to EBITDA from operations on page 53.

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses calculated on a 12 month trailing basis giving pro forma effect to acquisitions and divestitures and is used by Superior to calculate its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under IFRS. Superior's calculation of Compliance EBITDA may differ from similar calculations used by comparable entities. See Note 23 to the audited Consolidated Financial Statements for a reconciliation of net earnings (losses) to Compliance EBITDA.

Payout Ratio

Payout ratio represents dividends as a percentage of adjusted operating cash flow less other capital expenditures and is used by Superior to assess its financial results and leverage. Payout ratio is not a defined performance measure under IFRS. Superior's calculation of payout ratio may differ from similar calculations used by comparable entities.

Reconciliation of Net Earnings (Losses) to EBITDA from Operations [1] [2]

2011 (millions of dollars)	Energy Services	Specialty Chemicals	Construction Products Distribution
Net earnings (losses)	**(233.9)**	**56.1**	**(63.3)**
Add: Amortization of property, plant and equipment and intangible assets	**73.5**	**8.5**	**8.3**
Amortization included in cost of sales	–	**44.9**	–
Amortization of customer contract costs	**4.2**	–	–
Customer contract related costs	**(1.6)**	–	–
Gain on bargain purchase	**(0.9)**	–	–
Impairment of property, plant and equipment	**3.4**	–	–
Impairment of intangible assets and goodwill	**300.6**	–	**78.0**
Finance costs	**3.9**	**0.3**	**1.2**
Unrealized losses on derivative financial instruments	**(15.6)**	**5.4**	–
EBITDA from operations	**133.6**	**115.2**	**24.2**

2010 (millions of dollars)	Energy Services	Specialty Chemicals	Construction Products Distribution
Net earnings (losses)	18.0	39.3	(73.8)
Add: Amortization of property, plant and equipment, intangible assets and accretion	58.5	10.3	10.6
Amortization included in cost of sales	–	46.4	–
Amortization of customer contract costs	6.3	–	–
Customer contract related costs	(2.8)	–	–
Gain on bargain purchase	(1.2)	–	–
Impairment of intangible assets and goodwill	–	–	89.5
Finance costs	4.2	0.2	0.4
Other expenses	5.3	–	0.1
Unrealized gains on derivative financial instruments	26.4	5.3	–
EBITDA from operations	114.7	101.5	26.8

[1] See the audited Consolidated Financial Statements for net earnings (losses), depreciation of property, plant and equipment, intangible assets and accretion of convertible debenture issue costs, amortization included in cost of sales, amortization of customer contract costs, customer contract related costs and unrealized (gains) losses on derivative financial instruments.

[2] See "Non-IFRS Financial Measures" for additional details.

Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A

	2011			2010		
	Energy Services	**Specialty Chemicals**	**Construction Products Distribution**	Energy Services	Specialty Chemicals	Construction Products Distribution
Revenue per Financial Statements	**2,686.1**	**527.7**	**711.8**	2,338.3	481.5	717.6
Foreign currency gains (losses) related to working capital	–	**1.4**	**–**	0.8	(0.4)	–
Revenue per the MD&A	**2,686.1**	**529.1**	**711.8**	2,339.1	481.1	717.6
Cost of products sold per Financial Statements	**(2,225.7)**	**(335.3)**	**(537.1)**	(1,904.2)	(307.3)	(545.3)
Risk reserve recovery reclassification	**(5.2)**	**–**	**–**	–	–	–
Non-cash amortization	**–**	**44.9**	**–**	–	46.4	–
Cost of products sold per the MD&A	**(2,230.9)**	**(290.4)**	**(537.1)**	(1,904.2)	(260.9)	(545.3)
Gross profit	**455.2**	**238.7**	**174.7**	434.9	220.2	172.3
Cash operating and administrative Costs per Financial Statements	**(405.4)**	**(130.6)**	**(158.8)**	(380.4)	(129.4)	(156.1)
Amortization and depreciation expenses	**73.5**	**8.5**	**8.3**	58.7	10.3	10.6
Amortization of customer contract related costs	**4.2**	**–**	**–**	6.3	–	–
Customer contract related costs	**(1.6)**	**–**	**–**	(2.8)	–	–
Impairment of property, plant and equipment, intangible assets and goodwill	**3.4**	**–**	**–**	–	–	–
Gain on bargain purchase	**(0.9)**	**–**	**–**	(1.2)	–	–
Risk reserve recovery reclassification	**5.2**	**–**	**–**	–	–	–
Reclassification of foreign currency (gains) and losses related to working capital	–	**(1.4)**	**–**	(0.8)	0.4	–
Cash operating and administrative costs per the MD&A	**(321.6)**	**(123.5)**	**(150.5)**	(320.2)	(118.7)	(145.5)

Reconciliation of Net Earnings (Losses) to Compliance EBITDA [1] [2]

(millions of dollars)	2011	2010
Net loss	**(302.6)**	(75.8)
Adjusted for:		
Finance expense	**85.5**	75.2
Realized gains on derivative financial instruments included in finance expense	**2.3**	2.9
Depreciation of property, plant and equipment	**48.4**	49.0
Depreciation included in cost of sales	**44.9**	46.4
Amortization of intangible assets	**41.9**	30.4
Impairment of intangible assets and goodwill	**378.6**	89.5
Impairment of property, plant and equipment	**3.4**	–
Income tax expense (recovery)	**(50.4)**	6.5
Unrealized (gains) losses on derivative financial instruments	**9.7**	2.2
Proforma impact of acquisitions	**1.5**	4.8
Compliance EBITDA	**263.2**	231.1

(1) See the Consolidated Financial Statements for additional details.
(2) See "Non-GAAP Financial Measures" for additional details.

Risk Factors to Superior

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as identified in Superior's 2011 Annual Information Form under the heading "Risk Factors". For a detailed discussion of these risks, see Superior's 2011 Annual Information Form filed on the Canadian Securities Administrator's website, www.sedar.com and Superior's website, www.superiorplus.com.

Risks to Superior

Superior is entirely dependent upon the operations and assets of Superior LP. Superior's ability to make dividend payments to shareholders is dependent upon the ability of Superior LP to make distributions on its outstanding limited partnership units as well as the operations and business of Superior LP.

There is no assurance regarding the amounts of cash to be distributed by Superior LP or generated by Superior LP and therefore funds available for dividends to shareholders. The actual amount distributed in respect of the limited partnership units will depend on a variety of factors including, without limitation, the performance of Superior LP's operating businesses, the effect of acquisitions or dispositions on Superior LP, and other factors that may be beyond the control of Superior LP or Superior. In the event significant sustaining capital expenditures are required by Superior LP or the profitability of Superior LP declines, there would be a decrease in the amount of cash available for dividends to shareholders and such decrease could be material.

Superior's dividend policy and the distribution policy of Superior LP are subject to change at the discretion of the board of directors of Superior or the board of directors of Superior General Partner Inc., as applicable. Superior's dividend policy and the distribution policy of Superior LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law.

The credit facilities and U.S. Notes of Superior LP contain covenants that require Superior LP to meet certain financial tests and that restrict, among other things, the ability of Superior LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior LP from returning capital or making distributions on the limited partnership units.

The payout by Superior LP of substantially all of its available cash flow means that capital expenditures to fund growth opportunities can only be made in the event that other sources of financing are available. Lack of access to such additional financing could limit the future growth of the business of Superior LP and, over time, have a material adverse effect on the amount of cash available for dividends to shareholders.

To the extent that external sources of capital, including public and private markets, become limited or unavailable, Superior's and Superior LP's ability to make the necessary capital investments to maintain or expand the current business, to make necessary principal payments and debenture redemptions under its term credit facilities may be impaired.

Superior maintains a substantial floating interest rate exposure through a combination of floating interest rate borrowings and the use of derivative instruments. Demand levels for approximately half of Energy Services' sales and substantially all of Specialty Chemicals' and Construction Products Distribution's sales are affected by general economic trends. Generally speaking, when the economy is strong, interest rates increase as does sales demand from Superior's customers, thereby increasing Superior's ability to pay higher interest costs and vice versa. In this way, there is a common relationship between economic activity levels, interest rates and Superior's ability to pay higher or lower rates. However, increased interest rates can affect Superior's borrowing costs, which may have an adverse effect on Superior.

A portion of Superior's net cash flows is denominated in U.S. dollars. Accordingly, fluctuations in the Canadian/U.S. dollar exchange rate can impact profitability. Superior attempts to mitigate this risk by hedging.

The timing and amount of capital expenditures incurred by Superior LP or by its subsidiaries will directly affect the amount of cash available to Superior for dividends to shareholders. Dividends may be reduced, or even eliminated, at times when significant capital expenditures are incurred or other unusual expenditures are made.

If the board of directors of Superior decides to issue additional common shares, preferred shares or securities convertible into common shares, existing shareholders may suffer significant dilution.

There can be no assurances that income tax laws in the numerous jurisdictions in which Superior operates will not be changed, interpreted or administered in a manner which adversely affects Superior and its shareholders. In addition, there can be no assurance that the Canada Revenue Agency (or a provincial

tax agency), U.S. Internal Revenue Service (or a state or local tax agency), or the Chilean Internal Revenue Service (collectively the "Tax Agencies") will agree with how Superior calculates its income for tax purposes or that the various Tax Agencies will not change their administrative practices to the detriment of Superior or its shareholders.

Without limiting the generality of the foregoing, since the beginning of 2010, the Canada Revenue Agency has requested and reviewed information from Superior relating to the plan of arrangement (Arrangement) involving the Fund and Ballard Power Systems Inc. and the conversion of the Fund to a corporation (Conversion). While Superior is confident in the appropriateness of its tax filing position and the expected tax consequences of the Arrangement and the Conversion transaction, there remains a possibility that, if the Canada Revenue Agency elects to challenge Superior's tax filing and such challenge is successful, it could potentially affect the availability or quantum of the tax basis or other tax accounts of Superior. Although it is difficult to quantify the potential impact of any such outcome, it could be materially adverse to Superior.

Risks to Superior's Segments

Energy Services

Canadian Propane Distribution and U.S. Refined Fuels

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, some of which are less costly on an energy equivalent basis. While propane is usually more cost effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and, in general, is less costly on an equivalent energy basis, although operating efficiencies, environmental and air quality factors help make propane competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas already exists. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the propane industry and Superior Propane in the future. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Superior Propane's sales. Demand for automotive uses is presently declining at a rate of approximately 10% to 15% per year due to the development of more fuel efficient and complicated engines which increases the cost of converting engines to propane and reduces the savings per kilometre driven. Propane commodity prices are affected by crude oil and natural gas commodity prices.

Competition in the U.S. Refined Fuels business markets generally occurs on a local basis between large full service, multi-state marketers and smaller local independent marketers. Although the industry has seen a continued trend of consolidation over the past several years, the top ten multi-state marketers still generate only one-third of total retail sales in the United States. Marketers primarily compete based upon price and service and tend to operate in close proximity to customers, typically within a 35-mile marketing radius from a central depot, to lower delivery costs and provide prompt service.

Weather and general economic conditions affect propane and refined fuels market volumes. Weather influences the demand for propane and heating oil used primarily for space heating uses and also for agricultural applications.

The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane and heating oil demand and Superior's sales. Further, increases in the cost of propane encourage customers to conserve fuel and to invest in more energy-efficient equipment, reducing demand. Changes in propane supply costs are normally passed through to customers, but timing lags (the time between when Superior purchases the propane and when the customer purchases the propane) may result in positive or negative gross margin fluctuations.

Superior offers its customers various fixed-price propane and heating oil programs. In order to mitigate the price risk from offering these services, Superior uses its physical inventory position, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high propane price volatility the fixed price programs create exposure to over or under supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if propane prices decline significantly subsequent to customers signing up for a fixed price program there is a risk that customers will default on their commitments.

Superior's operations are subject to the risks associated with handling, storing and transporting propane in bulk. Slight quantities of propane may also be released during transfer operations. To mitigate risks, Superior has established a comprehensive program directed at environmental, health and safety protection. This program consists of an environmental policy, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

The U.S. Refined Fuels business, through a centralized safety and environment management system, ensures that safety practices and regulatory compliance are an important part of its business. The storage and delivery of refined fuels poses the potential for spills which would impact the soils and water of storage facilities and customer properties.

Superior's fuel distribution businesses are based and operate in Canada and the United States, and, as a result, such operations could be affected by changes to laws, rules or policies which may either be more favourable to competing energy sources or increase costs or otherwise negatively affect the operations of Energy Services in comparison to such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Services.

Approximately 12% of Superior's Canadian Propane Distribution and U.S. Refined Fuels distribution businesses employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the re-negotiation process that could have an adverse impact on Superior.

Fixed-Price Energy Services Business

New entrants in the energy retailing business may enter the market and compete directly for the customer base that Superior targets, slowing or reducing its market share.

SEM purchases natural gas to meet its estimated commitments to its customers based upon the historical consumption of gas of its customers. Depending on a number of factors, including weather, customer attrition and poor economic conditions affecting commercial customers' production levels, customer natural gas consumption may vary from the volume purchased. This variance must be reconciled and settled at least annually and may require SEM to purchase or sell natural gas at market prices which may have an adverse impact on the results of this business. To mitigate potential balancing risk, SEM closely monitors its balancing position and takes measures such as adjusting gas deliveries and transferring gas between pools of customers, so that imbalances are minimized. The reserve is reviewed on a monthly basis to ensure that it is sufficient to absorb any losses that might arise from balancing.

SEM matches its customers' estimated electricity requirements by entering into electricity swaps in advance of acquiring customers. Depending on several factors, including weather, customers' energy consumption may vary from the volumes purchased by SEM. SEM is able to invoice existing commercial electricity customers for balancing charges when the amount of energy used is greater than or less than the tolerance levels set initially. In certain circumstances, there can be balancing issues for which SEM is responsible when customer aggregation forecasts are not realized.

Fixed-price energy services resources its fixed-price term natural gas sales commitments by entering into various physical natural gas and U.S. dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. Superior transacts with nine financial and physical natural gas counterparties. There can be no assurance that any of these counterparties will not default on any of their obligations to Superior. However, the financial condition of each counterparty is evaluated and credit limits are established to minimize Superior's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become unmatched; however, this is monitored daily in compliance with Superior's risk management policy.

Fixed-price energy services must retain qualified sales agents in order to properly execute its business strategy. The continued growth of fixed-price energy services is reliant on the services of agents to sign up new customers. There can be no assurance that competitive conditions will allow these agents to achieve these customer additions. Lack of success in the marketing programs of fixed-price energy services would limit future growth of cash flow.

Fixed-price energy services operates in the highly regulated energy industry in Ontario and Quebec. Changes to existing legislation could impact this business' operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of fixed-price energy services, including invoicing, collection, assuming specific bad debt risks and storage and distribution of natural gas. Any elimination or changes to these rules could have a significant adverse effect on the results of this business.

The Ontario Energy Board issued an update to the revised Codes of Conduct supporting the Energy Consumer Protection Act. Although the industry had anticipated automatic renewal of natural gas accounts on a month-to-month basis, the OEB has confirmed that the automatic renewal of natural gas contracts will be allowed for a period of one year capped at the customers' existing rate. Only one automatic renewal will be allowed emphasizing the need to positively convert automatic renewals to other products before the customer is returned to the utility at the end of the renewal term. Renewal notifications will require a standard disclosure form and a price comparison between fixed-price energy service's renewal price and the utility default rate.

Specialty Chemicals

Specialty Chemicals competes with sodium chlorate, chloralkali and potassium producers on a worldwide basis. Key competitive factors include price, product quality, logistics capability, reliability of supply, technical capability and service. The end-use markets for products are correlated to the general economic environment and the competitiveness of customers, all of which are outside of its control along with market pricing for pulp.

Specialty Chemicals has long-term electricity contracts or electricity contracts that renew automatically with power producers in each of the jurisdictions where its plants are located. There is no assurance that Specialty Chemicals will continue to be able to secure adequate supplies of electricity at reasonable prices or on acceptable terms.

Potassium chloride (KCL) is a major raw material used in the production of potassium hydroxide at the Port Edwards, Wisconsin facility. Substantially all of Specialty Chemicals KCL is received from Potash Corporation of Saskatchewan (Potash). Specialty Chemicals currently has a limited ability to source KCL from additional suppliers.

Specialty Chemicals is exposed to fluctuations in the U.S. dollar and the euro versus the Canadian dollar. Specialty Chemicals manages its exposure to fluctuations between the United States and Canadian dollar by entering into hedge contracts with external third parties and internally with other Superior businesses.

Specialty Chemicals' operations involve the handling, production, transportation, treatment and disposal of materials that are classified as hazardous and are regulated by environmental and health and safety laws, regulations and requirements. The potential exists for the release of highly toxic and lethal

substances, including chlorine. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the facilities unsafe, they may order that such facilities be shut down.

Specialty Chemicals' operations and activities in various jurisdictions require regulatory approvals for the handling, production, transportation and disposal of chemical products and waste substances. The failure to obtain or comply fully with such applicable regulatory approvals may materially adversely affect Specialty Chemicals.

Specialty Chemicals' production facilities maintain complex process and electrical equipment.The facilities have existed for many years and undergone upgrades and improvements over time.Routine maintenance is regularly completed to ensure equipment is operated within appropriate engineering and technical requirements. Notwithstanding Specialty Chemicals' operating standards and history of limited downtime, breakdown of electrical transformer or rectifier equipment would temporarily reduce production capacity at the affected facility.Although insurance coverage exists to mitigate substantial loss due to equipment outage, Specialty Chemicals' reputation and its ability to meet customer requirements could be negatively affected due to a major electrical equipment failure.

Approximately 23% of Specialty Chemicals' employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the re-negotiation process that could have an adverse impact on Superior.

Construction Products Distribution

Activity in the Construction Products Distribution segment is subject to changes in the level of general economic activity and in particular to the level of activity in residential and non-residential construction subsectors. New construction in residential markets is subject to such factors as household income, employment levels, customer confidence, population changes and the supply of residential units in any local area. Residential renovation is not as sensitive to these factors and can provide some balance in the demand for residential construction product distribution. Non-residential activity can be subdivided into commercial, industrial and institutional. New construction activity in these sectors is subject to many of the same general economic factors as for residential activity. In the industrial and institutional subsectors, government and regulatory programs can also have a significant impact on the outlook for product distribution, particularly as related to our insulation businesses. As a result, changes to the level of general economic activity or any of the above mentioned factors that affect the amount of construction or renovations in residential and non-residential markets can have an adverse affect on the CPD business and Superior.

Construction Products Distribution competes with other specialty construction distributors servicing the builder/contractor market, in addition to big-box home centres and independent lumber yards. The ability to remain competitive depends on its ability to provide reliable service at competitive prices.

The GSD market is driven largely by residential and non-residential construction. Demand for wall and ceiling building materials is affected by changes in general and local economic factors including demographic trends, employment levels, interest rates, consumer confidence and overall economic growth. These factors in turn impact the level of existing housing sales, new home construction, new non-residential construction, and office/commercial space turnover, all of which are significant factors in the determination of demand for products and services.

The C&I market is driven largely by C&I construction spending and economic growth. Sectors within the C&I market that are particularly influential to demand include: commercial construction and renovation, the construction, maintenance and expansion of industrial process facilities (i.e. oil refineries and petrochemical plants, power generation facilities) and institutional facilities (i.e. government, healthcare and education).

The distribution of walls and ceilings and C&I products involves risks, including the failure or substandard performance of equipment, human error, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. Operations are also subject to various hazards incidental to the handling, processing, storage and transportation of certain hazardous materials, including industrial chemicals. These hazards can result in personal injury including fatalities, damage to and destruction of property and equipment and environmental damage. There can be no assurance that as a result of past or future operations, there will not be claims of injury by employees or members of the public due to exposure, or alleged exposure, to these materials. There can be no assurance as to the actual amount of these liabilities or the timing of them, if any. The business maintains safe working practices through proper procedures and direction and utilization of equipment such as forklifts, boom trucks, fabrication equipment and carts/dollies. The business handles and stores a variety of construction materials and maintains appropriate material handling compliance programs in accordance with local, state/provincial and federal regulations.

Approximately 4% of Construction Products Distribution's employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the re-negotiation process that could have an adverse impact on Superior.

Management's Report

Management's Responsibility For Financial Reporting

The accompanying Consolidated Financial Statements of Superior Plus Corp. (Superior) and all of the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the Consolidated Financial Statements are presented fairly in all material respects.

Management has developed and maintains a system of internal controls to provide reasonable assurance that Superior's assets are safeguarded, transactions are accurately recorded, and the financial statements report Superior's operating and financial results in a timely manner. Financial information presented elsewhere in this annual report has been prepared on a basis consistent with that in the Consolidated Financial Statements.

The Board of Directors of Superior is responsible for reviewing and approving the financial statements and primarily through its Audit Committee ensures that management fulfills its responsibilities for financial reporting. The Audit Committee meets with management and Superior's external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The Committee reports its findings to the Board for the Board's consideration in approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

Deloitte & Touche LLP, an independent firm of chartered accountants, was appointed at Superior's last annual meeting to audit Superior's Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards. The firm's auditors have provided an independent professional opinion. Deloitte & Touche LLP has full and free access to the Audit Committee.

Luc Desjardins
President and Chief Executive Officer
Superior Plus Corp.
Calgary, Alberta
February 16, 2012

Wayne M. Bingham
Executive Vice-President and Chief Financial Officer
Superior Plus Corp.

Independent Auditors' Report

To the shareholders of
Superior Plus Corp.

We have audited the accompanying consolidated financial statements of Superior Plus Corp., which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, consolidated statement of changes in equity, consolidated statement of net loss and comprehensive loss and consolidated statement of cash flows for the years ended December 31, 2011 and December 31, 2010, and the notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Superior Plus Corp. as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Deloitte + Touche LLP

Chartered Accountants
February 16, 2012
Calgary, Alberta

Consolidated Balance Sheets

Superior Plus Corp.

(millions of Canadian dollars)	Notes	**December 31, 2011**	December 31, 2010 [1]	January 1, 2010 [1]
ASSETS				
Current Assets				
Cash and cash equivalents		**5.2**	7.8	24.3
Trade and other receivables	5 & 21	**472.9**	551.0	394.3
Prepaid expenses	6	**20.7**	23.3	21.3
Inventories	7	**203.1**	167.1	143.5
Unrealized gains on derivative financial instruments	21	**13.3**	31.4	22.2
Total current assets		**715.2**	780.6	605.6
Non-Current Assets				
Property, plant and equipment	11	**885.0**	912.4	880.0
Intangible assets	12	**65.6**	184.2	185.6
Goodwill	13	**186.1**	471.7	527.5
Notes and finance lease receivables		**10.0**	12.1	–
Deferred tax	22	**315.5**	309.3	326.6
Unrealized gains on derivative financial instruments	21	**16.0**	26.6	28.5
Total non-current assets		**1,478.2**	1,916.3	1,948.2
Total assets		**2,193.4**	2,696.9	2,553.8
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	15	**297.6**	318.2	295.4
Deferred revenue	16	**14.2**	6.8	5.8
Borrowings	17 & 18	**54.3**	136.2	108.9
Convertible unsecured subordinated debentures	19	**49.3**	–	–
Dividends and interest payable		**7.6**	15.5	14.2
Unrealized losses on derivative financial instruments	21	**61.7**	78.6	77.8
Total current liabilities		**484.7**	555.3	502.1
Non-Current Liabilities				
Borrowings	17 & 18	**701.4**	596.7	680.1
Convertible unsecured subordinated debentures	19	**521.7**	619.1	308.4
Provisions	14	**17.2**	13.2	6.9
Employee future benefits	20	**65.3**	45.5	30.1
Deferred tax	22	**5.9**	54.9	38.5
Unrealized losses on derivative financial instruments	21	**47.6**	57.8	52.6
Total non-current liabilities		**1,359.1**	1,387.2	1,116.6
Total liabilities		**1,843.8**	1,942.5	1,618.7
EQUITY				
Capital		**1,633.1**	1,606.4	1,507.3
Deficit	24	**(1,228.2)**	(797.9)	(551.1)
Accumulated other comprehensive loss	23	**(55.3)**	(54.1)	(21.1)
Total equity		**349.6**	754.4	935.1
Total liabilities and equity		**2,193.4**	2,696.9	2,553.8

(See Notes to the Consolidated Financial Statements)

[1] Refer to Note 35 for impact of adopting IFRS.

Consolidated Statement of Changes in Equity

(millions of Canadian dollars)	Share Capital	Contributed Surplus [2]	Total Capital	Deficit	Accumulated other comprehensive loss	Total
January 1, 2010 [1]	1,502.0	5.3	**1,507.3**	**(551.1)**	**(21.1)**	**935.1**
Net loss	–	–	–	**(75.8)**	–	**(75.8)**
Net proceeds on issuance of share capital	81.7	–	**81.7**	–	–	**81.7**
Option value associated with the issuance of the convertible debentures	–	0.2	**0.2**	–	–	**0.2**
Shares issued under the Dividend Reinvestment Plan	17.2	–	**17.2**	–	–	**17.2**
Dividends declared to shareholders (Note 23)	–	–	–	**(171.2)**	–	**(171.2)**
Unrealized foreign currency losses on translation of foreign operations	–	–	–	–	**(27.4)**	**(27.4)**
Actuarial defined benefit losses	–	–	–	–	**(19.9)**	**(19.9)**
Reclassification of derivative gains and losses previously deferred	–	–	–	–	**12.1**	**12.1**
Income tax on other comprehensive income	–	–	–	–	**2.2**	**2.2**
Prior period adjustment	–	–	–	**0.2**	–	**0.2**
December 31, 2010 [1]	1,600.9	5.5	**1,606.4**	**(797.9)**	**(54.1)**	**754.4**
Net loss	–	–	–	**(302.6)**	–	**(302.6)**
Option value associated with redemption of convertible debentures	–	(2.2)	**(2.2)**	–	–	**(2.2)**
Shares issued under the Dividend Reinvestment Plan	28.9	–	**28.9**	–	–	**28.9**
Dividends declared to shareholders (Note 23)	–	–		**(127.7)**	–	**(127.7)**
Unrealized foreign currency gains on translation of foreign operations	–	–	–	–	**13.6**	**13.6**
Actuarial defined benefit losses	–	–	–	–	**(25.5)**	**(25.5)**
Reclassification of derivative gains and losses previously deferred	–	–	–	–	**5.9**	**5.9**
Income tax on other comprehensive income	–	–	–	–	**4.8**	**4.8**
December 31, 2011	1,629.8	3.3	**1,633.1**	**(1,228.2)**	**(55.3)**	**349.6**

(See Notes to the Consolidated Financial Statements)

[1] Refer to Note 35 for impact of adopting IFRS.

[2] Contributed surplus represents Superior's equity reserve for the option value associated with the issuance of convertible unsecured subordinated debentures and warrants.

Consolidated Statement of Net Loss and Comprehensive Loss

(millions of Canadian dollars except per share amounts)	Notes	Years Ended December 31 2011	2010 [1]
REVENUES	25	**3,925.6**	3,537.4
Cost of sales	25	**(3,098.1)**	(2,756.8)
Gross profit		**827.5**	780.6
EXPENSES			
Selling, distribution and administrative costs	25	**706.7**	676.4
Other expenses		**–**	6.6
Finance expense	25	**85.5**	75.2
Impairment of goodwill and intangible assets	12 &13	**378.6**	89.5
Unrealized losses on derivative financial instruments	21	**9.7**	2.2
		1,180.5	849.9
Net loss before income taxes		**(353.0)**	(69.3)
Income tax recovery (expense)	22	**50.4**	(6.5)
Net loss		**(302.6)**	(75.8)
Net loss		**(302.6)**	(75.8)
Other comprehensive loss:			
Unrealized foreign currency gains (losses) on translation of foreign operations	23	**13.6**	(27.4)
Actuarial defined benefit losses	23	**(25.5)**	(19.9)
Reclassification of derivative gains and losses previously deferred	23	**5.9**	12.1
Income tax recovery on other comprehensive loss	22	**4.8**	2.2
Other comprehensive loss		**(1.2)**	(33.0)
Total Comprehensive loss		**(303.8)**	(108.8)
Net loss per share			
From operations:			
Basic and diluted	26	**$(2.77)**	$(0.72)

(See Notes to the Consolidated Financial Statements)

[1] Refer to Note 35 for impact of adopting IFRS.

Consolidated Statement of Cash Flows

(millions of Canadian dollars)	Notes	Years Ended December 31 2011	2010
OPERATING ACTIVITIES			
Net loss		**(302.6)**	(75.8)
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	11	**48.4**	49.0
Amortization of intangible assets	12	**41.9**	30.4
Depreciation included in cost of sales	11	**44.9**	46.4
Amortization of customer related costs		**4.2**	5.2
Unrealized losses on derivative financial instruments	21	**9.7**	2.2
Gain on bargain purchase	4	**(0.9)**	(1.2)
Customer contract related costs		**(1.6)**	(1.7)
Impairment of intangible assets and goodwill		**378.6**	89.5
Impairment of property, plant and equipment		**3.4**	–
Finance costs recognized in net earnings (losses)		**85.5**	75.2
Income tax (recovery) expense recognized in net loss		**(50.4)**	6.5
Decrease (increase) in non-cash operating working capital items	28	**30.1**	(143.3)
Net cash flows from operating activities		**291.2**	82.4
Income taxes paid		**(1.3)**	(0.7)
Interest paid		**(77.9)**	(71.8)
Cash flows from operating activities		**212.0**	9.9
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	**(38.2)**	(40.8)
Proceeds from disposal of property, plant and equipment	11	**3.2**	2.8
Investment in finance lease		**–**	(10.3)
Acquisition of Griffith	4	**–**	(142.4)
Other acquisitions	4	**(14.8)**	(23.8)
Cash flows used in investing activities		**(49.8)**	(214.5)
FINANCING ACTIVITIES			
Net proceeds (repayment) of revolving term bank credits and other debt		**132.3**	(47.0)
Repayment of senior secured notes		**(32.5)**	(2.0)
Repayment of finance lease obligations		**(14.2)**	(12.8)
Repayment of the accounts receivable sales program		**(90.1)**	(2.6)
Redemption of 5.75% convertible debentures	19	**(125.0)**	–
Proceeds from issuance of 5.75% convertible debentures	19	**–**	172.5
Issue costs incurred for the 5.75% convertible debentures	19	**–**	(6.9)
Proceeds from issuance of 6.00% convertible debentures	19	**–**	150.0
Issue costs incurred for the 6.00% convertible debentures	19	**–**	(5.6)
Proceeds from issuance of 7.50% convertible debentures	19	**75.0**	–
Issue costs incurred for the 7.50% convertible debentures	19	**(3.4)**	–
Proceeds from issuance of common shares		**–**	82.2
Proceeds from the dividend reinvestment program		**28.9**	17.2
Dividends paid to shareholders		**(136.7)**	(156.8)
Cash flows (used in) from financing activities		**(165.7)**	188.2
Net decrease in cash and cash equivalents		**(3.5)**	(16.4)
Cash and cash equivalents, beginning of year		**7.8**	24.3
Effect of translation of foreign denominated cash and cash equivalents		**0.9**	(0.1)
Cash and cash equivalents, end of year		**5.2**	7.8

(See Notes to the Consolidated Financial Statements)
(1) Refer to Note 35 for impact of adopting IFRS.

Notes to the Consolidated Financial Statements

(Tabular amounts millions of Canadian dollars, unless noted otherwise, except per share amounts. Tables labeled "2011" and "2010" are for full years ended December 31.)

1. Organization

Superior Plus Corp. (Superior) is a diversified business corporation, incorporated under the Canada Business Corporations Act. The address of the registered office is 840 – 7th Avenue SW, Calgary, Alberta. Superior holds 100% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. as general partner and Superior as limited partner. Superior holds 100% of the shares of Superior General Partner Inc. Superior does not conduct active business operations but rather distributes to shareholders the income it receives from Superior Plus LP in the form of partnership allocations, net of expenses and interest payable on the convertible unsecured subordinated debentures (the debentures). Superior's investments in Superior Plus LP are financed by share capital and debentures.

The consolidated financial statements of Superior for the year ended December 31, 2011 were authorized for issue by the Board of Directors on February 16, 2012.

Reportable Operating Segments

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior's Energy Services operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels. Energy Services also provides fixed-price natural gas and electricity supply services. Superior's Specialty Chemicals operating segment is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products to the U.S. Midwest. Superior's Construction Products Distribution operating segment is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada (See Note 32).

2. Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2011. These financial statements have been prepared on a going concern basis.

These financial statements incorporate IFRS applicable as at December 31, 2011. These are Superior's first financial statements prepared under IFRS. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in Superior's most recent annual financial statements as at and for the year ended December 31, 2010 prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) have been included in these financial statements for the comparative annual period. Superior applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* as at January 1, 2010 (the Transition Date). An explanation of the transition to IFRS is provided in Note 35.

These Consolidated Financial Statements are presented in Canadian dollars, which is Superior's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest hundred thousand.

The Consolidated Financial Statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and incorporate the accounts of Superior and its subsidiaries. Subsidiaries are all entities over which Superior has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The results of subsidiaries are included in Superior's statement of net loss from date of acquisition, or in the case of disposals, up to the effective date of disposal. All transactions and balances between Superior and Superior's subsidiaries have been eliminated on consolidation. Superior's subsidiaries are all wholly owned directly or indirectly by Superior Plus Corp.

Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid short-term investments which, on acquisition, have a term to maturity of three months or less.

(b) Accounts Receivable Sales Program

Superior terminated its revolving trade accounts receivable sales program in June 2011. Losses on sales depend in part on the previous carrying amount of trade accounts receivable involved in the sales and have been included in interest on revolving term bank credits and term loans. The carrying amount is allocated between the assets sold and retained interests based on their relative fair value at the date of the sale which is calculated by discounting expected cash flows at prevailing money market rates.

(c) Inventories

Energy Services

Energy Services inventories are valued at the lower of cost and net realizable value. Costs of inventories are determined either on a weighted average cost or first-in, first-out basis. Appliances, materials, supplies and other inventories are stated at the lower of cost and net realizable value, as appropriate. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Specialty Chemicals

Inventories are valued at the lower of cost and net realizable value. The cost of chemical inventories is determined on a first-in, first-out basis. Stores and supply inventories are costed on an average basis. Transactions are entered into from time to time with other companies to exchange chemical inventories in order to minimize working capital requirements and to facilitate distribution logistics. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale. In the case of manufactured inventories cost includes an appropriate share of production overheads based on normal operating capacity.

Construction Products Distribution

Inventories of building products are valued at the lower of cost and net realizable value. Cost is calculated on a weighted average cost basis and any trade discounts and rebates are deducted from the cost. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

(d) Financial Instruments and Derivative Financial Instruments

Derivative Financial Instruments

Superior enters into a variety of derivatives to manage its exposure to certain financial risks. Further details of derivative financial instruments are disclosed in Note 21.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in net earnings. Realized gains and losses on derivatives are recognized as a component of revenue, cost of sales or finance expense/revenue, the classification of which is dependent on the underlying nature of the economic exposure being managed. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in net earnings.

Superior does not formally designate and document economic hedges in accordance with the requirements of applying hedge accounting under IFRS and, therefore, does not apply hedge accounting.

Financial Assets

A financial asset is classified at fair value through net earnings (losses) (FVTNL) if it is classified as held for trading or is designated as such upon initial recognition. Upon initial recognition attributable transaction costs are recognized in net earnings (losses) as incurred. Financial assets at FVTNL are measured at fair value, and changes therein are recognized in net earnings (losses).

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Separable Embedded Derivatives

Changes in the fair value of separable embedded derivatives are recognized immediately in net earnings (losses).

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset and of recognizing interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

Impairment of Financial Assets

Financial assets measured at amortized cost are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Superior's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, in addition to changes in economic conditions that correlate with defaults on receivables. For financial assets carried at amortized cost, the amount of impairment recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of net earnings (losses) and comprehensive income (loss). Changes in the carrying amount of the allowance account are recognized in net earnings.

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Superior are recorded at the proceeds received, net of direct issue costs.

Compound Financial Instruments

The component parts of compound instruments issued by Superior are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for

a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax, and is not subsequently re-measured.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTNL or other financial liabilities.

Financial Liabilities at FVTNL

Financial liabilities are classified as at FVTNL where the financial liability is held for trading or is designated as FVTNL upon initial recognition. Financial liabilities at FVTNL are stated at fair value with any resulting gain or loss recognized in net earnings. The net gain or loss recognized in net earnings incorporates any interest expense relating to the financial liability. Upon initial recognition attributable transaction costs are recognized in net earnings or loss as incurred. Fair value is determined in the manner described in Note 21.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis.

Derecognition of Financial Liabilities

Superior derecognizes financial liabilities when, and only when, Superior's obligations are discharged, cancelled or expire.

Financial Guarantees at FVTNL

Financial guarantees are classified as FVTNL where the financial liability is designated as FVTNL upon initial recognition. Financial guarantees at FVTNL are stated at fair value with any resulting gain or loss recognized in net earnings (losses). Fair value is determined in the manner described in Note 21.

(e) Property, Plant and Equipment

Cost

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment losses. Major renewals and improvements which provide future economic benefits and can be reliably measured are capitalized, while repair and maintenance expenses are charged to operations as incurred. Property, plant and equipment in the course of construction are carried at cost less any recognized impairment losses. Cost includes directly attributable expenses, professional fees and, for qualifying assets, borrowing costs capitalized in accordance with Superior's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use. Disposals are derecognized at carrying costs less accumulated depreciation and impairment losses with any resulting gain or loss reflected in net earnings (losses).

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are included in the cost of those assets, until such time as the assets are available for their intended use. All other borrowing costs are recognized in net earnings (losses) in the period in which they are incurred.

Depreciation
Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not depreciated. Depreciation of property in the course of construction commences when the assets are available for their intended use. In the majority of cases, residual value is estimated to be insignificant. Depreciation by class of assets is as follows:

Buildings	15 to 40 years
Leasehold improvements	over the lease term up to 10 years
Energy Services tanks and cylinders	30 years
Energy Services truck tank bodies, chassis and other Construction Products Distribution equipment	5 to 15 years
Manufacturing equipment	5 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 years

Deprecation rates, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(f) Intangible Assets
Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. For intangible assets with a determinate life, amortization is charged on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the recognition criteria. The initial cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortization rates, residual values and amortization methods are reviewed at least annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Energy Services

Costs incurred by Energy Services to acquire natural gas and electricity customer contracts are capitalized as deferred costs at the time the cost is incurred. The costs are recognized into net earnings (losses) as an operating and administrative expense over the term of the underlying contracts. The contracts range from one to five years with the average remaining life approximately three years.

A summary of Superior's other intangible assets and related amortization rates is as follows:

Non-competition agreements	Term of the agreements (1-5 years)
Royalty agreements	1-10 years
Software	1-3 years
Technology patents	Approximately 10 years

Investment Properties

Property that is held for a currently undetermined future use, long-term rental yields, or for capital appreciation, and that is not occupied by Superior is classified as investment property. Property that is being constructed or developed for future use as investment property is also classified as investment property.

Superior amortizes its investment property over a period of 40 years on the straight-line method.

Cost

Investment property is measured at cost, including related transaction costs and borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalized to the investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to Superior and the cost of the item can be measured reliably. Repair and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Borrowing Costs

Borrowing costs that are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalized as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway and cease once the asset is substantially complete or suspended if the development of the asset is suspended.

Depreciation

Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not amortized. Depreciation of investment property in the course of construction commences when the assets are ready for their intended use. In the majority of cases, residual value is estimated to be insignificant. Investment properties are depreciated over 40 years. The estimated useful life, depreciation method, and residual values are reviewed at least annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Disclosure of Fair Value

Fair value is based on active market prices, adjusted, if necessary for any difference in the nature, location or condition of the specific asset. If this information is not available, Superior uses alternative valuation methods, such as recent prices in less active markets, discounted cash flow projections, or recent property tax assessments. Valuations performed by professional valuators can be used although Superior has sufficient internal resources to determine reliable fair values.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

(g) Impairment of Property, Plant and Equipment, Intangible Assets and Investment Properties

At each balance sheet date and when circumstances indicate that the carrying value may be impaired, Superior reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, Superior estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For the impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings (losses). Where an impairment loss, other than an impairment loss on goodwill, subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which cannot exceed the original carrying amount less normal depreciation.

(h) Business Combinations

All business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values, at the acquisition date of the assets given up, the liabilities incurred or assumed and equity instruments issued by Superior in exchange for control of the acquiree. Transaction costs, other than those associated with the issue of debt or equity securities, that Superior incurs in connection with a business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized at fair values less costs to sell, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits,* respectively;
- Liabilities or equity instruments related to the replacement by Superior of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and
- Assets (or disposals) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 *Revenue*.

Intangible assets arising on acquisition are recognized at fair value at the date of acquisition. The fair value is based on detailed cash flow models and other metrics depending on the type of intangible asset being recognized.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over Superior's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the net amounts assigned to the assets acquired and liabilities assumed exceeds the cost of the purchase then Superior is required to reassess the value of both the cost and net assets acquired and any excess remaining after this reassessment is recognized immediately in net earnings (losses). Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Superior will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date Superior obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

(i) Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, Superior's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the previously held equity interest in the acquiree (if any), the excess is recognized immediately in net earnings (losses) as a bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For purposes of impairment testing, goodwill is allocated to each of Superior's CGUs expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the net earnings (losses) on disposal.

(j) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- Superior has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Superior retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– The amount of revenue can be measured reliably;
– It is probable that the economic benefits associated with the transaction will flow to Superior; and
– The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Energy Services

Revenues from sales are recognized at the time of delivery, or when related services are performed and the above conditions related to revenue from sale of goods are satisfied.

Natural gas revenues are recognized as gas is delivered to local natural gas distribution companies and when the above conditions related to revenue from sale of goods are satisfied. Costs associated with balancing the amount of gas used by Energy Services customers with the volumes delivered by Energy Services to the local distribution companies are recognized as period costs. Electricity revenues are recognized as the electricity is consumed by the end-use customer or sold to third parties.

Rental revenues arising from operating leases are accounted for based on the terms contained in the lease agreements as earned.

Specialty Chemicals

Revenues from chemical sales are recognized at the time of delivery and when the above conditions related to revenue from sale of goods are satisfied.

Construction Contracts

Where the outcome of a construction contract for the construction of chlorine dioxide generators can be estimated reliably, revenues and costs are recognized by reference to the percentage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Engineer's reviews are used to determine the stage of completion of contracts in progress.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent it is probable that contract costs incurred will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction Products Distribution

Revenue is recognized when products are delivered to the customer and when the above conditions related to revenue from sale of goods are satisfied. Revenue is stated net of discounts and rebates granted.

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of Superior at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to Superior is included in the Balance Sheet as a finance lease obligation as part of borrowings.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in net earnings (losses), unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Superior's general policy on borrowing costs (see (e) above). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense based on terms contained in the lease agreements. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense and amortized over the term of the lease.

(l) Rebates – Construction Products Distribution

Purchase rebates are recognized as a reduction of cost of goods sold when the related performance is completed and the inventory is sold. Vendor rebates that are contingent upon completing a specified level of purchases are recognized as a reduction of cost of goods sold based on a systematic and rational allocation of the cash consideration to each of the underlying transactions that results in progress toward earning that rebate or refund, assuming that the rebate can be reasonably estimated and it is probable that the specified target will be obtained. Otherwise, the rebate is recognized as the milestone is achieved and the inventory is sold.

(m) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning Costs

Liabilities for decommissioning costs are recognized when Superior has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Generally, the costs relate to Specialty Chemicals facilities and Energy Services assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in net earnings (losses) as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. A corresponding item of property, plant and equipment of an amount equal to the provision is also created. This is subsequently amortized as part of the asset. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Environmental Expenditures and Liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

Restructuring

A restructuring provision is recognized when Superior has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(o) Employee Future Benefits

Superior has a number of defined benefit and defined contribution plans providing pension and other post-employment benefits to most of its employees. Superior accrues its obligations under the plans and the related costs, net of plan assets.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they occur. The net obligation for each defined benefit plan is discounted to determine the present value using the yield at the reporting date on high quality Canadian corporate bonds. Past service costs are recognized immediately to the extent that the benefits are already vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(p) Income Taxes

Income tax expense represents the sum of current income taxes payable and deferred income taxes.

Current Income Taxes

The income tax currently payable is based on taxable net earnings (losses) for the year. Taxable net earnings (losses) differs from net earnings (losses) as reported in the consolidated statement of net loss and comprehensive loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Superior's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Income Taxes

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable net earnings (losses). Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable net earnings (losses) will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except for the following:

- When the deferred tax liability arises from the initial recognition of goodwill; or
- When an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting net earnings (losses) nor taxable net earnings (losses); and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by Superior and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that they are expected to reverse in the foreseeable future and it is probable that there will be sufficient taxable net earnings (losses) against which to utilize the benefits of the temporary differences. A deferred tax asset may also be recognized for the benefit expected from unused tax losses available for carryforward, to the extent that it is probable that future taxable earnings will be available against which the tax losses can be applied.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Superior expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when they are related to income taxes levied by the same taxation authority and Superior intends to settle its current tax assets and liabilities on a net basis. Also Superior recognizes any benefit associated with investment tax credits as deferred tax assets to the extent they are expected to be utilized in accordance with IAS 12 *Income Taxes*.

Uncertain Tax Positions

Superior is subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. Superior maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Superior reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, liabilities in excess of Superior's provisions could result from audits by, or litigation with, tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Current and Deferred Tax for the Period

Current and deferred tax are recognized as an expense in net earnings (losses), except where they relate to amounts recognized outside of net earnings (losses) (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside net earnings (losses), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(q) Foreign Currencies

The financial statements of each subsidiary of Superior are translated into the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and balance sheets of each subsidiary are expressed in Canadian dollars, the functional currency of Superior.

The accounts of the foreign operations of Energy Services, Specialty Chemicals and Construction Products Distribution in the United States and Specialty Chemicals operations in Chile translate all assets and liabilities at the exchange rate prevailing at the balance sheet date, and revenues and expenses at average rates of exchange during the period. Exchange gains and losses arising from this translation are recorded as a component of accumulated other comprehensive income. Other monetary assets and liabilities held by Superior are converted at the exchange rate prevailing at the balance sheet date. Gains and losses are recognized on monetary assets and liabilities when those items are settled.

Transactions denominated in a foreign currency are translated into the functional currency at rates in effect at the date of the transaction. At the balance sheet date, monetary foreign currency assets and liabilities are translated at exchange rates then in effect. The resulting translation gains or losses are recognized in the determination of net earnings (losses).

(r) Share-based Payments

Superior has established share-based compensation plans whereby notional restricted shares and/or notional performance shares may be granted to employees. The fair value of these notional shares is estimated as the period end quoted market price and recorded as an expense with an offsetting amount to accrued liabilities, re-measured at each balance sheet date. All share-based payments are settled in cash.

(s) Government Grants

Government grants are not recognized until there is a reasonable assurance that Superior will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that Superior should purchase, construct or otherwise acquire non-current assets are recognized as a reduction of the carrying value of the related asset. Other government grants are recognized as income over the periods necessary to match them with the costs they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Superior with no future related costs are recognized in net earnings (losses) in the period in which they become receivable.

(t) Net Earnings (Losses) per Common Share

Basic net earnings (losses) per share is calculated by dividing the net earnings by the weighted average number of shares outstanding during the period. The weighted average number of shares outstanding during the year is calculated using the number of shares outstanding at the end of each month during the year. Diluted net earnings (losses) per share is calculated by factoring in the dilutive impact of the

dilutive instruments, including the conversion of debentures to shares using the if-converted method to assess the impact of dilution. Superior uses the treasury stock method to determine the impact of dilutive options, which assumes that the proceeds from in-the-money share options are used to repurchase shares at the average market price during the period.

(u) Significant Accounting Judgments, Estimates and Assumptions

The preparation of Superior's Consolidated Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings (losses) and related disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are deemed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Fair Value of Derivative and Non-Financial Derivative Instruments

Where the fair value of derivatives and non-financial derivatives cannot be derived from active markets, they are determined using valuation techniques including a discounted cash flow model. This requires the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. Differences between actual values and assumed values will impact net earnings in the period when the determination of the difference is made.

Allowance for Doubtful Accounts

Superior recognizes an allowance for doubtful accounts based on historical customer collection history, general economic indicators and other customer-specific information, all of which require Superior to make certain assumptions. Where the actual collectability of accounts receivable differs from these estimates, such differences will have an impact on net earnings in the period such a determination is made.

Property, Plant and Equipment and Intangible Assets

Capitalized assets, including property, plant and equipment and intangible assets, are amortized over their respective estimated useful lives. All estimates of useful lives are set out in 2(e) and 2(f) above.

Provisions

Provisions have been estimated for decommissioning costs, restructuring and environmental expenditures. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any differences between estimates and the actual future liability will be accounted for in the period when such determination is made.

Employee Future Benefits

Superior has a number of defined-benefit pension plans and other benefit plans. The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination

of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Income Tax Assets and Liabilities

Superior recognizes expected tax assets and liabilities based on estimates of current and future taxable net earnings, which may require significant judgment regarding the ultimate tax determination of certain items. If taxable net earnings differ from the estimates it may have an impact on current and future income tax provisions in the period when the determination of the difference is made.

Decommissioning Liabilities

The determination of decommissioning liabilities requires Superior to make estimates regarding the useful life of certain operating facilities, the timing and dollar value of future remediation activities, discount rates and the interpretation and changes to various environmental laws and regulations. Any differences between estimates and actual results will impact Superior's accrual for decommissioning liabilities and will result in an impact to net earnings.

Asset Impairment

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amounts are based on a calculation of expected future cash flows which include management assumptions and estimates of future performance.

Critical Judgments in Applying Accounting Policies

In the process of applying Superior's accounting policies, which are described above, management makes judgments that could significantly affect the amounts recognized in the consolidated financial statements. The most critical of these judgments are:

Impairment of Property, Plant and Equipment

An evaluation of whether an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate that impairment exists include: significant underperformance relative to historical or projected operating results, significant changes in the manner in which an asset is used or in Superior's overall business strategy, or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. Management continually monitors Superior's segments, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether a possible impairment exists.

Income Taxes

Preparation of the Consolidated Financial Statements involves determining an estimate of, or provision for, income taxes in each of the jurisdictions in which Superior operates. The process also involves making an estimate of taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred income taxes. Deferred income taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the balance sheet as deferred income tax assets and liabilities. An assessment must also be made to determine the likelihood that Superior's future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, recognized deferred income tax assets must be reduced. Judgment is required in determining the provision for income taxes and recognition of deferred income tax assets and liabilities. Management must also exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred income tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Financial Instruments

The fair value of financial instruments is determined and classified within three categories, which are outlined below and discussed in more detail in Note 21.

Level I

Fair values in Level I are determined using inputs that are unadjusted quoted prices in active markets for identical assets or liabilities that Superior has the ability to access.

Level II

Fair values in Level II are determined, directly or indirectly, using inputs that are observable for the asset or liability.

Level III

Fair values in Level III are determined using inputs for the asset or liability that are not readily observable.

The fair value measurement of a financial instrument is included in only one of the three levels, the determination of which is based upon the lowest level input that is significant to the derivation of the fair value. Classification of financial instruments requires management to use judgment in respect of both the determination of fair value and the lowest level input of significance.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning on January 1, 2011 or later. The standards impacted that are applicable to Superior are as follows:

IFRS 7 – Financial Instruments: Disclosure, amendments regarding disclosures – Transfer of Financial Assets

In October 2010, the IASB amended IFRS 7 – *Financial Instruments: Disclosures* to require quantitative and qualitative disclosures for transfers of financial assets where the transferred assets are not derecognized in their entirety or the transferor retains continuing managerial involvement. The amendment also requires disclosure of supplementary information if a substantial portion of the total amount of the transfer activity occurs in the closing days of a reporting period. The amendments to IFRS 7 must be applied for annual periods beginning on or after July 1, 2011, with early adoption permitted. Superior is assessing the effect of IFRS 7 on its disclosures; however changes, if any, are not expected to be material.

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9, *Financial Instruments*, was issued in November 2009 and is intended to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. Superior is assessing the effect of IFRS 9 on its financial results and financial position; however changes, if any, are not expected to be material.

IFRS 10 – Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements*, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The revised standard is effective for Superior on January 1, 2013, with earlier adoption permitted. Superior is assessing the effect of the changes to IFRS 10 on its financial results and financial position.

IFRS 11 – Joint Arrangements

IFRS 11, *Joint Arrangements*, requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas joint operations will require the venture to recognize its share of the assets, liabilities, revenue and expenses. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. Superior is assessing the effect of the changes to IFRS 11 on its financial results and financial position.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is effective for Superior on January 1, 2013, with early adoption permitted. Superior has not assessed the impact the adoption of this revised standard will have, nor has it determined if it will early adopt the standard.

IFRS 13 – Fair Value Measurements

IFRS 13, *Fair Value Measurements*, defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRS that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. Superior is assessing the effect of the changes to IFRS 13 on its financial results and financial position.

IAS 12 – Income Taxes, amendments regarding Deferred Tax: Recovery of Underlying Assets

IAS 12, *Income taxes*, was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying amount of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. Superior is assessing the effect of the changes to IAS 12 on its financial results and financial position.

IAS 19 – Employee Benefits, amendments

IAS 19 amendments were issued in June 2011 that will change the accounting and disclosure for defined benefit plans and termination benefits. This standard requires that the changes in defined benefit obligations are recognized as they occur, eliminating the corridor approach and accelerating the recognition of past service costs. The changes in defined benefit obligations and plan assets are to be disaggregated into three components: service costs, net interest on the net defined benefit liabilities (assets) and re-measurements of the net defined benefit liabilities (assets). This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted.

Superior does not anticipate that any of these changes will have a material impact on its results of operations or financial position.

3. Seasonality of Operations

Energy Services

Energy Services sales typically peak in the first quarter when approximately one-third of annual propane and other refined fuels sales volumes and gross profits are generated due to the demand from heating end-use customers. They then decline through the second and third quarters, rising seasonally again

in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonally high levels during the first and fourth quarters, and normally declines to seasonally low levels in the second and third quarters. Net working capital levels are also significantly influenced by wholesale propane prices and other refined fuels.

Construction Products Distribution

Construction Products Distribution sales typically peak during the second and third quarters with the seasonal increase in building and remodeling activities. They then decline through the first and fourth quarters. Similarly, net working capital levels are typically at seasonally high levels during the second and third quarters, and normally decline to seasonally low levels in the first and fourth quarters.

4. Acquisitions

On November 17, 2011, Superior completed the acquisition of certain assets which constitute an insulation services business (Insulation Assets) for an aggregate purchase price of $0.2 million. Superior elected to not disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings amount attributable to the Insulation Assets had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's existing operations.

On October 7, 2011, Superior completed the acquisition of certain assets which constitute a refined fuels distribution business (Hamilton) for an aggregate purchase price of $0.4 million. Superior elected to not disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings amount attributable to Hamilton had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's existing operations.

On October 6, 2011, Superior completed the acquisition of certain assets which constitute a propane distribution business (Walts) for an aggregate purchase price of $1.0 million. Superior elected to not disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings amount attributable to Walts had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's existing operations.

On September 8, 2011, Superior completed the acquisition of certain assets (Elkhorn) which constitute a propane distribution business for an aggregate purchase price of $6.5 million including adjustments for working capital. The primary purpose of the acquisition is to expand the Energy Services business in Pennsylvania and benefit from synergies. The below noted fair values have been prepared on a preliminary basis pending finalization of net working capital adjustments.

Elkhorn	Fair Value Recognized on Acquisition
Intangible assets	4.7
Property, plant and equipment	2.3
	7.0
Trade and other payables	(0.1)
	(0.1)
Net identifiable assets and liabilities	6.9
Gain on bargain purchase	(0.4)
Total consideration	**6.5**
The components of the purchase consideration are as follows:	
Cash (paid on September 8, 2011)	6.0
Deferred consideration	0.5
Total purchase consideration	**6.5**

Subsequent to the acquisition date of September 8, 2011, revenues and net earnings contributed by Elkhorn were not significant. Superior cannot reasonably determine the revenue and net earnings amount attributable to Elkhorn had the acquisition closed on January 1, 2011 due to limited access to the related financial information.

On August 4, 2011, Superior completed the acquisition of certain assets which constitute a refined fuel and propane distribution business (Brennan) for an aggregate purchase price of $3.7 million including adjustments for working capital. Superior elected to not disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings amount attributable to Brennan had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's existing operations.

On April 29, 2011, Superior completed the acquisition of certain assets which constitute a refined fuel and propane distribution business (Country Comfort) for an aggregate purchase price of $0.3 million including adjustments for working capital. Superior elected to not disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings amount attributable to Country Comfort had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's existing operations.

On March 9, 2011, Superior completed the acquisition of certain assets (Propane Acquisition) which constitute a propane distribution business for an aggregate purchase price of $5.3 million including adjustments for working capital. The primary purposes of the acquisition are to expand the Energy Services business in Ontario and benefit from synergies.

Propane Acquisition	Fair Value Recognized on Acquisition
Trade and other receivables [1]	1.3
Inventories	0.2
Property, plant and equipment	1.1
	2.6
Trade and other payables	(0.4)
	(0.4)
Net identifiable assets and liabilities	2.2
Goodwill arising on acquisition	3.1
Total consideration	**5.3**
The components of the purchase consideration are as follows:	
Cash (paid on March 9, 2011)	4.3
Deferred consideration	1.0
Total purchase consideration	**5.3**

[1] The gross amount of trade receivables is $1.4 million, of which $0.1 is expected to be uncollectible.

Superior cannot reasonably determine the revenue and net earnings contributed since the acquisition or the amounts attributable to the Propane Acquisition had the acquisition closed on January 1, 2011 as operations were integrated into Superior's existing operations.

On January 15, 2011, Superior completed the acquisition of certain assets which constitute a refined fuel and propane distribution business (Butler) for an aggregate purchase price of $0.3 million including adjustments for working capital. Superior elected to not disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings amount attributable to Butler had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's existing operations.

On October 25, 2010, Superior completed the acquisition of certain assets which constitute a U.S. retail heating oil and propane distribution business (KW Acquisition) for an aggregate purchase price of $4.9 million including adjustments for working capital. The assets provide a broad range of services, including heating, ventilation and air conditioning repair and other related services.

KW Acquisition	Fair Value Recognized on Acquisition
Inventories	0.2
Property, plant and equipment	3.3
Intangible assets	4.1
	7.6
Trade and other payables	(0.7)
Deferred tax liability	(0.8)
	(1.5)
Net identifiable assets and liabilities	6.1
Gain on bargain purchase	(1.2)
Total consideration	**4.9**
The components of the purchase consideration are as follows:	
Cash (paid on October 25 and November 4, 2010)	4.4
Deferred consideration	0.5
Total purchase consideration	**4.9**

Superior cannot reasonably determine the net earnings amount attributable to the KW Acquisition had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's existing operations.

On June 28, 2010, Superior completed the acquisition of certain assets of a Western Canadian commercial and industrial insulation distributor (Burnaby) for an aggregate purchase price of $17.7 million, inclusive of $0.1 million in transaction costs which have been expensed through other expenses in the consolidated statement of net loss and comprehensive loss. The assets acquired consist of three operating branches in Alberta and British Columbia and allow Construction Products Distribution to expand its commercial and industrial distribution business in Canada.

Burnaby	Fair Value Recognized on Acquisition
Trade and other receivables [1]	8.4
Inventories	2.9
Property, plant and equipment	0.5
Intangible assets [2]	2.1
	13.9
Trade and other payables	(3.0)
	(3.0)
Net identifiable assets and liabilities	10.9
Goodwill arising on acquisition	6.8
Total consideration	**17.7**

[1] The gross amount of trade receivables is $8.6 million, of which $0.2 million is expected to be uncollectible.
[2] Superior has reclassified $2.1 million to separable identifiable intangible assets from goodwill as part of the finalization of the Burnaby purchase allocation.

The components of the purchase consideration are as follows:	
Cash (paid on June 28, 2010)	2.0
Common shares	15.7
Total purchase consideration	**17.7**

Superior completed the acquisition of Burnaby in order expand its commercial and industrial insulation business in Canada.

Revenue and net loss for the year ended December 31, 2010 would have been $21.4 million and $5.7 million, respectively, if the Burnaby acquisition had occurred on January 1, 2010. Subsequent to the acquisition date of June 28, 2010, Burnaby contributed to Construction Products Distribution revenue and net earnings of $17.5 million and $3.1 million, respectively for the year ended December 31, 2010.

On January 20, 2010, Superior acquired 100% of the shares of Griffith Holdings Inc. (Griffith) for consideration of $142.6 million, net of $2.5 million in cash assumed. Additionally, $1.6 million in transaction costs were incurred during the course of this acquisition, which has been expensed through other expenses in the consolidated statement of net loss and comprehensive loss. The fair value of the identifiable assets and liabilities of Griffith as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition date was:

Griffith Acquisition	Fair Value Recognized on Acquisition
Trade and other receivables [1]	41.1
Inventories	23.2
Unrealized gains on derivative financial instruments	1.2
Property, plant and equipment	83.2
Intangible assets	54.4
	203.1
Trade and other payables	(32.8)
Provisions	(3.6)
Assumed deferred consideration obligations	(0.6)
Deferred tax liability	(41.7)
	(78.7)
Net identifiable assets and liabilities	124.4
Goodwill arising on acquisition [2]	18.0
Total consideration	**142.4**
The components of the purchase consideration are as follows:	
Cash paid (paid on January 20, 2010)	142.4
Total purchase consideration	**142.4**

[1] The gross amount of trade receivables is $34.7 million, of which $0.9 million is expected to be uncollectible.
[2] The amount of goodwill that is expected to be deductible for tax purposes is approximately $7.0 million.

Superior completed the acquisition of Griffith in order expand its refined fuels distribution business into the north eastern U.S. The Company's business is complementary to Superior's other operations in New York state.

Revenue and net earnings for the year ended December 31, 2010 for Energy Services would have included $686.0 million and $11.7 million, respectively, if the Griffith acquisition had occurred on January 1, 2010. Subsequent to the acquisition date of January 20, 2010, Griffith contributed to Energy Services revenue and net earnings of $644.0 million and $10.7 million, respectively for the year ended December 31, 2010.

Superior completed the acquisition of Griffith in order expand its refined fuels distribution business into the north eastern U.S. For the 12 months ended June 2009, Griffith delivered approximately 294.4 million gallons of product to customers within New York state; gross profits were 42% from propane sales, 13% from heating oil, 23% from other fuels, 18% from wholesale activities and 4% from service work. The customer profile of the Company, based on gallons of product sold, is approximately 29% retail and 71% wholesale and dealer related. The Company supports its retail fuel distribution business by providing heating related service work to its propane and heating oil customers.

The Company has 27 branch locations, 26 bulk storage facilities and 3 storage terminals, providing 20 million gallons of storage capacity. It has a well-maintained fleet of approximately 400 delivery and service vehicles and employs approximately 500 non-union employees. The Company's business is complementary to Superior's other operations in New York state.

5. Trade and Other Receivables

A summary of trade and other receivables is as follows:

	Notes	**December 31, 2011**	December 31, 2010	January 1, 2010
Trade receivables, net of allowances	21	**427.1**	499.73	330.3
Accounts receivable – other		**45.1**	50.7	64.0
Finance lease receivable		**0.7**	0.6	–
Trade and other receivables		**472.9**	551.0	394.3

Until the termination of the program in June 2011, Superior sold, with limited recourse, certain trade accounts receivable on a revolving basis to an entity sponsored by a Canadian chartered bank. The accounts receivable were sold at a discount to face value based on prevailing money market rates. Superior has retained the servicing responsibility for the accounts receivable sold and has therefore recognized a servicing liability. The level of accounts receivable sold under the program fluctuates seasonally with the level of accounts receivable. As at December 31, 2011 proceeds of $nil (December 31, 2010 – $90.1 million and January 1, 2010 – $21.4 million) had been received.

6. Prepaid expenses

	December 31, 2011	December 31, 2010	January 1, 2010
Balance at the beginning of the year	**23.3**	21.3	21.3
Added to prepaid assets	**83.3**	78.2	–
Expensed to net earnings (losses)	**(85.5)**	(74.4)	–
Foreign exchange impact	**(0.4)**	(1.8)	–
Balance at the end of the year	**20.7**	23.3	21.3

7. Inventories

	December 31, 2011	December 31, 2010	January 1, 2010
Propane, heating oil and other refined fuels	**87.5**	68.5	52.7
Propane retailing materials, supplies, appliances and other	**12.6**	8.7	3.9
Chemical finished goods and raw materials	**20.9**	16.5	16.3
Chemical stores, supplies and other	**8.5**	7.9	7.3
Walls, ceilings and insulation construction products	**73.6**	65.5	63.3
	203.1	167.1	143.5

The cost of inventories recognized as an expense in the year ended December 31, 2011 was $2,769.2 million (December 31, 2010 – $2,356.6 million). Inventories of $nil million (December 31, 2010 – $nil million and January 1, 2010 – $nil million) are expected to be recovered after more than twelve months. Inventory was written down during the year ended December 31, 2011 by $2.6 million (December 31, 2010 – $1.6 million). No reversals of write downs were recorded during the years ended December 31, 2011 and 2010.

8. Insurance Claim

During the fourth quarter of 2010, Specialty Chemicals' Buckingham, Quebec sodium chlorate plant experienced an electrical transformer failure which caused one its production lines to cease operation. The electrical equipment was repaired and the production line resumed operations in the second quarter of 2011. During the outage, efforts were made to source product from other producers to satisfy customer requirements. However, a portion of sodium chlorate sales were lost and additional costs were incurred in order to purchase additional product and make repairs to the equipment. In the fourth quarter of 2011, a partial payment of $3.7 million was received from Specialty Chemicals' business interruption and property damage claim. The $3.7 million has been recorded as a reduction to cost of sales ($3.2 million) and to operating expenses ($0.5 million) based on the respective business interruption and property damage claim amounts net of the insurance deductible amount.

9. Finance Lease

In November 2010, Superior entered into a finance lease arrangement with a customer from the Specialty Chemical segment. The finance lease arrangement is related to capital assets used to produce electricity at a Specialty Chemicals sodium chlorate facility in Chile. The lease contract term is ten years and contains an early termination option for the customer after five years.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	December 31, 2011	December 31, 2010	**December 31, 2011**	December 31, 2010
Current portion	**1.6**	1.6	**0.7**	0.6
Long-term portion	**12.4**	13.7	**8.7**	9.2
	14.0	15.3	**9.4**	9.8
Less unearned finance income	**(4.6)**	(5.5)	**–**	–
Present value of minimum lease payments	**9.4**	9.8	**9.4**	9.8

The interest rate inherent in the lease is fixed at a constant rate for the entire lease term. The effective interest rate contracted is 10% per year.

There is no allowance for doubtful accounts, as the finance lease receivables are neither past due nor impaired.

10. Construction Contracts

Revenue relating to construction contracts is recognized based on the stage of completion of the contract activity. The percentage of contract completion is based on engineering estimates of the proportion of work completed to date.

Contracts in progress at the balance sheet date:	**December 31, 2011**	December 31, 2010	January 1, 2010
Construction costs incurred plus recognized profits less recognized losses to date	**6.0**	4.6	2.3
Less: Progress billings to date	**(8.2)**	(5.3)	(3.5)
	(2.2)	(0.7)	(1.2)

Recognized and included in the financial statements as amounts due:

	Notes	**December 31, 2011**	December 31, 2010	January 1, 2010
Account payable to customers under construction contracts	15	**2.2**	0.7	1.0
		2.2	0.7	1.0

11. Property, Plant and Equipment

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Services Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance as at December 31, 2009 under GAAP	**22.2**	**110.2**	**669.4**	**386.2**	**37.2**	**0.3**	**1,225.5**
IFRS initial adoption adjustment	6.8	26.0	49.7	81.1	2.0	9.1	174.7
Restated at January 1, 2010 under IFRS	**29.0**	**136.2**	**719.1**	**467.3**	**39.2**	**9.4**	**1,400.2**
Additions	1.2	2.0	14.2	66.6	3.1	0.6	87.7
Disposals	(0.2)	(0.2)	(5.6)	(18.2)	(4.2)	(0.8)	(29.2)
Acquisitions through business combinations	–	4.2	–	80.2	0.5	–	84.9
Net foreign currency exchange differences	(0.6)	(1.8)	(13.9)	(13.1)	(0.8)	–	(30.2)
Balance at December 31, 2010	**29.4**	**140.4**	**713.8**	**582.8**	**37.8**	**9.2**	**1,513.4**
Accumulated Depreciation							
Balance as at December 31, 2009 under GAAP	**–**	**35.1**	**229.7**	**275.3**	**17.4**	**–**	**557.5**
IFRS initial adoption adjustment	–	(6.7)	1.1	(35.3)	2.7	6.3	(37.3)
Restated at January 1, 2010 under IFRS	**–**	**28.4**	**230.8**	**240.0**	**14.7**	**6.3**	**520.2**
Depreciation expense	–	5.5	45.4	40.6	6.6	0.8	98.9
Eliminated on disposal of assets	–	–	(4.4)	(7.5)	(2.1)	(0.4)	(14.4)
Net foreign currency exchange differences	–	(0.2)	(2.7)	(0.2)	(0.6)	–	(3.7)
Balance at December 31, 2010	**–**	**33.7**	**269.1**	**272.9**	**18.6**	**6.7**	**601.0**

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Services Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance as at December 31, 2010 under GAAP	**37.1**	**122.3**	**666.6**	**439.2**	**34.8**	**3.3**	**1,303.3**
IFRS initial adoption adjustment	(7.7)	18.1	47.2	143.6	3.0	5.9	210.1
Restated at December 31, 2010 under IFRS	**29.4**	**140.4**	**713.8**	**582.8**	**37.8**	**9.2**	**1,513.4**
Additions	0.1	7.6	14.2	36.3	5.4	0.4	64.0
Disposals	(0.1)	(1.7)	(5.3)	(24.6)	(2.7)	–	(34.4)
Impairment losses charged to net loss	–	–	–	(3.8)	–	–	(3.8)
Acquisitions through business combinations	–	–	–	–	0.2	–	0.2
Net foreign currency exchange differences	0.3	1.0	5.7	0.8	0.5	–	8.3
Balance at December 31, 2011	**29.7**	**147.3**	**728.4**	**591.5**	**41.2**	**9.6**	**1,547.7**
Accumulated Depreciation							
Balance as at December 31, 2010 under GAAP	**–**	**41.2**	**264.8**	**288.1**	**19.4**	**2.1**	**615.6**
IFRS initial adoption adjustment	–	(7.5)	4.3	**(15.2)**	(0.8)	4.6	(14.6)
Restated at December 31, 2010 under IFRS	**–**	**33.7**	**269.1**	**272.9**	**18.6**	**6.7**	**601.0**
Depreciation expense	–	5.3	41.1	36.9	5.6	0.8	89.7
Eliminated on disposal of assets	–	(0.1)	(3.6)	(20.8)	(1.9)	–	(26.4)
Impairment losses charged to net loss	–	(0.2)	–	(0.5)	–	–	(0.7)
Net foreign currency exchange differences	–	0.1	1.6	(2.7)	0.1	–	(0.9)
Balance at December 31, 2011	**–**	**38.8**	**308.2**	**285.8**	**22.4**	**7.5**	**662.7**
Carrying Value							
As at January 1, 2010	29.0	107.8	488.3	227.3	24.5	3.1	880.0
As at December 31, 2010	29.4	106.7	444.7	309.9	19.2	2.5	912.4
As at December 31, 2011	**29.7**	**108.5**	**420.2**	**305.7**	**18.8**	**2.1**	**885.0**

The carrying value of Superior's property, plant, and equipment includes $74.2 million as at December 31, 2011 (December 31, 2010 – $73.7 million and January 1, 2010 – $59.5 million) of leased assets.

During the third quarter of 2011, a fire occurred at U.S. Refined Fuel's Mumford, New York fuel distribution location, and flooding occurred at the Mountoursville, Pennsylvania distribution location, causing damage to both facilities. Superior recognized an impairment charge of $3.4 million associated with the damage. Currently, it is not possible to estimate the expected amount

of recovery that Superior will receive under its business interruption insurance policies and therefore as at December 31, 2011, no receivable for insurance recovery has been recorded. Insurance recoveries are recorded when the amount of the recovery has been agreed with the insurer or when payments are received.

Depreciation per cost category:

	December 31, 2011	December 31, 2010
Cost of sales	**44.9**	46.4
Selling, distribution and administrative costs	**48.4**	49.0
Total	**93.3**	95.4

12. Intangible Assets

	Customer Contract Related Costs	Energy Services Trademarks, Customer Base & Non-Compete Agreements	Construction Products Distribution Assets	Specialty Chemicals Royalty Assets and Patents	Investment Property	Total
Cost						
Balance as at December 31, 2009 under GAAP	**36.5**	**108.3**	**45.6**	**51.1**	**–**	**241.5**
IFRS initial adoption adjustment	–	0.5	1.1	14.3	1.0	16.9
Restated as at January 1, 2010 under IFRS	**36.5**	**108.8**	**46.7**	**65.4**	**1.0**	**258.4**
Additions from internal developments	1.7	3.5	–	–	–	5.2
Additions acquired separately	–	1.2	–	–	–	1.2
Acquisitions through business combinations	–	58.5	–	–	–	58.5
Impairment losses charged to net loss	–	–	(3.6)	–	–	(3.6)
Reclassification to goodwill	–	–	(21.3)	–	–	(21.3)
Net foreign currency exchange differences	–	(5.5)	(1.3)	–	–	(6.8)
Balance at December 31, 2010	**38.2**	**166.5**	**20.5**	**65.4**	**1.0**	**291.6**
Accumulated Amortization and Impairment						
Balance as at December 31, 2009 under GAAP	**21.8**	**2.0**	**2.0**	**35.7**	**–**	**61.5**
IFRS initial adoption adjustment	–	–	1.0	10.3	–	11.3
Restated as at January 1, 2010 under IFRS	**21.8**	**2.0**	**3.0**	**46.0**	**–**	**72.8**
Amortization expense	5.2	21.6	2.3	6.5	–	35.6
Impairments	–	–	(2.5)	–	–	(2.5)
Net foreign currency exchange differences	–	1.5	–	–	–	1.5
Balance at December 31, 2010	**27.0**	**25.1**	**2.8**	**52.5**	**–**	**107.4**

	Customer Contract Related Costs	Energy Services Trademarks, Customer Base & Non-Compete Agreements	Construction Products Distribution Assets	Specialty Chemicals Royalty Assets and Patents	Investment Property	Total
Cost						
Balance as at December 31, 2010 under IFRS	**38.2**	**166.5**	**20.5**	**65.4**	**1.0**	**291.6**
Additions from internal developments	–	1.3	2.6	–	–	3.9
Additions acquired separately	1.6	0.3	–	–	–	1.9
Acquisitions through business combinations	–	12.2	–	–	–	12.2
Impairment losses charged to net loss	–	(107.3)	(22.8)	–	–	(124.4)
Disposals	–	(1.3)	–	–	–	(1.3)
Net foreign currency exchange differences	–	(2.0)	0.8	–	–	(1.2)
Balance at December 31, 2011	**39.8**	**69.7**	**1.1**	**65.4**	**1.0**	**177.0**
Accumulated Amortization and Impairment						
Balance as at December 31, 2010 under IFRS	**27.0**	**25.1**	**2.8**	**52.5**	**–**	**107.4**
Impairment losses charged to net loss	–	(35.1)	(5.3)	–	–	(40.4)
Disposals	–	(1.3)	–	–	–	(1.3)
Net foreign currency exchange differences	–	(0.5)	0.1	–	–	(0.4)
Amortization expense	4.2	32.5	2.8	6.6	–	46.1
Balance at December 31, 2011	**31.2**	**20.7**	**0.4**	**59.1**	**–**	**111.4**
Carrying value [(1)]						
As at January 1, 2010	14.7	106.8	43.7	19.4	1.0	185.6
As at December 31, 2010	11.2	141.4	17.7	12.9	1.0	184.2
As at December 31, 2011	**8.6**	**49.0**	**0.7**	**6.3**	**1.0**	**65.6**

(1) Superior has pledged 100% of the property, plant and equipment balance as at December 31, 2011 excluding leased assets as security on Superior's borrowings.

An impairment charge was recorded to the intangible assets of Superior's Construction Products Distribution segment and Energy Services segment during the third and fourth quarters; see Note 13 for further details.

Amortization per cost category:

	December 31, 2011	December 31, 2010
Selling, distribution and administrative costs	**46.1**	35.6
Total	**46.1**	35.6

Investment Properties

At cost	December 31, 2011	December 31, 2010	January 1, 2010
Investment property	**1.1**	1.0	1.0
Accumulated depreciation beginning of the year	**–**	–	–
Depreciation expense	**(0.1)**	–	–
Accumulated depreciation end of the year	**(0.1)**	–	–
Carrying value	**1.0**	1.0	1.0

	December 31, 2011	December 31, 2010
Rental income from investment properties	**0.1**	0.4
Net income from investment properties	**0.1**	0.4

All of Superior's investment property is held under freehold interests.

	December 31, 2011	December 31, 2010	January 1, 2010
Fair value of investment properties	**1.0**	1.1	1.1

13. Goodwill

	December 31, 2011	December 31, 2010	January 1, 2010
Balance at beginning of year	**471.7**	527.5	527.5
Additional amounts recognized from business combinations occurring during the year	**3.6**	38.3	–
Purchase price equation adjustments	**(2.1)**	–	–
Impairment of Energy Services	**(227.8)**	–	–
Impairment of Construction Products Distribution	**(61.2)**	(88.4)	–
Effect of foreign currency differences	**1.9**	5.7	–
Balance at end of year	**186.1**	471.7	527.5

Impairment of Goodwill and Intangible Assets

Goodwill acquired through business combinations and intangible assets has been allocated for impairment testing to Superior's CGUs that are expected to benefit from the synergies of the combination. On a quarterly basis Superior assesses whether any indications of impairment have occurred which would require testing goodwill for impairment using a two-step process, with the first step being to assess whether the recoverable amount of a reporting unit to which goodwill is assigned is less than its carrying value. If this is the case, a second impairment test is performed which requires a comparison of the recoverable amount to its carrying value. Value in use calculations have been used to determine the recoverable amount for the goodwill and intangible assets allocated to Superior's cash generating units.

Construction Products Distribution

During the third quarter of 2011 it was determined that Superior's Construction Products Distribution segment had indications of impairment. As such Superior completed a detailed assessment of the business segment's operations; the recoverable amount of the Construction Products Distribution segment was determined using a detailed cash flow model based on current market assumptions surrounding the construction products industry which was negatively impacted by the continued economic slowdown across North America, the reduction in new home residential housing starts and ongoing weakness in commercial construction markets. Based on the calculated recoverable amount, it was determined that the goodwill and intangible assets in the Construction Products Distribution segment were impaired and a goodwill impairment charge of $61.2 million and an intangible assets impairment charge of $17.5 million were recognized as reduction in the carrying value of the respective balances during the third quarter of 2011.

Basis On Which Recoverable Amount Has Been Determined

The recoverable amount for the Construction Products Distribution segment was determined using a detailed cash flow model which was based on evidence from the Board of Directors approved budget. Management's internal budgets are based on past experience and were adjusted to reflect market trends and economic conditions. The resulting recoverable amount was then compared to the carrying amount of the business segment which resulted in an impairment charge that was allocated to goodwill and intangible assets of the Construction Products Distribution segment. The impairment charge was recognized as an expense against Superior's net loss for the year ended December 31, 2011.

Key Rates Used In Calculation Of Recoverable Amount

Growth Rate To Perpetuity

The first five years of cash flow projections used in the model were based on management's internal budgets and projections after five years were extrapolated using growth rates in line with historical long term growth rates in the construction products industry. The long term growth rate used in determining the recoverable amount for the Construction Products Distribution segment was 1.5%.

Discount Rates

Cash flows in the model were discounted using a discount rate specific to the Construction Products Distribution segment. Discount rates reflect the current market assessments of the time value of money and are derived from the business segment's weighted average cost of capital. Risks specific to the Construction Products Distribution segment were reflected within the cash flow model. The weighted average cost of capital was then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate. The after-tax discount rate used in determining the recoverable amount for the Construction Products Distribution segment was 12.0%.

Inflation Rates

Inflation rates used in the cash flow model were based on a blend of publicly available inflation forecasts. The inflation rate used in determining the recoverable amount for the Construction Products Distribution segment was 2%.

Key Assumptions

The model used to determine the recoverable amount of the Construction Products Distribution segment is based on the assumption that sales revenue is expected to decline from 2010 levels due to market conditions which are expected to continue to impact the financial results of the business segment through to the end of 2012.

Energy Services

During the fourth quarter of 2011 it was determined that Superior's Energy Services segment was impaired. As such Superior completed a detailed assessment of the business segment's operations; the recoverable amount of the Energy Services segment was determined using a detailed cash flow model based on current market assumptions surrounding the Canadian Propane Distribution and U.S. Refined Fuels distribution industries which were negatively impacted by the continued economic slowdown across North America, shift in sales mix from higher margin heating volumes to lower margin non-heating volumes, and energy conservation efforts from Superior's customers. Based on the calculated recoverable amount, it was determined that the goodwill and intangible assets in the Energy Services segment were impaired and a goodwill impairment charge of $227.8 million and an intangible assets impairment charge of $72.2 million were recognized as reduction in the carrying value of the respective balances during the fourth quarter of 2011.

Basis On Which Recoverable Amount Has Been Determined

The recoverable amount for the Energy Services segment was determined using a detailed cash flow model which was based on evidence from the Board of Directors approved budget. Management's internal budgets are based on past experience and were adjusted to reflect market trends and economic conditions. The resulting recoverable amount was then compared to the carrying amount of the business segment which resulted in an impairment charge that was allocated to goodwill and intangible assets of the Energy Services segment. The impairment charge was recognized as an expense against Superior's net loss for the year ended December 31, 2011.

Key Rates Used In Calculation Of Recoverable Amount

Growth Rate To Perpetuity

The first five years of cash flow projections used in the model were based on management's internal budgets and projections after five years were extrapolated using growth rates in line with historical long term growth rates. The long term growth rate used in determining the recoverable amount for the Energy Services' segment was 0.5%.

Discount Rates

Cash flows in the model were discounted using a discount rate specific to the Energy Services segment. Discount rates reflect the current market assessments of the time value of money and are derived from the business segment's weighted average cost of capital. Risks specific to the Energy Services segment were reflected within the cash flow model. The weighted average cost of capital was then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate. The after-tax

discount rate used in determining the recoverable amount for the Energy Services segment was 10.8% for Canadian Propane Distribution and 11.5% for U.S. Refined Fuels.

Inflation Rates

Inflation rates used in the cash flow model were based on a blend of publicly available inflation forecasts. The inflation rate used in determining the recoverable amount for the Energy Services' segment was 2%.

Key Assumptions

The model used to determine the recoverable amount of the Energy Services segment is based on the assumption that sales revenue is expected to decline from 2011 levels due to the items noted above which are expected to continue to impact the operating results of the business segment through to the end of 2012.

14. Provisions

	Decommissioning Costs	Environmental Expenditures	Total
Balance at January 1, 2010	6.9	–	6.9
Additional provisions recognized during the year	0.8	7.1	7.9
Utilization	–	(1.7)	(1.7)
Amounts reversed during the year	–	(2.3)	(2.3)
Unwinding of discount	0.3	–	0.3
Impact of change in discount rate	2.2	–	2.2
Net foreign currency exchange difference	–	(0.1)	(0.1)
Balance at December 31, 2010	10.2	3.0	13.2
Additional provisions recognized during the year	3.4	–	3.4
Amounts reversed during the year	–	(0.9)	(0.9)
Utilization	–	(0.5)	(0.5)
Unwinding of discount	0.4	–	0.4
Impact of change in discount rate	1.7	–	1.7
Net foreign currency exchange difference	(0.2)	0.1	(0.1)
Balance at December 31, 2011	**15.5**	**1.7**	**17.2**

Decommissioning Costs

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. The provision for decommissioning costs is on a discounted basis and is based on existing technologies at current prices or long-term price assumptions, depending on the expected timing of the activity. As at December 31, 2011, the discount rate used in Superior's calculation was 2.5% (December 31, 2010 – 4.0% and January 1, 2010 – 4.0%). Superior estimates the total undiscounted amount of expenditures required to settle its decommissioning liabilities is approximately $20.3 million (December 31, 2010 – $20.1 million) which will be paid over the next 20 to 28 years. While Superior's provision for decommissioning costs is based on the best estimate of future costs and the economic lives of the chemical facilities, there is uncertainty regarding both the amount and timing of incurring these costs.

Energy Services

Superior makes full provision for the future costs of decommissioning certain assets associated with Superior's Energy Services operating segment. Superior estimates the total undiscounted amount of expenditures required to settle its asset retirement obligations is approximately $9.2 million (December 31, 2010 – $9.8 million) which will be paid over the next 20 to 25 years. The credit-adjusted free-risk rate of 2.5% (December 31, 2010 – 4.0% and January 1, 2010 – 4.0%) was used to calculate the present value of the estimated cash flows.

Environmental Expenditures

Provisions for environmental remediation are made when a clean-up is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The provision for environmental liabilities has been estimated using existing technology, at current prices and discounted using a real discount rate of 2.5% (December 31, 2010 – 4.0% and January 1, 2010 – 4.0%). The majority of these costs are expected to be incurred over the next 10 years. The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and also Superior's share of the liability.

15. Trade and Other Payables

A summary of trade and other payables is as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Trade payables	**243.9**	271.9	226.7
Other payables	**47.8**	36.8	58.6
Amounts due to customers under construction contracts (Note 10)	**2.2**	0.7	1.0
Share-based payments	**3.7**	8.8	9.1
Trade and other payable	**297.6**	318.2	295.4

The average credit period on purchases by Superior is 25 days. No interest is charged on the trade payables for the first 15 days from the date of the invoice. Thereafter, interest is charged at 23% per annum on the outstanding balance. Superior has financial risk management policies in place to ensure that all payables are normally paid within the pre-agreed credit terms.

16. Deferred Revenue

	December 31, 2011	December 31, 2010	January 1, 2010
Balance at beginning of the year	**6.8**	5.8	5.8
Deferred during the year	**21.4**	14.7	–
Released to the net loss	**(14.5)**	(14.0)	–
Foreign exchange impact	**0.5**	0.3	–
Balance at end of year	**14.2**	6.8	5.8

	December 31, 2011	December 31, 2010	January 1, 2010
Current	**14.2**	6.8	5.8
Non-current	**–**	–	–
	14.2	6.8	5.8

The deferred revenue relates to Energy Services unearned service revenue and Specialty Chemicals unearned product related revenues.

17. Revolving Term Bank Credits and Term Loans

	Year of Maturity	Effective Interest Rate	**December 31, 2011**	December 31, 2010	January 1, 2010
Revolving Term Bank Credits [1]		Floating BA rate plus applicable			
Bankers' Acceptances (BA)	2014	credit spread	**219.5**	60.8	174.6
		Prime rate plus			
Canadian Prime Rate Loan	2014	credit spread	**19.8**	40.0	–
LIBOR Loans		Floating LIBOR			
(US$138.9 million;	2014	rate plus applicable			
2010 – US$143.0 million)		credit spread	**141.3**	142.3	146.1
US Base Rate Loan	2014	US Prime rate plus			
(US$29.2 million; 2010 – US$31.0 million)		credit spread	**29.7**	30.8	6.3
			410.3	273.9	327.0
Other Debt					
Notes payable		Prime	**–**	–	0.6
Deferred consideration	2012-2016	Non-interest bearing	**4.0**	1.2	2.4
Accounts receivable securitization [2]			**–**	90.1	92.7
			4.0	91.3	95.7
Senior Secured Notes [3]					
Senior secured notes subject to					
fixed interest rates (US$124.0 million;	2012-				
2010 – US$156.0 million)	2015	7.65%	**126.1**	155.1	165.4
Senior Unsecured Debentures					
Senior unsecured debentures	2016	8.25%	**150.0**	150.0	150.0
Leasing Obligations					
Leasing obligations (see Note 18)			**71.7**	69.7	58.0
Total borrowings before deferred financing fees			**762.1**	740.0	796.1
Deferred financing fees			**(6.4)**	(7.1)	(7.1)
Borrowings			**755.7**	732.9	789.0
Current maturities			**(54.3)**	(136.2)	(108.9)
Borrowings			**701.4**	596.7	680.1

[1] Superior and its wholly-owned subsidiaries, Superior Plus Financing Inc. and Commercial E Industrial (Chile) Limitada, expanded the revolving term bank credit borrowing capacity to $615 million from $450 million on June 20, 2011. The credit facilities mature on June 27, 2014 and are secured by a general charge over the assets of Superior and certain of its subsidiaries. As at December 31, 2011, Superior had $34.8 million of outstanding letters of credit (December 31, 2010 – $28.6 million) and approximately $84.2 million of outstanding financial guarantees (December 31, 2010 – $65.3 million). The fair value of Superior's revolving term bank credits, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market based interest rates, the short-term nature of the underlying debt instruments and other related factors.

[2] Superior sold, with limited recourse, certain trade accounts receivable on a revolving basis to an entity sponsored by a Canadian chartered bank. The accounts receivable were sold at a discount to face value based on prevailing money market rates. The level of accounts receivable sold under the program fluctuates seasonally with the level of accounts receivable. As at December 31, 2011 proceeds of $nil million (December 31, 2010 – $90.1 million) had been received. Superior terminated the accounts receivable securitization program in June 2011.

[3] Senior secured notes (the Notes) totaling U.S.$124.0 million (Cdn$126.1 million at December 31, 2011 and Cdn$155.1 million at December 31, 2010) are secured by a general charge over the assets of Superior and certain of its subsidiaries. Principal repayments began in the fourth quarter of 2009. Management has estimated the fair value of the Notes based on comparisons to treasury instruments with similar maturities, interest rates and credit risk profiles. The estimated fair value of the Notes at December 31, 2011 was Cdn$121.0 million (December 31, 2010 – Cdn$156.6 million).

Repayment requirements of the revolving term bank credits and term loans before deferred financing costs are as follows:

Current maturities	54.3
Due in 2013	54.2
Due in 2014	451.6
Due in 2015	41.6
Due in 2016	155.8
Due in 2017	4.6
Subsequent to 2017	–
Total	762.1

18. Leasing Arrangements

Operating Lease Commitments

Superior has entered into leases on certain vehicles, rail cars, premises and other equipment. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon Superior by entering into these leases.

Future minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Not later than one year	**26.8**	27.7	26.5
Later than one year and not later than five years	**57.2**	65.6	60.4
Later than five years	**27.1**	20.7	15.8
	111.1	114.0	102.7

Obligations Under Finance Lease

Finance leases relate to fuel distribution and construction products vehicles and equipment and office space with lease terms of five to fifteen years. Superior has options to purchase the assets for a nominal amount at the conclusion of the lease agreements. Superior's obligations under finance leases are secured by the lessors' title to the leased assets.

	Minimum Lease Payments			Present Value of Minimum Lease Payments		
	December 31, 2011	December 31, 2010	January 1, 2010	**December 31, 2011**	December 31, 2010	January 1, 2010
Not later than one year	**19.8**	18.3	14.7	**15.6**	13.9	11.1
Later than one year and not later than five years	**57.9**	56.2	46.6	**51.5**	48.8	38.0
Later than five years	**5.8**	7.3	9.4	**4.6**	7.0	8.9
Less: future finance charges	**(11.8)**	(12.1)	(12.7)	–	–	–
Present value of minimum lease payments	**71.7**	69.7	58.0	**71.7**	69.7	58.0

Included in the Consolidated Financial Statements as:

	December 31, 2011	December 31, 2010	January 1, 2010
Current portion of leasing obligations	**15.6**	13.9	11.1
Non-current portion of leasing obligations	**56.1**	55.8	46.9
	71.7	69.7	58.0

19. Convertible Unsecured Subordinated Debentures

Superior's debentures are as follows:

Maturity	December 2012	October 2015	December 2014	June 2017 [1]	June 2018 [2]	October 2016 [3]	Total Carrying Value
Interest rate	5.75%	5.85%	7.50%	5.75%	6.0%	7.5%	
Conversion price per share	$36.00	$31.25	$13.10	$19.00	$15.10	$11.35	
Face value, December 31, 2010	174.9	75.0	69.0	172.5	150.0	–	641.4
Debentures issued	–	–	–	–	–	75.0	75.0
Debentures redeemed [4]	(125.0)	–	–	–	–	–	(125.0)
Face value, December 31, 2011	**49.9**	**75.0**	**69.0**	**172.5**	**150.0**	**75.0**	**591.4**
Issue costs, December 31, 2010	(2.7)	(1.2)	(2.7)	(6.5)	(5.7)	–	(18.8)
Issue costs incurred	–	–	–	–	(0.2)	(3.2)	(3.4)
Redemption adjustment	1.2	–	–	–	–	–	1.2
Accretion of issue costs	1.0	0.3	0.6	0.8	0.6	0.1	3.4
Issue costs, December 31, 2011	**(0.5)**	**(0.9)**	**(2.1)**	**(5.7)**	**(5.3)**	**(3.1)**	**(17.6)**
Discount value, December 31, 2010	(0.8)	(0.3)	(0.4)	(0.2)	(1.8)	–	(3.5)
Recognized discount value	–	–	–	–	–	(0.4)	(0.4)
Redemption adjustment	0.3	–	–	–	–	–	0.3
Accretion of discount value	0.4	0.1	0.1	–	0.2	–	0.8
Discount value, December 31, 2011	**(0.1)**	**(0.2)**	**(0.3)**	**(0.2)**	**(1.6)**	**(0.4)**	**(2.8)**
Debentures outstanding as at December 31, 2011	49.3	73.9	66.6	166.6	143.1	71.5	571.0
Less current maturities	(49.3)	–	–	–	–	–	(49.3)
Debentures outstanding as at December 31, 2011	**–**	**73.9**	**66.6**	**166.6**	**143.1**	**71.5**	**521.7**
Debentures outstanding as at December 31, 2010	171.4	73.5	65.9	165.8	142.5	–	619.1
Debentures outstanding as at January 1, 2010	170.0	73.1	65.3	–	–	–	308.4
Quoted market value as at December 31, 2011	**50.0**	**63.0**	**65.2**	**122.5**	**105.6**	**62.3**	**466.6**
Quoted market value as at December 31, 2010	175.8	74.9	71.6	162.6	144.6	–	629.5
Quoted market value as at January 1, 2010	177.1	74.4	78.3	–	–	–	329.8

[1] Superior issued $172.5 million in 5.75% convertible unsecured subordinated debentures during the first quarter of 2010. In conjunction with the issuance of these debentures, Superior swapped $150 million of the fixed rate obligation into a floating-rate obligation of floating BA rate plus 2.65%.
[2] Superior issued $150.0 million in 6.0% convertible unsecured subordinated debentures during the fourth quarter of 2010.
[3] Superior issued $75.0 million in 7.5% convertible unsecured subordinated debentures during the fourth quarter of 2011.
[4] Superior redeemed $75.0 million and $50.0 million of the 5.75% December 2012 convertible unsecured subordinated debentures on November 7, 2011 and December 12, 2011, respectively.

The debentures may be converted into shares at the option of the holder at any time prior to maturity and may be redeemed by Superior in certain circumstances. Superior may elect to pay interest and principal upon maturity or redemption by issuing shares to a trustee in the case of interest payments,

and to the debenture holders in the case of payment of principal. The number of any shares issued will be determined based on market prices for the shares at the time of issuance. Also Superior has a cash conversion put option which allows Superior to settle any conversion of debentures in cash, in lieu of delivering common shares to the debenture holders of the June 2018 and October 2016 convertible debentures. The cash conversion put option has been classified as an embedded derivative and measured at FVTNL (see Note 21 for further details).

20. Employee Future Benefits

Energy Services and Specialty Chemicals have defined benefit (DB) and defined contribution (DC) pension plans covering most employees. The benefits provided under DB pension plans are based on the employees' years of service and on the highest average earnings for a specified number of consecutive years. Information about Superior's DB and other post-retirement benefit plans as at December 31, 2011, December 31, 2010 and January 1, 2010 in aggregate is as follows:

Recognized liability for defined benefit obligations

	Energy Services Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans	Other Benefit Plans
Balance as at January 1, 2010			
Present value of obligations	44.1	65.8	27.1
Fair value of plan assets	(43.2)	(60.2)	–
Unamortized past service costs	–	(0.1)	(0.1)
Recognized liability	0.9	5.5	27.0
Balance as at December 31, 2010			
Present value of obligations	46.2	80.8	30.3
Fair value of plan assets	(41.1)	(67.2)	–
Unamortized past service costs	–	–	(0.1)
Recognized liability	5.1	13.6	30.2
Balance as at December 31, 2011			
Present value of obligations	**48.6**	**6.3**	**33.6**
Fair value of plan assets	**(39.1)**	**(70.6)**	**–**
Recognized liability	**9.5**	**25.7**	**33.6**

Movement in present value of defined benefit obligations and plan assets

	Energy Services Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans		Other Benefit Plans	
	2011	2010	**2011**	2010	**2011**	2010
Movement in benefit obligations during the year:						
Benefit obligation at January 1	**46.2**	44.1	**80.8**	65.8	**30.3**	27.1
Current service cost	**0.1**	0.1	**2.3**	1.8	**0.1**	0.1
Interest cost	**2.3**	2.6	**4.3**	4.1	**1.6**	1.7
Contributions by the employer	**–**	–	**0.1**	0.1	**–**	–
Actuarial losses	**3.9**	4.5	**11.4**	11.5	**2.8**	2.7
Past service cost	–	–	**–**	–	**–**	–
Benefits paid	**(3.9)**	(5.1)	**(2.6)**	(2.5)	**(1.2)**	(1.3)
Benefit obligation as at December 31	**48.6**	46.2	**96.3**	80.8	**33.6**	30.3
Movement in fair value of plan assets during the year:						
Fair value of plan assets at January 1	**41.1**	43.2	**67.2**	60.2	**–**	–
Expected return on plan assets	**2.9**	2.9	**4.8**	4.3	–	–
Actuarial losses	**(2.8)**	(1.2)	**(4.3)**	(0.1)	–	–
Contributions by the employer	**1.8**	1.3	**5.5**	5.3	**1.2**	1.3
Benefits paid	**(3.9)**	(5.1)	**(2.6)**	(2.5)	**(1.2)**	(1.3)
Fair value of plan assets as at December 31	**39.1**	41.1	**70.6**	67.2	**–**	–
Funded status – plan deficit	**(9.5)**	(5.1)	**(25.7)**	(13.6)	**(33.6)**	(30.3)
Unamortized past service costs	**–**	–	**–**	–	–	0.1
Net benefit obligation	**(9.5)**	(5.1)	**(25.7)**	(13.6)	**(33.6)**	(30.2)
Current portion of net benefit obligation recorded in accounts payable and accrued liabilities	**–**	(1.1)	**(3.1)**	(2.3)	**(0.4)**	–
Non-current net benefit obligation (2011 – $65.3 million; 2010 – $45.5 million)	**(9.5)**	(4.0)	**(22.6)**	(11.3)	**(33.2)**	(30.2)

The accrued net pension obligation related to the Energy Services pension benefit plan on December 31, 2011 was $9.5 million (December 31, 2010 – $5.1 million), and the recovery for the year ended December 31, 2011 was $0.3 million (December 31, 2010 – recovery of $0.1 million). The accrued net benefit obligation related to the Specialty Chemicals pension benefit plan in 2011 was $25.7 million (December 31, 2010 – $13.6 million), and the expense for the year ended December 31, 2011 was $1.8 million (December 31, 2010 – $1.6 million).

The accrued net benefit obligation related to the total other benefit plans of Energy Services and Specialty Chemicals on December 31, 2011 was $33.6 million (December 31, 2010 – $30.2 million), and the expense for the year ended December 31, 2011 was $1.7 million (December 31, 2010 – $1.9 million).

Amounts recognized in net loss in respect of these defined benefit plans are as follows for the years ended December 31.

	2011	2010
Current service cost	**2.5**	2.0
Interest on obligation	**8.2**	8.4
Defined contribution plan payments	**0.1**	0.1
Expected return on plan assets	**(7.6)**	(7.2)
Past service cost	**–**	0.1
	3.2	3.4

The total expense for the year is included in the "Selling, Distribution and Administrative Costs" expense in the income statement.

The amount recognized in accumulated other comprehensive loss is as follows:

	2011	2010
Actuarial losses during the year (before income taxes)	**(25.5)**	(19.9)
Cumulative actuarial losses (before income taxes)	**(45.4)**	(19.9)

Superior's DC pension plans are fully funded by their nature. The total cost of Superior's DC plans for the year ended December 31, 2011 was $5.9 million (December 31, 2010 – $6.4 million).

The significant actuarial assumptions adopted in measuring accrued benefit obligations are as follows:

	DB Plans		Other Benefit Plans	
	2011	2010	2011	2010
Discount rate	**4.25%**	5.25%	**4.25%**	5.25%
Expected long-term rate-of-return on plan assets [1]	**7.00%**	7.00%	**–%**	–%
Expected rate of compensation increase	**3.25%**	3.25%	**3.25%**	3.25%

[1] Based on market-related values.

The weighted average annual assumed health care cost inflation trend used in the calculation of accrued other benefit plan obligations is 10% initially, decreasing to 5% in 2020 and thereafter. A 1% change in the health care trend rate would result in a change to the accrued benefit obligation of $3.0 million and a change to the current service expense of $0.2 million.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2011 by Hewitt Associates LLC.

Major categories of plan assets as a percentage of the fair value of total defined benefit plan assets:

	Energy Services Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans
Equities	63.2.%	57.3.%
Bonds	35.1.%	40.9.%
Others assets	1.7.%	1.8.%

The actual return on plan assets was nil% (December 31, 2010 – 4.1%).

Superior expects to make a contribution of $8.8 million (December 31, 2010 – $8.0 million) to the defined benefit plans during the next financial year.

Below is a summary of the experience adjustments for the past two annual periods:

	2011	2010
Experience adjustments on plan assets	**(16.1)**	(14.6)
Experienced adjustments on plan liabilities	**(9.4)**	(5.4)
Total experience adjustment	**(25.5)**	(20.0)

Future employee benefits per cost category: Year ended December 31	**2011**	2010
Selling, distribution and administrative costs	**3.2**	3.4
Total	**3.2**	3.4

21. Financial Instruments

IFRS requires disclosure around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Superior's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical instruments.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value of a financial instrument is the amount of consideration that would be estimated to be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices, as appropriate, in the most advantageous active market for that instrument to which Superior has immediate access.

Where bid and ask prices are unavailable, Superior uses the closing price of the most recent transaction of the instrument. In the absence of an active market, Superior estimates fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis using, to the extent possible, observable market-based inputs.

Natural gas financial swaps – NYMEX

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Superior looks primarily to available readily observable external market inputs including factors such as forecast commodity price curves, interest rate yield curves, currency rates, and price and rate volatilities as applicable.

					Asset (Liability)		
Description	Notional [1]	Term	Effective Rate	Fair Value Input Level	December 31, 2011	December 31, 2010	January 1, 2010
Natural gas financial swaps–NYMEX	–	–	–	Level 1	–	(101.1)	(22.2)
Natural gas financial swaps–AECO	29.64 GJ [2]	2012-2016	CDN $4.84/GJ	Level 1	**(78.9)**	(2.9)	(69.3)
Foreign currency forward contracts, net sale	US$ 706.9 [3]	2012-2015	1.03	Level 1	**5.7**	33.8	12.5
Foreign currency forward contracts, net purchase	–	–	–	Level 1	–	0.1	0.4
Interest rate swaps – CDN$	$150.0	2012-2017	Six month BA rate plus 2.65%	Level 2	**10.9**	1.6	–
Debenture embedded derivative	$225.0	2012-2018	–	Level 3	**(0.6)**	(1.8)	–
Energy Services Propane wholesale purchase and sale contracts, net sale	4.08 USG [4]	2012	$1.62/USG	Level 2	**(0.6)**	(1.6)	(2.2)
Energy Services Butane wholesale purchase and sale contracts, net sale	0.40 USG [4]	2012	$1.17/USG	Level 2	**0.2**	–	(0.2)
Energy Services electricity swaps	1.73MWh [5]	2012-2016	$45.91/MWh	Level 2	**(16.0)**	(13.0)	(9.3)
Energy Services swaps and option purchase and sale contracts	17.3 Gallons [4]	2012	US$2.70/Gallon	Level 2	**(0.7)**	1.2	0.1
Specialty Chemicals fixed-price electricity purchase agreement	12-45 MW [6]	2012-2017 [7]	$37.59/MWh	Level 3	–	5.3	10.5

[1] Notional values as at December 31, 2011.
[2] Millions of gigajoules purchased.
[3] Millions of dollars/EUROS purchased.
[4] Millions of United States gallons purchased.
[5] Millions of mega watt hours (MWh).
[6] Mega watts (MW) on a 24/7 continual basis per year purchased.
[7] Specialty Chemicals fixed-price electricity purchase agreement has been impacted by the TransAlta Corporate force majeure issued in December 2010 and the value of the agreement is estimated as $nil million.

All financial and non-financial derivatives are designated as held-for-trading upon their initial recognition.

Description	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities
As at January 1, 2010	22.2	28.5	77.8	52.6
Natural gas financial swaps – NYMEX and AECO	8.3	2.1	68.3	46.1
Energy Services electricity swaps	0.1	0.1	5.7	7.5
Foreign currency forward contracts, net	17.7	16.8	0.6	–
Interest rate swaps	2.2	1.8	–	2.4
Debenture embedded derivative	–	–	–	1.8
Energy Services propane wholesale purchase and sale contracts	1.5	–	3.1	–
Energy Services butane wholesale purchase and sale contracts	0.3	–	0.3	–
Energy Services heating oil purchase and sale contracts	1.3	–	0.1	–
Specialty Chemicals' fixed-price power purchase agreements	–	5.8	0.5	–
As at December 31, 2010	31.4	26.6	78.6	57.8

Description	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities
Natural gas financial swaps – NYMEX and AECO	–	–	46.7	32.2
Energy Services electricity swaps	–	–	8.6	7.4
Foreign currency forward contracts, net	7.1	7.7	1.7	7.4
Interest rate swaps	2.6	8.3	–	–
Debenture embedded derivative	–	–	–	0.6
Energy Services propane wholesale purchase and sale contracts	3.1	–	3.7	–
Energy Services butane wholesale purchase and sale contracts	0.2	–	–	–
Energy Services heating oil purchase and sale contracts	0.3	–	1.0	–
As at December 31, 2011	**13.3**	**16.0**	**61.7**	**47.6**

	2011		2010	
Description	**Realized gain (loss)**	**Unrealized gain (loss)**	Realized gain (loss)	Unrealized gain (loss)
Natural gas financial swaps – NYMEX and AECO	**(63.9)**	**19.4**	(82.2)	(23.4)
Energy Services electricity swaps	**(7.3)**	**(3.1)**	(4.4)	(3.7)
Foreign currency forward contracts, net	**15.7**	**(27.0)**	5.2	19.7
Interest rate swaps	**2.5**	**9.3**	2.9	1.6
Foreign currency forward contracts – balance sheet related	**(0.2)**	**–**	–	0.5
Energy Services propane wholesale purchase and sale contracts	**–**	**–**	–	0.4
Energy Services heating oil purchase and sale contracts	**1.7**	**(1.7)**	(1.5)	(0.2)
Specialty Chemicals fixed-price power purchase agreements	**(3.4)**	**(5.4)**	(0.3)	(5.3)
Total realized and unrealized (losses) gains on financial and non-financial derivatives	**(54.9)**	**8.5**	(80.3)	(10.4)
Foreign currency translation of senior secured notes	**–**	**(2.8)**	–	8.2
Unrealized change in fair value of debenture embedded derivative	**–**	**1.6**	–	–
Total realized and unrealized losses	**(54.9)**	**(9.7)**	(80.3)	(2.2)

Realized gains (losses) on financial and non-financial derivatives and foreign currency translation gains (losses) on the revaluation of Canadian domiciled U.S.-denominated working capital have been classified on the statement of net earnings (losses) based on the underlying nature of the financial statement line item and/or the economic exposure being managed.

The following summarizes Superior's classification and measurement of financial assets and liabilities:

	Classification	**Measurement**
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets	FVTNL	Fair Value
Notes and finance lease receivable	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other liabilities	Amortized cost
Dividends and interest payable	Other liabilities	Amortized cost
Provisions	Other liabilities	Amortized cost
Borrowings	Other liabilities	Amortized cost
Convertible unsecured subordinated debentures [1]	Other liabilities	Amortized cost
Derivative liabilities	FVTNL	Fair Value

[1] Except for derivatives embedded in the related financial instruments that are classified as FVTNL and measured at fair value.

Non-Derivative Financial Instruments

The fair value of Superior's cash and cash equivalents, trade and other receivables, notes and finance lease receivables, trade and other payables, and dividends and interest payable approximates their carrying value due to the short-term nature of these amounts. The carrying value and the fair value of Superior's borrowings and debentures, is provided in Notes 17 and 19.

Financial Instruments – Risk Management

Market Risk

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as Hedges and as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading.

Effective 2008, Energy Services entered into natural gas financial swaps primarily with Macquarie Cook Energy Canada Ltd. for distributor billed natural gas business in Canada to manage its economic exposure of providing fixed-price natural gas to its customers. Additionally, Energy Services continues to maintain its historical natural gas swap positions with seven additional counterparties. Energy Services monitors its fixed-price natural gas positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

Energy Services enters into electricity financial swaps with three counterparties to manage the economic exposure of providing fixed-price electricity to its customers. Energy Services monitors its fixed-price electricity positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

Specialty Chemicals has entered into a fixed-price electricity purchase agreement to manage the economic exposure of certain chemical facilities to changes in the market price of electricity, in a market where the price of electricity is not fixed. The fair value with respect to this agreement is with a single counterparty.

Energy Services enters into various propane forward purchase and sale agreements with more than twenty counterparties to manage the economic exposure of its wholesale customer supply contracts. Energy Services monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price propane gas position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, enters into foreign currency forward contracts with ten counterparties to manage the economic exposure of Superior's operations to movements in foreign currency exchange rates. Energy Services contracts a portion of its fixed-price natural gas, and propane purchases and sales in U.S. dollars and enters into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals enters into U.S. dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S. dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

Superior has interest rate swaps with a single counterparty to manage the interest rate mix of its total debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term maturity debt instruments. Superior reviews its mix of short-term and longer-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

Credit Risk

Superior utilizes a variety of counterparties in relation to its derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the credit worthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Services deals with a large number of small customers, thereby reducing this risk. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring the overall credit worthiness of its customers. Energy Services has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide Energy Services with invoicing, collection and the assumption of bad debts risk for residential customers. Energy Services actively monitors the credit worthiness of its commercial customers. Overall, Superior's credit quality is enhanced by its portfolio of customers which is diversified across both geographic (primarily Canada and North America) and end-use (primarily commercial, residential and industrial) markets.

Allowance for doubtful accounts and past due receivables is reviewed by Superior at each statement of financial position reporting date. Superior updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of trade receivable balances of each customer taking into account historic collection trends of past due accounts and current economic conditions. Trade receivables are written-off once it is determined they are not collectable.

Pursuant to their respective terms, trade receivables, before deducting an allowance for doubtful accounts, are aged as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Current	**280.3**	294.9	265.8
Past due less than 90 days	**128.1**	182.3	63.7
Past due over 90 days	**39.5**	36.5	11.0
Trade receivables	**447.9**	513.7	340.5

The current portion of Superior's trade receivables is neither impaired nor past due and there are no indications as of the reporting date that the debtors will not meet their obligations to pay.

Superior's trade receivables are stated after deducting a provision of $20.8 million as at December 31, 2011 (December 31, 2010 – $14.0 million). The movement in the provision for doubtful accounts was as follows:

December 31,	2011	2010
Allowance for doubtful accounts, opening	**(14.0)**	(10.2)
Opening adjustment due to acquisitions	**0.3**	(1.0)
Impairment losses recognized on receivables	**(10.8)**	(6.3)
Amounts recovered	**3.7**	–
Amounts written off during the year as uncollectible	–	3.5
Allowance for doubtful accounts, ending	**(20.8)**	(14.0)

Liquidity Risk

Liquidity risk is the risk that Superior cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To ensure Superior is able to react to contingencies and investment opportunities quickly, Superior maintains sources of liquidity at the corporate and subsidiary level. The primary sources of liquidity consist of cash and other financial assets, the undrawn committed revolving term bank credit facility, equity markets and debenture markets.

Superior is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. Superior believes these risks are mitigated through the use of long-term debt secured by high quality assets, maintaining debt levels that in management's opinion are appropriate, and by diversifying maturities over an extended period of time. Superior also seeks to include in its agreements terms that protect it from liquidity issues of counterparties that might otherwise impact liquidity.

Superior's contractual obligations associated with its financial liabilities are as follows:

	2012	2013	2014	2015	2016	2017 and Thereafter	Total
Borrowings	54.3	54.2	451.6	41.6	155.8	4.6	762.1
Convertible unsecured subordinated debentures	49.3	–	66.6	73.9	71.5	309.7	571.0
US$ foreign currency forward sales contracts (US$)	206.9	200.0	156.0	144.0	–	–	706.9
CDN$ natural gas purchases	16.0	9.1	0.7	(0.2)	–	–	25.6
US$ heating oil purchases (US$)	44.3	–	–	–	–	–	44.3
US$ propane purchases (US$)	6.7	–	–	–	–	–	6.7

Superior's contractual obligations are considered to be normal course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flow from operations, proceeds on revolving term bank credits and proceeds on the issuance of share capital.

Superior's financial instruments' sensitivities to changes in foreign currency exchange rates, interest rates and various commodity prices and the impact to net earnings are detailed below:

	2011
Increase (decrease) to net earnings (losses) of a $0.01 increase in the CDN$ to the US$	(7.0)
Increase (decrease) to net earnings (losses) of a 0.5% increase in interest rates	(0.7)
Increase (decrease) to net earnings (losses) of a $0.40/GJ increase in the price of natural gas	2.1
Increase (decrease) to net earnings (losses) of a $0.04/litre increase in the price of propane	0.7
Increase (decrease) to net earnings (losses) of a $0.10/gallon increase in the price of heating oil	1.5
Increase (decrease) to net earnings (losses) of a $1.00/KWH increase in the price of electricity	1.1
Increase (decrease) to net earnings of a $0.40/litre increase in the price of butane	–

The calculation of Superior's sensitivity to changes in foreign currency exchange rates, interest rates and various commodity prices represents the change in fair value of the financial instrument without consideration of the value of the underlying variable, for example, the underlying customer contracts. The recognition of the sensitivities identified above would have impacted Superior's unrealized gain (loss) on financial instruments and would not have a material impact on Superior's cash flow from operations.

22. Income Taxes

Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and future income taxes, including United States income tax, United States non-resident withholding tax and Chilean income tax.

Total income taxes are different than the amount computed by applying the corporate Canadian enacted statutory rate for 2011 of 27.6% (2010 – 29.6%). The reduction in statutory rates reflects previously enacted federal tax rate reductions. The reasons for these differences are as follows:

	2011	2010
Net loss	**(302.6)**	(75.8)
Income tax (recovery) expense of Superior	**(50.4)**	6.5
Net loss of Superior before taxes	**(353.0)**	(69.3)
Computed income tax recovery	**(97.4)**	(20.5)
Higher effective foreign tax rates	**(24.6)**	(4.7)
Changes in future income tax rates	**1.7**	9.1
Non-deductible costs and other	**70.5**	15.1
Prior period adjustment	**(2.1)**	6.5
Other	**1.5**	1.0
Income tax (recovery) expense of Superior	**(50.4)**	6.5

Income tax expense or recovery for the years ended December 31, 2011 and 2010 is comprised of the following:

	2011	2010
Current income tax expense (recovery)		
Current income tax charge	**0.8**	1.0
Adjustments in respect of previous year	**0.3**	(0.2)
Other	**0.3**	–
Total current income tax expense	**1.4**	0.8
Deferred income tax expense (recovery)		
Relating to origination and reversal of temporary difference	**(51.5)**	(9.3)
Relating to changes in tax rates or the imposition of new taxes	**3.1**	7.9
Adjustments in respect of previous year	**(2.3)**	6.7
Other	**(1.1)**	0.4
Total deferred income tax (recovery) expense	**(51.8)**	5.7
Total income tax (recovery) expense	**(50.4)**	6.5

Income tax recognized directly in equity	2011	2010
Deferred tax		
Adoption of IFRS	**–**	34.7
Total income tax recognized directly in equity	**–**	34.7

Income tax recognized in other comprehensive loss	2011	2010
Deferred tax		
Reclassification of derivative gains and losses previously deferred	**(1.7)**	(2.9)
Amortization of actuarial gains and losses	**6.5**	5.1
	4.8	2.2
Total income tax recognized in other comprehensive loss	**4.8**	2.2

2011	Opening Balance	(Credited) Charged to Net Earnings	(Credited) Charged to Other Comprehensive Income	Aquisition of Subsidiary	Exchange Differences	Other	Closing Balance
Provisions	2.0	1.8	–	–	–	2.0	**5.8**
Finance leases	18.5	(4.4)	–	–	0.1	3.3	**17.5**
Borrowings	(4.4)	0.8	–	–	–	(1.7)	**(5.3)**
Financing fees	5.8	(2.0)	–	–	–	1.3	**5.1**
Investment tax credits	117.4	–	–	–	–	(4.1)	**113.3**
Non-operating losses	41.6	2.3	–	–	0.8	–	**44.7**
Other	(2.9)	0.2	–	–	–	–	**(2.7)**
Property, plant and equipment	(124.1)	50.2	–	–	(2.3)	(4.2)	**(80.4)**
Reserves & employee benefits	29.0	1.9	6.5	–	0.2	–	**37.6**
Scientific research and development	151.7	(2.0)	–	–	–	4.1	**153.8**
Unrealized foreign exchange gains (losses)	19.8	2.1	(1.7)	–	–	–	**20.2**
Total	**254.4**	**50.9**	**4.8**	**–**	**(1.2)**	**0.7**	**309.6**

2010	Opening Balance	(Credited) Charged to Net Earnings	(Credited) Charged to Other Comprehensive Income	Acquisition of Subsidiary	Exchange Differences	Other	Closing Balance
Provisions	1.7	0.3	–	–	–	–	**2.0**
Finance leases	15.6	(3.8)	–	–	–	6.7	**18.5**
Borrowings	(1.7)	2.3	–	–	–	(5.0)	**(4.4)**
Financing fees	3.2	(1.7)	–	–	–	4.3	**5.8**
Investment tax credits	120.2	(2.8)	–	–	–	–	**117.4**
Non-operating losses	54.4	(11.7)	–	–	(1.1)	–	**41.6**
Other	(6.1)	3.0	–	–	0.3	(0.1)	**(2.9)**
Property, plant and equipment	(93.1)	6.1	–	(32.1)	2.9	(7.9)	**(124.1)**
Reserves & employee benefits	19.3	3.3	5.1	–	(0.2)	1.5	**29.0**
Scientific research and development	152.5	(0.8)	–	–	–	–	**151.7**
Unrealized foreign exchange gains (losses)	22.1	1.7	(2.9)	–	–	(1.1)	**19.8**
Total	**288.1**	**(4.1)**	**2.2**	**(32.1)**	**1.9**	**(1.6)**	**254.4**

Deferred taxes reported in the two preceding tables are presented on a functional basis while deferred taxes reported on the balance sheet are on a legal entity basis.

The deferred income tax asset relates to the following tax jurisdictions as at December 31, 2011 and 2010:

	2011	2010
Canada	**315.3**	309.3
United States	**(4.6)**	(54.6)
Chile	**(1.1)**	(0.3)
Total deferred income tax asset	**309.6**	254.4

Superior has available to carry forward the following as at December 31, 2011 and 2010:

	2011	2010
Canadian non-capital losses	**52.8**	39.4
Canadian scientific research expenditures	**602.2**	586.0
Canadian capital losses	**611.5**	617.9
United States non capital losses – federal	**81.4**	76.7
United States non capital losses – state	**101.9**	99.0
United States capital losses	**–**	46.1
Chilean non-capital losses	**28.0**	27.9
Canadian federal and provincial investment tax credits	**164.9**	177.9

As at December 31, 2011, Superior had non-capital loss carry forwards available to reduce future years' taxable income, which expire as follows:

	US	**CDN**
2011	**–**	–
2012	**–**	–
2013	**–**	–
2014	**–**	24.6
2015	**–**	26.1
Thereafter	81.4	2.1

The Canadian scientific research expenditures, Canadian capital losses and the Chilean non-capital losses may be carried forward indefinitely. Management believes there will be sufficient taxable profits in the future to offset these losses.

In Chile, the local tax laws provide that any profits distributed outside of Chile would be subject to a 35% tax. Superior controls whether the profits will be distributed and is satisfied that there will be no liability in the foreseeable future as there is no plan to repatriate funds from Chile.

As at December 31, 2011, Superior had Canadian federal and provincial investment tax credits available to reduce future years' taxable income, which expire as follows:

2012	6.1
2013	7.6
2014	5.6
2015	4.3
2016	4.6
Thereafter	136.7
	164.9

As at December 31 Superior has the following balances in respect of which no deferred tax asset was recognized:

	2011	2010
Canadian non-capital losses	**25.2**	27.6
United States non-capital losses – state	**20.4**	22.3
Canadian capital losses	**611.5**	617.9
United States capital losses	**–**	46.1
Total unrecognized deferred income tax assets	**657.1**	713.9

Deferred tax assets have not been recognized for the above temporary differences as it is not probable that the respective entities to which they relate will generate future taxable income against which to utilize the temporary differences.

23. Total Equity

Superior is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The holders of common shares are entitled to dividends if, as and when declared by the Board of Directors; to one vote per share at meetings of the holders of common shares; and upon liquidation, dissolution or winding up of Superior to receive pro rata the remaining property and assets of Superior, subject to the rights of any shares having priority over the common shares, of which none are outstanding.

Preferred shares are issuable in series with each class of preferred share having such rights as the Board of Directors may determine. Holders of preferred shares are entitled, in priority of holders of common shares, to be paid ratably with holders of each other series of preferred shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series upon liquidation, dissolution or winding up of Superior to be paid ratably with holders of each other series of preferred shares the amount, if any, specified as being payable preferentially to holders of such series. Superior does not have any preferred shares outstanding.

	Issued Number of Common Shares (millions)	Total Equity
Total equity, January 1, 2010	99.9	935.1
Net proceeds on the issuance of share capital	–	81.7
Net loss	–	(75.8)
Other comprehensive loss	–	(33.0)
Option value associated with the issuance of the convertible debentures	6.2	0.2
Issuance of common shares for the dividend reinvestment plan	1.6	17.2
Dividends declared to shareholders [1]	–	(171.2)
Prior period adjustments	–	0.2
Total equity, December 31, 2010	**107.7**	**754.4**
Net loss	–	(302.6)
Other comprehensive loss	–	(1.2)
Option value associated with the issuance of the convertible debentures	–	(2.2)
Issuance of common shares for the dividend reinvestment plan	3.1	28.9
Dividends declared to shareholders [1]	–	(127.7)
Total equity, December 31, 2011	**110.8**	**349.6**

[1] Dividends to shareholders are declared at the discretion of Superior. During the year ended December 31, 2011, Superior paid dividends of $136.7 million or $1.25 per share (December 31, 2010 – $156.8 million or $1.48 per share).

Accumulated other comprehensive loss as at December 31, 2011 and 2010 consisted of the following components:

	December 31, 2011	December 31, 2010	January 1, 2010
Currency translation adjustment			
Balance at beginning of year	**(27.4)**	–	(22.8)
Unrealized foreign currency gains and losses on translation of foreign operations	**13.6**	(27.4)	22.8
Balance at end of year	**(13.8)**	(27.4)	–
Actuarial defined benefits			
Balance at beginning of year	**(14.8)**	–	–
Actuarial defined benefit losses	**(25.5)**	(19.9)	–
Income tax recovery	**4.8**	5.1	–
Balance at end of year	**(35.5)**	(14.8)	–
Accumulated derivative gains (losses)			
Balance at beginning of year	**(11.9)**	(21.1)	(21.1)
Reclassification of derivative gains previously deferred	**5.9**	12.1	–
Income tax recovery (expense)	**–**	(2.9)	–
Balance at end of year	**(6.0)**	(11.9)	(21.1)
Accumulated other comprehensive loss at end of year	**(55.3)**	(54.1)	(21.1)

Other Capital Disclosures

Additional Capital Disclosures

Superior's objectives when managing capital are: (i) to maintain a flexible capital structure to preserve its ability to meet its financial obligations, including potential obligations from acquisitions; and (ii) to safeguard Superior's assets while at the same time maximizing the growth of its businesses and returns to its shareholders.

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive income), (AOCI) current and long-term debt, convertible debentures and cash and cash equivalents.

Superior manages its capital structure and makes adjustments in light of changes in economic conditions and nature of the underlying assets. In order to maintain or adjust the capital structure, Superior may adjust the amount of dividends to shareholders, issue additional share capital, issue new debt or convertible debentures and issue new debt or convertible debentures with different characteristics.

Superior monitors its capital based on the ratio of senior debt outstanding to net earnings before interest, taxes, depreciation, amortization and other non-cash expenses (EBITDA), as defined by its revolving term credit facility, and the ratio of total debt outstanding to EBITDA. Superior's reference to EBITDA as defined by its revolving term credit facility may be referred to as compliance EBITDA in other public reports of Superior.

Superior is subject to various financial covenants in its credit facility agreements, including senior debt and total debt to EBITDA ratios, which are measured on a quarterly basis. As at December 31, 2011, December 31, 2010 and January 1, 2010 Superior was in compliance with all of its financial covenants.

Superior's financial objectives and strategy related to managing its capital as described above have remained unchanged from the prior fiscal year. Superior believes that its debt to EBITDA ratios are within reasonable limits, in light of Superior's size, the nature of its businesses and its capital management objectives.

Non-IFRS Financial Measures Utilized For Bank Covenant Purposes

EBITDA

EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses, and is used by Superior to assess its consolidated results and the results of its operating divisions. EBITDA is not a defined performance measure under IFRS. Superior's calculation of EBITDA may differ from similar calculations used by comparable entities. EBITDA of Superior's operating businesses may be referred to as EBITDA from operations.

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses calculated on a 12 month trailing basis giving pro forma effect to acquisitions and divestitures and is used by Superior to calculate its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities.

The capital structure of Superior and the calculation of its key capital ratios are as follows:

As at December 31,	2011	2010
Total shareholders' equity	**349.6**	754.4
Exclude accumulated other comprehensive loss	**55.3**	54.1
Shareholders' equity (excluding AOCI)	**404.9**	808.5
Current borrowings (1)	**54.3**	136.2
Borrowings (1)	**707.8**	603.8
Less: Senior unsecured debentures	**(150.0)**	(150.0)
Consolidated secured debt	**612.1**	590.0
Add: Senior unsecured debentures	**150.0**	150.0
Consolidated debt	**762.1**	740.0
Current portion of convertible unsecured subordinated debentures (1)	**49.9**	–
Convertible unsecured subordinated debentures (1)	**541.5**	641.4
Total debt	**1,353.5**	1,381.4
Total capital	**1,758.4**	2,189.9

(1) Borrowings and convertible unsecured subordinated debentures are before deferred issue costs and discounts.

Twelve Months Ended December 31,	2011	2010
Net loss	**(302.6)**	(75.8)
Adjusted for:		
Finance expense	**85.5**	75.2
Realized gains on derivative financial instruments included in finance expense	**2.3**	2.9
Depreciation of property, plant and equipment	**48.4**	49.0
Depreciation and amortization included in cost of sales	**44.9**	46.4
Amortization of intangible assets	**41.9**	30.4
Impairment of goodwill and intangible assets	**378.6**	89.5
Impairment of property, plant and equipment	**3.4**	–
Income tax expense (recovery)	**(50.4)**	6.5
Unrealized losses on derivative financial instruments	**9.7**	2.2
Proforma impact of acquisitions	**1.5**	4.8
Compliance EBITDA [(1)]	**263.2**	231.1

(1) EBITDA, as defined by Superior's revolving term credit facility, is calculated on a trailing 12-month basis taking into consideration the pro forma impact of acquisitions and dispositions in accordance with the requirements of Superior's credit facility. Superior's calculation of EBITDA and debt to EBITDA ratios may differ from those of similar entities.

The capital structure of Superior and the calculation of its key capital ratios are as follows:

December 31,	2011	2010
Consolidated debt to Compliance EBITDA	**2.9:1**	3.2:1
Total debt to Compliance EBITDA	**5.1:1**	6.0:1

24. Deficit and Dividends

	December 31, 2011	December 31, 2010
Balance at beginning of the year	**(797.9)**	(551.1)
Net loss	**(302.6)**	(75.8)
Dividends declared	**(127.7)**	(171.2)
Prior period adjustment	**–**	0.2
Balance at end of the year	**(1,228.2)**	(797.9)

As at December 31, 2011, Superior declared dividends of $5.5 million or $0.05 per share payable on January 15, 2012 to shareholders of record on December 31, 2011.

25. Supplemental Disclosure of Consolidated Statement of Net Loss and Comprehensive Loss

Revenue is recognized at the fair value of consideration received or receivable when the significant risks and rewards of ownership have been transferred.

	2011	2010
Revenues		
Revenue from products	**3,823.9**	3,448.5
Revenue from the rendering of services	**53.7**	56.8
Rental revenue	**29.6**	28.5
Construction contract revenue	**2.0**	2.3
Realized gains on derivative financial instruments	**16.4**	1.3
	3,925.6	3,537.4
Cost of sales (includes products and services)		
Cost of products and services	**(2,979.7)**	(2,623.1)
Depreciation of property, plant and equipment	**(44.9)**	(46.4)
Realized losses on derivative financial instruments	**(73.5)**	(87.3)
	(3,098.1)	(2,756.8)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**268.0**	254.2
Employee future benefit expense	**3.2**	1.9
Employee costs	**339.3**	337.2
Gain on bargain purchase	**(0.9)**	(1.2)
Depreciation of property, plant and equipment	**48.4**	49.0
Amortization of intangible assets	**46.1**	35.6
Impairment of property, plant, and equipment	**3.4**	–
Realized gains on the translation of U.S. denominated net working capital	**(0.8)**	(0.3)
	706.7	676.4
Finance expense		
Interest on borrowings	**37.4**	39.6
Interest on convertible unsecured subordinated debentures	**39.1**	27.6
Interest on obligations under finance leases	**5.0**	4.5
Gain on debenture redemption	**(1.7)**	–
Unwind of discount on debentures, borrowing and decommissioning liabilities	**8.0**	6.4
Realized gains on derivative financial instruments	**(2.3)**	(2.9)
	85.5	75.2

26. Net Loss Per Share

	2011	2010
Net loss per share computation, basic and diluted [1]		
Net loss	**(302.6)**	(75.8)
Weighted average shares outstanding (millions)	**109.2**	105.6
Net loss per share, basic and diluted	**$(2.77)**	$(0.72)

[1] All outstanding convertible debentures have been excluded from this calculation as they were anti-dilutive.

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

(millions)	Notes	2011	2010
Convertible Debentures			
5.75%	19	**1.4**	4.9
5.85%	19	**2.4**	2.4
7.50%	19	**5.3**	5.3
5.75%	19	**9.1**	9.1
6.00%	19	**9.9**	9.9
7.50%	19	**6.6**	–
Total anti-dilutive instruments		**34.7**	31.6

27. Share Based Compensation

Restricted/Performance Shares

Under the terms of Superior's long-term incentive program, restricted shares (RSs), performance shares (PSs) and/or director shares (DSs) can be granted to directors, senior officers and employees of Superior. All three types of shares entitle the holder to receive cash compensation in relation to the value of a specified number of underlying notional shares. RSs vest evenly over a period of three years commencing from the date of grant, except for RSs issued to directors which vest three years from the date of grant. Payments are made on the anniversary dates of the RS to the holders entitled to receive them on the basis of a cash payment equal to the value of the underlying notional shares. PSs vest three years from the date of grant and their notional value is dependent on Superior's performance as compared to established benchmarks. DSs vest immediately on the date of grant and payments are made to directors once they retire based on the number of notional shares outstanding and the value of the shares on that date. Employee compensation expense for these plans is charged against net earnings (losses) over the vesting period of the RSs, PSs, amd DSs. The amount payable by Superior in respect of RSs, PSs and DSs changes as a result of dividends and share price movements. The fair value of all the RSs, PSs, and DSs is equal to Superior's common share market price and the divisional notional share price if related to a divisional plan. In the event of an employee termination, any unvested shares are forfeited on that date.

For the year ended December 31, 2011 total compensation expense related to RSs, PSs and DSs was $3.9 million (December 31, 2010 – $7.7 million). Payouts during the year ended December 31, 2011 under the long term incentive plan were completed at a weighted average price of $8.43 per share (December 31, 2010 – $9.99 per share) for RSs and $14.65 per share (December 31, 2010 – $11.52 per share) for PSs. For the year ended December 31, 2011 the total carrying amount of the liability related to RSs, PSs and DSs was $3.7 million (December 31, 2010 – $8.8 million).

The movement in the number of units under the long term incentive program was as follows:

	Year Ended December 31, 2011			Year Ended December 31, 2010		
	RSs	**PSs**	**DSs**	RSs	PSs	DSs
Opening number of shares	**962,193**	**1,008,945**	**–**	1,020,357	674,577	–
Granted	**715,093**	**386,881**	**187,655**	447,328	320,381	–
Dividends reinvested	**175,583**	**77,401**	**–**	61,559	99,272	–
Forfeited	**(168,575)**	**(232,785)**	**–**	(147,707)	(48,045)	–
Payouts	**(428,915)**	**(288,691)**	**–**	(419,345)	(37,240)	–
Ending number of shares	**1,255,379**	**951,752**	**187,655**	962,193	1,008,945	–

28. Supplemental Disclosure of Non-Cash Operating Working Capital Changes

December 31	**2011**	2010
Changes in non-cash working capital		
Trade receivable and other	**82.8**	(170.8)
Inventories	**(36.0)**	(23.6)
Trade payable and other payables	**(13.1)**	23.8
Purchased working capital	**0.7**	39.0
Other	**(4.3)**	(11.7)
	30.1	(143.3)

29. Commitments

Purchase commitments under long-term natural gas and propane contracts for the next five years and thereafter are as follows:

	CDN$ [(1)] Natural Gas	US$ Propane	US$ Heating Oil
2012	16.0	6.7	44.3
2013	9.1	–	–
2014	0.7	–	–
2015	(0.2)	–	–
2016	–	–	–
2017 and thereafter	–	–	–

[(1)] Does not include the impact of financial derivatives. (See Note 21)

Superior is similarly committed to long-term natural gas and propane sales contracts to supply customers.

30. Related-Party Transactions and Agreements

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

For the year ended December 31, 2011, Superior incurred $1.7 million (December 2010 – $0.9 million) in legal fees, with Norton Rose Canada LLP. Norton Rose Canada LLP is a related party with Superior as a board member is a Partner at the law firm.

Remuneration Of Directors And Other Key Management Personnel

The key management personnel of Superior are comprised of members of the Superior Plus Board of Directors, executives of Superior and presidents of Superior's business segments.

The remuneration of directors and other members of key management personnel during the twelve months ended December 31 was as follows:

Twelve Months Ended December 31,	**2011**	2010
Short-term employee benefits	**4.6**	4.9
Post-employment benefits	**0.2**	0.2
Termination benefits	**1.8**	0.2
Share-based payments	**4.4**	2.8

(1) Short-term employee benefits paid to directors and other members of key management personnel includes salaries and bonuses.

31. Group Entities

Significant Subsidiaries	Country of Incorporation	Ownership Interest From January 1, 2010 Through To December 31, 2011
Superior Plus LP	Canada	100%
619220 Saskatchewan Ltd.	Canada	100%
Superior International Inc.	Canada	100%
Superior General Partner Inc.	Canada	100%
Superior Plus Canada Financing Inc.	Canada	100%
Superior Energy Management Operations Inc.	Canada	100%
Superior Energy Management Holdings LP	Canada	100%
Superior Energy Management Electricity Inc.	Canada	100%
Superior Energy Management Electricity LP	Canada	100%
Superior Energy Management Gas Holdings LP	Canada	100%
6751261 Canada Inc.	Canada	100%
Superior Energy Management Gas Inc.	Canada	100%
Superior Energy Management Gas LP	Canada	100%
Superior Plus US Holdings Inc.	U.S.A	100%
Superior Plus US Financing Inc.	U.S.A	100%
ERCO Worldwide Inc.	U.S.A	100%
ERCO Worldwide (U.S.A) Inc.	U.S.A	100%
Superior Plus Construction Products Corp.	U.S.A	100%
The Winroc Corporation (Midwest)	U.S.A	100%
Superior Plus US Energy Services Inc.	U.S.A	100%
Burnwell Gas of Canada	Canada	100%
Commercial E Industrial ERCO (Chile) Limitada	Chile	100%

32. Segment Information

Superior has adopted IFRS 8 *Operating Segments*, which requires *operating segments* to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior's Energy Services operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels. Energy Services also provides fixed-price natural gas and electricity supply services. Superior's Specialty Chemicals operating segment is a leading supplier of sodium chlorate and technology to the pulp and paper industries and is a regional supplier of potassium and chloralkali products to the U.S. Midwest. Superior's Construction Products Distribution operating segment is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada. Superior's corporate office arranges intersegment

foreign exchange contracts from time to time between its operating segments. Realized gains and losses pertaining to intersegment foreign exchange gains and losses are eliminated under the corporate cost column. All of Superior's operating segments conduct business with customers of various sizes and do not rely extensively on any single customer for revenue streams.

For the year ended December 31, 2011	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	2,686.1	527.7	711.8	–	3,925.6
Cost of sales (includes product & services)	(2,225.7)	(335.3)	(537.1)	–	(3,098.1)
Gross Profit	460.4	192.4	174.7	–	827.5
Expenses					
Selling, distribution and administrative costs	141.2	59.9	63.9	7.9	272.9
Depreciation of property, plant and equipment	41.0	1.8	5.6	–	48.4
Amortization of intangible assets	36.7	6.7	2.7	–	46.1
Employee costs	186.5	62.2	86.6	4.0	339.3
Finance expense	3.9	0.3	1.2	80.1	85.5
Impairment of intangible assets and goodwill	300.6	–	78.0	–	378.6
Unrealized losses (gains) on derivative financial instruments	(15.6)	5.4	–	19.9	9.7
Net earnings (losses) before income taxes	(233.9)	56.1	(63.3)	(111.9)	(353.0)
Income tax recovery	–	–	–	50.4	(50.4)
Net earnings (losses)	(233.9)	56.1	(63.3)	(61.5)	(302.6)

For the year ended December 31, 2010	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	2,338.3	481.5	717.6	–	3,537.4
Cost of sales (includes products & services)	(1,904.2)	(307.3)	(545.3)	–	(2,756.8)
Gross Profit	434.1	174.2	172.3	–	780.6
Expenses					
Selling, distribution and administrative costs	129.5	59.4	61.9	3.8	254.6
Depreciation of property, plant and equipment	37.4	3.8	7.8	–	49.0
Amortization of intangible assets	26.3	6.5	2.8	–	35.6
Employee costs	187.2	59.7	83.6	6.7	337.2
Other expenses	5.3	–	0.1	1.2	6.6
Finance expense	4.0	0.2	0.4	70.6	75.2
Impairment of intangible assets and goodwill	–	–	89.5	–	89.5
Unrealized losses (gains) on derivative financial instruments	26.4	5.3	–	(29.5)	2.2
Net earnings (losses) before income taxes	**18.0**	39.3	(73.8)	(52.8)	(69.3)
Income tax expense	–	–	–	6.5	6.5
Net earnings (losses)	18.0	39.3	(73.8)	(59.3)	(75.8)

Net Working Capital, Total Assets, Total Liabilities, Acquisitions and Purchase of Property, Plant and Equipment

	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
As at December 31, 2011					
Net working capital [(1)]	**239.8**	**25.7**	**129.8**	**(18.0)**	**377.3**
Total assets	**1,008.6**	**618.8**	**218.8**	**347.5**	**2,193.4**
Total liabilities	**369.2**	**208.3**	**68.8**	**1,197.5**	**1,843.8**
As at December 31, 2010					
Net working capital [(1)]	290.2	33.5	108.3	(31.1)	400.9
Total assets	1,410.9	653.1	278.3	354.6	2,696.9
Total liabilities	449.4	177.3	74.0	1,241.8	1,942.5
As at January 1, 2010					
Net working capital [(1)]	145.4	17.6	111.0	(30.3)	243.7
Total assets	1,112.5	688.8	392.2	360.3	2,553.8
Total liabilities	414.7	177.5	92.0	934.5	1,618.7
For the year ended December 31, 2011					
Acquisitions	**14.8**	**–**	**–**	**–**	**14.8**
Purchase of property, plant and equipment	**19.9**	**16.1**	**2.1**	**0.1**	**38.2**
For the year ended December 31, 2010					
Acquisitions	148.0	0.3	17.7	–	166.2
Purchase of property, plant and equipment	20.9	15.6	2.8	1.5	40.8

(1) Net working capital reflects amounts as at year end and is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other accounts payables, deferred revenue and dividends and interest payable.

33. Geographic Information

	Canada	United States	Other	Total Consolidated
Revenues for the year ended December 31, 2011	**1,743.7**	**2,091.8**	**90.1**	**3,925.6**
Property, plant and equipment as at December 31, 2011	**486.5**	**349.3**	**49.2**	**885.0**
Intangible assets as at December 31, 2011	**26.9**	**38.7**	**–**	**65.6**
Goodwill as at December 31, 2011	**185.6**	**0.5**	**–**	**186.1**
Total assets as at December 31, 2011	**1,337.9**	**788.3**	**67.2**	**2,193.4**
Revenues for the year ended December 31, 2010	1,691.8	1,762.2	83.4	3,537.4
Property, plant and equipment as at December 31, 2010	511.8	349.7	50.9	912.4
Intangible assets as at December 31, 2010	39.8	144.4	–	184.2
Goodwill as at December 31, 2010	391.5	80.2	–	471.7
Total assets as at December 31, 2010	1,781.4	843.9	71.6	2,696.9
Property, plant and equipment as at January 1, 2010	536.5	289.2	54.3	880.0
Intangible assets as at January 1, 2011	47.3	138.3	–	185.6
Goodwill as at January 1, 2010	456.7	70.8	–	527.5
Total assets as at January 1, 2010	1,784.9	709.0	59.9	2,553.8

34. Comparative Figures

Certain reclassifications of prior year amounts have been made to conform to current period presentation. Specifically, $16.1 million and $15.4 million have been reclassified to trade and other receivables from trade and other payables to provide comparative presentation of certain Construction Products Distribution vendor and customer rebates as at January 1, 2010 and December 31, 2010, respectively.

35. Explanation of Transition to IFRS

Superior's financial statements for the year ended December 31, 2011 are the first annual financial statements that comply with IFRS and these financial statements were prepared as described in Note 2, including the application of IFRS 1.

IFRS also requires that comparative financial information be provided. As a result, the first date at which Superior has applied IFRS was January 1, 2010 (Transition Date). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for Superior is December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adopters.

First-time Adoption of IFRS

Set forth below are the applicable IFRS 1 elective exemptions and mandatory exceptions applied in the conversion from GAAP to IFRS.

IFRS Elective Exemptions

Share-Based Payment Transactions

IFRS 2*, Share-based Payment*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but requires the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. Superior has elected to utilize this exemption to avoid applying IFRS 2 *Share-Based Payment* retrospectively and restate all share-based liabilities that were settled before the date of transition to IFRS. Accordingly, all unsettled liabilities arising from share-based payment transactions are in compliance with the principles of IFRS after the Transition Date.

Changes in the Decommissioning Liabilities Included in the Cost of Property, Plant and Equipment

Superior as elected to utilize this exemption to avoid retrospective restatement of all changes in decommissioning, restoration, and similar liabilities that are included in property, plant and equipment prior to the Transition Date.

Leases

Superior has elected to apply the transitional provisions of *IFRIC 4 Determining Whether an Arrangement Contains a Lease* to determine only whether any existing contract or arrangements at the Transition Date contains a lease under *IFRIC 4* and if so, to apply IAS 17 *Leases* from the inception of that arrangement. Furthermore, Superior has elected to utilize the leases exemption to avoid the reassessment of determining whether an arrangement contained a lease at the Transition Date for all arrangements assessed prior to the Transition Date which resulted in the same outcome under IFRS and previous GAAP.

Fair Value or Revaluation as Deemed Cost

Generally, for Energy Services, Specialty Chemicals and Construction Products Distribution property, plant, equipment, Superior has elected to use the fair value as deemed cost exemption. Deemed cost is the cost under previous GAAP that was established by measuring items at fair value due to business combinations. For certain Energy Services property, plant and equipment, Superior has revalued assets at deemed cost and recorded accumulated depreciation and amortization of its property, plant and equipment in accordance with its IFRS policies.

Business Combinations

A first-time adopter may elect not to apply IFRS 3 *Business Combinations*, retrospectively to business combinations completed before the Transition Date. However, if a first-time adopter restates any business combinations to comply with IFRS 3, it shall restate all later business combinations and shall also apply IAS 27 from that same date. Superior has elected not to apply IFRS 3 to business combinations completed before the Transition Date. Superior has applied IFRS 3, *Business Combinations*, to all acquisitions completed during 2010 in accordance with IFRS. Superior has also tested all goodwill for impairment for acquisitions completed in 2010 and restated under IFRS 3. Superior also tested goodwill for impairment at the Transition Date to IFRS which resulted in no adjustments to goodwill.

Employee Benefits

IFRS 1 provides the option to retrospectively apply the corridor approach under IAS 19, *Employee Benefits*, for the recognition of actuarial gains and losses, or recognize all cumulative gains and losses deferred under GAAP in opening retained earnings at the Transition Date. Superior elected to recognize all cumulative actuarial gains and losses that existed at its Transition Date in opening deficit for all of its employee benefit plans.

Cumulative Translation Differences

Retrospective application of IFRS would require Superior to determine cumulative currency translation differences in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the Transition Date. Superior elected to reset all cumulative translation gains and losses to zero in accumulated other comprehensive loss at its Transition Date.

Borrowing Costs

IAS 23 *Borrowing Costs*, requires an entity to capitalize the borrowing costs related to all qualifying assets for which the commencement date for capitalization is on or after January 1, 2009 or date of transition whichever is later. Superior has applied the transitional provisions prescribed in IAS 23, which has constituted a change in accounting policy. All borrowing costs related to qualifying assets for which the commencement date for capitalization is on or after the Transition Date have been capitalized.

IFRS Mandatory Exceptions

Derecognition of financial assets and liabilities

A first-time adopter should apply the derecognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement*, prospectively to transactions occurring on or after January 1, 2004. Superior has applied this mandatory exception which did not impact any of Superior's previously reported results.

Hedge Accounting

Hedge accounting can only be applied prospectively from the Transition Date to transactions that satisfy the hedge accounting criteria in IAS 39 at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively. Superior has applied this mandatory exception which did not impact any of Superior's previously reported results.

Non-Controlling Interests

A first-time adopter that applies IAS 27 *Consolidated and Separate Financial Statements*, should apply the standard retrospectively, with the exception of the following requirements which are applied prospectively from the Transition Date:

- The requirement that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests have a deficit balance;
- The requirements on accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and
- The requirements on accounting for a loss of control over a subsidiary, and the related requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Estimates

An entity's estimates in accordance with IFRS at the date of transition to IFRS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Superior has applied these mandatory exceptions which did not impact any of Superior's previously reported results.

Reconciliations between GAAP and IFRS

IFRS 1 requires an entity to reconcile equity, net earnings (losses) and comprehensive income for prior periods. The following represents the reconciliations from GAAP to IFRS for the respective periods noted for equity, earnings and comprehensive income.

Reconciliation of Equity as at January 1, 2010

GAAP accounts (millions of dollars)	Notes	GAAP	Adjustments	Reclassifications	IFRS	IFRS accounts
Assets						
Current Assets						*Current Assets*
Cash and cash equivalents		**24.3**	–	–	**24.3**	Cash and cash equivalents
Accounts receivable and other	(a) (j)	**329.9**	85.7	(21.3)	**394.3**	Trade and other receivables
		–	–	21.3	**21.3**	Prepaid expenses
Inventories	(k)	**145.7**	(2.2)	–	**143.5**	Inventories
Future income tax asset		**59.0**	–	(59.0)	**–**	
Current portion of unrealized gains on derivative financial instruments		**22.2**	–	–	**22.2**	Unrealized gains on derivative financial instruments
		581.1	83.5	(59.0)	**605.6**	
						Non Current Assets
Property, plant and equipment	(b) (d)	**668.0**	213.6	(1.6)	**880.0**	Property, plant and equipment
Intangible assets	(l)	**180.0**	4.0	1.6	**185.6**	Intangible assets and investment property
Goodwill	(m)	**528.4**	(0.9)	–	**527.5**	Goodwill
Accrued pension asset	(c)	**18.2**	(18.2)	–	**–**	
Deferred income tax asset	(g)	**165.7**	(18.3)	179.2	**326.6**	Deferred tax
Investment tax credits		**120.2**	–	(120.2)	**–**	Deferred tax
Long-term portion of unrealized gains on derivative financial instruments		**28.5**	–	–	**28.5**	Unrealized gains on derivative financial instruments
		2,290.1	263.7	–	**2,553.8**	
Liabilities and Shareholders' Equity						
Current Liabilities						*Current Liabilities*
Accounts payable and accrued liabilities	(n)	**296.8**	(1.4)	–	**295.4**	Trade and other payables
Unearned revenue		**5.8**	–	–	**5.8**	Deferred revenue
Current portion of term loans	(a) (d)	**5.1**	103.8	–	**108.9**	Borrowings
Dividends and interest payable to shareholders and debenture holders		**14.2**	–	–	**14.2**	Dividends and interest payable
Current portion of deferred credit	(e)	**24.5**	(24.5)	–	**–**	
Current portion of unrealized losses on derivative financial instruments		**77.8**	–	–	**77.8**	Unrealized losses on derivative financial instruments
		424.2	77.9	–	**502.1**	
						Non Current
Liabilities						
Revolving term bank credits and term loans	(d)	**633.2**	46.9	–	**680.1**	Borrowings
Convertible unsecured subordinated debentures	(o)	**309.0**	(0.6)	–	**308.4**	Convertible unsecured subordinated debentures
Asset retirement obligations and environmental liabilities	(f)	**0.9**	6.0	–	**6.9**	Provisions
Employee future benefits	(c)	**17.2**	12.9	–	**30.1**	Employee future benefits
Future income tax liability	(g)	**22.1**	16.4	–	**38.5**	Deferred tax
Deferred credit	(e)	**246.4**	(246.4)	–	**–**	
Long-term portion of unrealized losses on derivative financial instruments		**52.6**	–	–	**52.6**	Unrealized losses on derivative financial instruments
Total Liabilities		**1,705.6**	(86.9)	–	**1,618.7**	
Shareholders' Equity						
Shareholders' capital		**1,502.0**	–	5.3	**1,507.3**	Capital
Contributed surplus		**5.3**	–	(5.3)	**–**	
Deficit		**(883.3)**	332.2	–	**(551.1)**	Deficit
Accumulated other comprehensive loss	(h)	**(39.5)**	18.4	–	**(21.1)**	Accumulated other comprehensive loss
Total Shareholders' Equity		**584.5**	350.6	–	**935.1**	
		2,290.1	263.7	–	**2,553.8**	

Reconciliation of Equity as at December 31, 2010

GAAP accounts (millions of dollars)	Notes	GAAP	Adjustments	Reclassifications	IFRS	IFRS accounts
Assets						
Current Assets						*Current Assets*
Cash and cash equivalents		**8.9**		(1.1)	**7.8**	Cash and cash equivalents
Accounts receivable and other	(a) (j)	**487.2**	87.1	(23.3)	**551.0**	Trade and other receivables
			–	23.3	**23.3**	Prepaid expenses
Inventories	(k)	**173.3**	(6.2)	–	**167.1**	Inventories
Future income tax asset		**48.6**	–	(48.6)	**–**	
Current portion of unrealized gains on derivative financial instruments		**31.4**	–	–	**31.4**	Unrealized gains on derivative financial instruments
		749.4	80.9	(49.7)	**780.6**	
Property, plant and equipment	(b) (d)	**687.7**	225.9	(1.2)	**912.4**	Property, plant and equipment
Intangible assets	(l)	**181.0**	2.0	1.2	**184.2**	Intangible assets and investment property
Goodwill	(i) (m)	**478.7**	(7.0)	–	**471.7**	Goodwill
Accrued pension asset	(c)	**21.0**	(21.0)	–	**–**	
Long-term portion of notes and finance lease receivable		**12.1**	–	–	**12.1**	Notes and finance lease receivables
Future income tax asset	(g)	**191.1**	(47.8)	166.0	**309.3**	Deferred tax
Investment tax credits		**117.4**	–	(117.4)	–	
Long-term portion of unrealized gains on derivative financial instruments		**26.6**	–	–	**26.6**	Unrealized gains on derivative financial instruments
		2,465.0	233.0	(1.1)	**2,696.9**	
Liabilities and Shareholders' Equity						
Current Liabilities						
Accounts payable and accrued liabilities	(n)	**317.8**	1.5	(1.1)	**318.2**	Trade and other payables
Unearned revenue		**6.8**	–	–	**6.8**	Deferred revenue
Current portion of term loans	(a) (d)	**32.2**	104.0	–	**136.2**	Borrowings
Dividends and interest payable to shareholders and debenture holders		**15.5**	–	–	**15.5**	Dividends and interest payable
Current portion of deferred credit	(e)	**18.2**	(18.2)	–	–	
Future income tax liability		**1.3**		(1.3)	–	
Current portion of unrealized losses on derivative financial instruments		**78.6**	–	–	**78.6**	Unrealized losses on derivative financial instruments
		470.4	87.3	(2.4)	**555.3**	
Revolving term bank credits and term loans	(d)	**540.9**	55.8	–	**596.7**	Borrowings
Convertible unsecured subordinated debentures	(o)	**621.7**	(0.8)	(1.8)	**619.1**	Convertible unsecured subordinated debentures
Asset retirement obligations and environmental liabilities	(f)	**7.1**	6.1	–	**13.2**	Provisions
Employee future benefits	(c)	**19.2**	26.3	–	**45.5**	Employee future benefits
Future income tax liability	(g)	**70.0**	(16.4)	1.3	**54.9**	Deferred tax
Deferred credit	(e)	**229.6**	(229.6)	–	**–**	
Long-term portion of unrealized losses on derivative financial instruments		**56.0**	–	1.8	**57.8**	Unrealized losses on derivative financial instruments
Total Liabilities		**2,014.9**	(71.3)	(1.1)	**1,942.5**	
Shareholders' Equity						
Shareholders' capital	(i)	**1,601.2**	(0.3)	5.5	**1,606.4**	Capital
Contributed surplus		**5.5**	–	(5.5)	–	
Deficit		**(1,101.3)**	303.4	–	**(797.9)**	Deficit
Accumulated other comprehensive loss	(h)	**(55.3)**	1.2	–	**(54.1)**	Accumulated other comprehensive loss
Total Shareholders' Equity		**450.1**	304.3	**–**	**754.4**	
		2,465.0	233.0	(1.1)	**2,696.9**	

The following narratives explain the significant differences between the previous historical GAAP accounting policies and the current IFRS policies applied by Superior.

(a) Derecognition of Financial Assets

GAAP: Certain financial assets are derecognized under GAAP when entities do not retain access to all the economic benefits of the asset after a transfer of the receivable to a third party, including the accounts receivable securitization program.

IFRS: Under IFRS only certain financial assets can be derecognized when the related criteria are met. Based on a review of the IFRS criteria Superior's accounts receivable securitization program does not qualify for derecognition. As such the previously derecognized balances have been recognized under IFRS and included under trade and other receivables and borrowings.

(b) Property, Plant and Equipment

Componentization and Major Inspection And Repairs

GAAP: The cost of an item of property, plant and equipment made up of significant separable component parts should be allocated to the component parts when practicable. Costs meeting the criteria to be classified as a betterment are capitalized. GAAP specifies that the costs incurred in the maintenance of the service potential of an item of property, plant and equipment is a repair, not betterment.

IFRS: An entity is required to separately depreciate each part of property, plant and equipment that is significant in relation to the total cost of the property, plant and equipment item. Also, major inspections or overhauls required at regular intervals over the useful life of an item of property, plant and equipment which allows the continued use of the asset are required to be capitalized. As a result, Superior adjusted its depreciation of property, plant and equipment based on the each item's component parts and capitalized certain recertifications, inspections and overhauls related to certain Energy Services assets.

Reversal of Prior Asset Impairment

GAAP: An impairment loss recognized in a prior period shall not be reversed if the fair value of the asset subsequently increases.

IFRS: An impairment loss recognized in a prior period for an asset other than goodwill may be reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. Under previous GAAP, Superior recognized an impairment loss on a Specialty Chemicals' facility. Upon transition to IFRS, Superior has reversed this impairment up to previous cost less normal depreciation based on several market factor developments including the lower power rate trend in the facility's region, major cell upgrade investments made between the time the impairment was recognized and the Transition Date and improved North American pulp and paper fundamentals.

Capitalized Assets Related To Finance Leases

GAAP: To determine the appropriate classification of a lease as either capital or operating, an entity uses the following tests: the fair value versus the present value of the minimum lease payments, the lease term versus economic useful life, and the transfer of risks and rewards.

IFRS: To determine the appropriate classification of a lease as either finance or operating, an entity uses the same tests as under GAAP keeping in mind that IFRS adds an additional criterion noting that leased assets of a highly specialized nature might also be an indicator of a capital lease. Although the tests are consistent with GAAP and IFRS, the criteria in IAS 17 *Leases* are not framed in the same context as they do not provide a "bright line" and leave more room for judgment when assessing when a lease transfers substantially all of the risks and rewards incidental to ownership. As a result, on transition to IFRS, Superior re-evaluated its leases and determined the appropriate classification between finance and operating leases. For those resulting finance leases, certain assets were capitalized and associated liabilities were recorded related to Energy Services and Construction Products Distribution.

(c) Accrued Pension Asset and Employee Future Benefits

As noted in the section discussing the IFRS applicable elective exemptions applied in the conversion from GAAP to IFRS, Superior has elected to recognize all cumulative actuarial gains and losses that existed at the Transition Date in opening retained earnings for all of its employee future benefit plans.

Actuarial Gains and Losses

GAAP: Actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized on a systematic and consistent basis, subject to a minimum required amortization based on a "corridor" approach. The corridor was 10% of the greater of the accrued benefit obligation at the beginning of the year and the fair value of plan assets at the beginning of the year. This excess is amortized as a component of pension expense into net earnings (losses) over the expected average remaining life of the active employees participating in the plans. Actuarial gains and losses below the 10% corridor are deferred.

IFRS: Superior has elected to recognize all actuarial gains and losses immediately in a separate consolidated statement of net loss and comprehensive loss without recycling to the income statement in subsequent periods. As a result, actuarial gains and losses are not amortized to net earnings (losses) but rather are recorded directly to other comprehensive income at the end of each period. As a result, Superior adjusted its pension expense to remove the amortization of actuarial gains and losses. Also Superior reclassified any accrued pension asset related to actuarial gains (loss) to Deficit at the Transition Date.

Measurement Date

GAAP: The measurement date of the defined benefit and plan assets can be a date up to three months prior to the date of the financial statements, provided the entity adopted this practice consistently from year to year. Superior used a measurement date of November 30th for the pension plans and December 31st for the other post-employment plans.

IFRS: An entity is required to determine the present value of the pension obligation and the fair value of plan assets with sufficient regularity such that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date. As a result, on transition to IFRS, Superior re-measured its pension obligations and plan assets as of January 1, 2010, which impacted the calculation of the pension expense.

Fair Value of Expected Return on Plan Assets

GAAP: The expected return on plan assets is the product of the expected long-term rate of return on plan assets and a market-related fair value of plan assets. The market-related fair value recognized changes in the fair value of plan assets over a five year period.

IFRS: The expected return on plan assets is a product of the expected long-term rate of return on plan assets and the fair value of plan assets on the balance sheet date. As a result, Superior adjusted its pension expense to reflect an expected return on plan assets using the fair value of its plan assets at the end of each reporting period.

(d) Finance Leasing Obligations

GAAP: To determine the appropriate classification of a lease as either capital or operating, an entity uses the following tests: the fair value versus the present value of the minimum lease payments, the lease term versus economic useful life, and the transfer or risks and rewards.

IFRS: To determine the appropriate classification of a lease as either finance or operating, an entity uses the same tests as under GAAP keeping in mind that IFRS adds an additional criterion noting that leased assets of a highly specialized nature might also be an indicator of a capital lease. Although the tests are consistent with GAAP and IFRS, the criteria in IAS 17 *Leases* is not framed in the same context as they do not provide a "bright line" and leaves more room for judgment when assessing when a lease transfers substantially all of the risks and rewards incidental to ownership. As a result, on transition to IFRS, Superior re-evaluated its leases and determined the appropriate classification between finance and operating leases. Any finance lease obligations have been grouped with current and non current borrowings. For those resulting finance leases, certain assets were capitalized and associated liabilities were recorded related to Energy Services and Construction Products Distribution.

(e) Deferred Credit

GAAP: When, through a business combination or reorganization, an entity obtains tax basis that can be used to offset future income taxes payable, *Emerging Ussues Committee (EIC) abstract – 110* stipulates that these future tax benefits should be recorded as future tax assets on the balance sheet. Any excess of the amounts assigned to the acquired assets over the consideration paid should be allocated pro rata to reduce the values assigned to any non-monetary assets acquired. If the allocation reduces the non-monetary assets to zero, then the remainder should be classified as a deferred credit and amortized to net earnings (losses) over the life of the tax asset.

IFRS: When, through a business combination or reorganization, an entity obtains tax basis that can be used to offset future income taxes payable, IFRS stipulates that the difference between the recognized tax asset and the consideration paid to a third party to obtain those benefits is to be fully recognized in the income statement during the period in which the transaction occurred. As a result, on transition to IFRS, all deferred credits related to prior acquisitions were reclassified to opening deficit.

(f) Provisions

GAAP: An entity is required to recognize a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of the amount of the obligation can be made. If a reasonable estimate of the amount of the obligation cannot be made in the period the asset retirement obligation is incurred, the liability shall be recognized when a reasonable estimate of the amount of the obligation can be made. Additionally, only a legal obligation associated with the retirement of a tangible long-lived asset establishes a clear duty or responsibility to another party that justifies the recognition of the liability.

IFRS: An entity is required to recognize a provision for obligations arising from both legal and constructive obligations regardless of the uncertainty of the nature or timing of the provision. As a result, on transition to IFRS, a provision for decommissioning costs related to certain Specialty Chemicals facilities has been recorded.

Also restructuring provisions are only included as part of acquired liabilities when the acquiree has recognized an existing liability for restructuring in accordance with application IFRS standards. As a result, restructuring provisions recorded as part of the purchase price allocation under GAAP are charged to earnings under IFRS. Superior recognized various restructuring provisions related to business combinations completed in 2010 which could not be recognized under IFRS, as such the related amounts were adjusted through deficit.

(g) Deferred Income taxes

Superior has adjusted both deferred tax assets and liabilities due to recognizing deferred income taxes on the various adjustments made to the Superior balance sheet due to the transition to IFRS.

(h) Accumulated Other Comprehensive Income (Loss)

As noted in the section discussing the IFRS applicable elective exemptions applied in the conversion from GAAP to IFRS, Superior has applied the one-time exemption to set the unrealized foreign currency gains (losses) on translation of self-sustaining foreign operations ("currency cumulative translation adjustment" or "CTA") to zero as of January 1, 2010. The cumulative translation adjustment balance as of January 1, 2010 of $22.1 million was recognized as an adjustment to opening deficit. The application of the exemption had no impact on net equity.

(i) Goodwill

Business Combinations

As stated in the section entitled IFRS *Exemption Options*, Superior did not early adopt IFRS 3 for business combinations completed during 2010. Consequently, business combinations completed prior to January 1, 2010 have not been restated and the carrying amount of goodwill under IFRS as of January 1, 2010 is equal to the carrying amount under GAAP as of that date. The IFRS adjustments below relate to acquisitions completed on or after January 1, 2010.

Measurement of Purchase Price

GAAP: Shares issued as consideration to complete a business combination are measured at their market price a few days before and after the date the parties reached an agreement on the purchase price and the proposed transaction is announced.

IFRS: Shares issued as consideration to complete a business combination are measured at their market value at the acquisition closing date. As a result, goodwill and shareholders' capital were reduced relative to the re-measurement of the shares issued as consideration for the Burnaby Assets acquisition.

Acquisition Related Costs

GAAP: If certain conditions are met, the costs of restructuring an acquisition can be included in the purchase price and the allocation of the acquisition costs. Also direct costs incurred to complete an acquisition can be included in the allocation of acquisition costs to the assets acquired.

IFRS: Restructuring provisions are only included as part of the acquired liabilities when the acquiree has recognized an existing liability for restructuring in accordance with application IFRS standards. As a result, restructuring provisions recorded as part of the purchase price allocation under GAAP are charged to earnings under IFRS. Superior recognized various restructuring provisions which could not be recognized under IFRS, as such the related amounts were adjusted through goodwill and other payables.

Under IFRS all direct acquisition costs incurred to complete a business combination are charged to earnings. As such, Superior has adjusted goodwill and earnings due to previously capitalizing acquisition costs under GAAP.

Correction of Historical GAAP Differences

The net impact of correcting the historical GAAP differences was a decrease of $3.2 million in total assets, a $2.0 million increase in total liabilities and a $5.2 million decrease in total equity, as at January 1, 2010. The net impact as at December 31, 2010 was consistent with the above noted amounts. See below for further details on the corrected items.

(j) Superior has reduced accounts receivables within the Specialty Chemicals segment due to previous revenue recognition differences with GAAP.

(k) Superior has reduced inventories in order adjust for previous reconciliation issues associated with inventory balances within the Energy Services segment. Also inventories have been reduced due to a reclassification of parts related inventory within Specialty Chemicals into property, plant and equipment and retained earnings.

(l) Superior has increased the value of its intangible assets in order to correct a previous revaluation issue under GAAP.

(m) Superior has reclassified a portion of the Sunoco purchase equation under GAAP into property, plant and equipment as certain amounts were previously incorrectly grouped with goodwill.

(n) Superior has decreased trade and other payables as certain liabilities under GAAP were not properly recognized.

(o) Superior has adjusted the outstanding convertible debentures in order to comply with the effective interest rate method under GAAP.

Presentation Reclassifications

1) Prepaid Expenses

All prepaid expenses are presented separately on the face of the balance sheet.

2) Investment Property

Under GAAP investment properties can be grouped with property, plant and equipment and under IFRS any amounts associated with investment property should be reclassified. Superior has grouped all investment property with intangible assets and investment property.

3) Deferred Taxes and Investment Tax Credits

Superior has reclassified all current deferred tax amounts and investment tax credits with non-current deferred taxes on the face of the balance sheet.

4) Contributed Surplus

Superior has reclassified all contributed surplus with share capital on the face of the balance sheet.

Reconciliation of Net Loss for the Year Ended December 31,2010

(millions of dollars except per share amounts)	Notes	GAAP	Adjustments	Reclassifications	IFRS	IFRS Accounts
Revenues	**(i)**	3,529.2	–	8.2	**3,537.4**	Revenues
Cost of products sold	(a) **(i)**	(2,661.3)	(1.3)	(94.2)	**(2,756.8)**	Cost of sales
Realized gains (losses) on derivative financial instruments		(80.3)	–	80.3	**–**	
Gross Profit		787.6	(1.3)	(5.7)	**780.6**	Gross Profit
Operating and administrative costs	(b)	624.4	(23.4)	75.4	**676.4**	Selling, distribution and administrative costs
	(c)	–	5.4	1.2	**6.6**	Other expenses
Deprecation of property, plant and equipment	(d)	37.7	13.7	(51.4)	**–**	
Amortization of intangible assets	(j)	25.0	3.0	(28.0)	**–**	
Interest on revolving term bank credits and term loan	(e)	39.6	4.4	31.2	**75.2**	Finance expense
Interest on convertible unsecured subordinated debentures		27.6	–	(27.6)	**–**	
Accretion of convertible debenture issue costs and asset retirement obligations	(k)	6.7	(0.4)	(6.3)	**–**	
Impairment of goodwill and intangible assets		89.5	–	–	**89.5**	Impairment of goodwill and intangible assets
Unrealized losses (gains) on derivative financial instruments		2.2	–	–	**2.2**	Unrealized losses (gains) on derivative financial instruments
		852.7	2.7	(5.5)	**849.9**	
Net loss before income taxes		(65.1)	(4.0)	(0.2)	**(69.3)**	Net loss before income taxes
Income tax recovery (expense)	(f)	18.1	(24.8)	0.2	**(6.5)**	Income tax recovery (expense)
Net Loss		(47.0)	(28.8)	–	**(75.8)**	Net Loss
Net Loss		(47.0)	(28.8)	–	**(75.8)**	Net Loss
Other comprehensive income (loss):						
Unrealized foreign currency gains (losses) on translation of foreign operations	(g)	(25.0)	(2.4)	–	**(27.4)**	Unrealized foreign currency gains (losses) on translation of foreign operations
Actuarial defined benefit gains (losses)	(h)	–	(19.9)	–	**(19.9)**	Actuarial defined benefit gains (losses)
Reclassification of derivative losses previously deferred		12.1	–	–	**12.1**	Reclassification of derivative losses previously deferred
Income tax on other comprehensive income		(2.9)	5.1	–	**2.2**	Income tax on other comprehensive income
Comprehensive Loss		(62.8)	(46.0)	–	**(108.8)**	Comprehensive Loss

The following narratives explain the significant differences between the previous historical GAAP accounting policies and the current IFRS policies applied by Superior.

(a) Cost of Products Sold

GAAP: Under GAAP, all manufacturing costs are absorbed into the carrying cost of manufactured inventory and flow through the income statement only once the related inventory has been sold. These manufacturing costs (deprecation and amortization included) will then become part of the entity's cost of products sold.

IFRS: Under IFRS, inventory is accounted for in the same manner as under GAAP, with manufacturing costs being absorbed into the inventory's carrying value and expensed through the income statement as a cost of product sold. The depreciation and amortization component of inventory is larger under IFRS than GAAP, due to the componentization of Superior's property, plant & equipment described and the impairment reversal detailed above in note (b).

(b) Operating And Administrative Costs and Selling, Distribution and Administrative Costs

Leases

GAAP: To determine the appropriate classification of a lease as either capital or operating, an entity uses the following tests: the fair value versus the present value of the minimum lease payments, the lease term versus economic useful life, and the transfer or risks and rewards.

IFRS: To determine the appropriate classification of a lease as either finance or operating, an entity uses the same tests as under GAAP keeping in mind that IFRS adds an additional criterion noting that leased assets of a highly specialized nature might also be an indicator of a capital lease. Although the tests are consistent with GAAP and IFRS, the criteria in IAS 17 Leases is not framed in the same context as they do not provide a "bright line" and leaves more room for judgment when assessing when a lease transfers substantially all of the risks and rewards incidental to ownership. As a result, upon transition to IFRS, Superior re-evaluated its leases and determined the appropriate classification between finance and operating leases, any finance lease obligations have been grouped with current and non current borrowings. The classification of a number of leases as finance type has resulted in a decrease in operating costs as lease payments are now broken into principal repayments and interest costs.

Componentization and Major Inspection and Repairs

GAAP: The cost of an item of property, plant and equipment made up of significant separable component parts should be allocated to the component parts when practicable. Costs meeting the criteria to be classified as a betterment are capitalized. GAAP specifies that the costs incurred in the maintenance of the service potential of an item of property, plant and equipment is a repair, not a betterment.

IFRS: An entity is required to separately depreciate each part of property, plant and equipment that is significant in relation to the total cost of the property, plant and equipment item. Also, major inspections or overhauls required at regular intervals over the useful life of an item of property, plant and equipment which allows the continued use of the asset are required to be capitalized. As a result operating costs were reduced due to the capitalization of various expenditures for major inspections and overhauls.

Employee Benefit Expense

Fair Value of Expected Return on Plan Assets

GAAP: The expected return on plan assets is the product of the expected long-term rate of return on plan assets and a market-related fair value of plan assets. The market-related fair value recognized changes in the fair value of plan assets over a five year period.

IFRS: The expected return on plan assets is a product of the expected long-term rate of return on plan assets and the fair value of plan assets on the balance sheet date. As a result, Superior adjusted its pension expense to reflect an expected return on plan assets using the fair value of its plan assets at the end of each reporting period. This adjustment has resulted in a reduction of the annual employee benefits expense during the period.

(c) Other Expenses

Acquisition Related Costs

GAAP: If certain conditions are met, the costs of restructuring an acquisition can be included in the purchase price and the allocation of the acquisition costs. Also direct costs incurred to complete an acquisition can be included in the allocation of acquisition costs to the assets acquired.

IFRS: Under IFRS all direct acquisition costs incurred to complete a business combination are charged to earnings. As such, Superior has increased other expenses due to the recognition in earnings of previously capitalizing acquisition costs under GAAP.

(d) Depreciation of Property, Plant And Equipment

GAAP: When an entity owns complex assets that are comprised of numerous parts, each of the asset's major components must be separated and depreciated over its particular useful life. A component should be separately tracked if its individual cost is significant in relation to the total cost of the asset. Although this concept was theoretically included in Canadian GAAP, it was only required to be applied when practical to do so.

IFRS: In contrast to GAAP's treatment of limiting the application of componentization to situations where such application is practical, IFRS requires that an entity will apply componentization to all of its assets.

Reversal of Impairment of Property, Plant and Equipment

GAAP: Reversal of impairment losses is not permitted.

IFRS: Reversal of impairment losses is required for assets other than goodwill if certain criteria are met. As a result, Superior reversed the impairment on Specialty Chemicals Valdosta, Georgia sodium chlorate facility due to changes in the North American chlorate market. The reversal of the impairment has increased the amount of depreciation of property, plant and equipment.

Capitalized Assets Related to Finance Leases

GAAP: To determine the appropriate classification of a lease as either capital or operating, an entity uses the following tests: the fair value versus the present value of the minimum lease payments, the lease term versus economic useful life, and the transfer of risks and rewards.

IFRS: To determine the appropriate classification of a lease as either finance or operating, an entity uses the same tests as under GAAP keeping in mind that IFRS adds an additional criterion noting that leased assets of a highly specialized nature might also be an indicator of a capital lease. Although the tests are consistent with GAAP and IFRS, the criteria in IAS 17 *Leases* is not framed in the same context as they do not provide a "bright line" and leaves more room for judgment when assessing when a lease transfers substantially all of the risks and rewards incidental to ownership. As a result, on transition to IFRS, Superior re-evaluated its leases and determined the appropriate classification between finance and operating leases. For those resulting finance leases, certain assets were capitalized and associated liabilities were recorded related to Energy Services and Construction Products Distribution. Depreciation of property, plant and equipment has increased due to the capitalization of various finance type leases as part of the transition to IFRS.

(e) Finance Expense

GAAP: Consistent with note (d) to the above reconciliation of comprehensive income (loss), the criteria for capitalization of leases are narrower and less judgmental than under IFRS. Consequently, fewer leases were capitalized under GAAP as compared to IFRS, resulting in a smaller interest expense on Superior's leasing obligations.

IFRS: Consistent with note (d) to the above reconciliations of financial position, the criteria for capitalization of leases are broader and more judgmental under IFRS than GAAP. Consequently, upon transition to IFRS, Superior has capitalized numerous Energy Services and Construction Products Distribution leases under IFRS that were classified as operating leases under GAAP. The increased interest expense is reflective of the interest incurred on these additional leasing obligations.

(f) Income Tax Recovery (Expense)

Superior has adjusted income tax recovery (expense) due to the impact of the various adjustments made to Superior balance sheet as a result of the transition to IFRS. Specifically, the changes to income taxes are primarily related to the impact of reversing any amounts associated with previously recognized deferred credits and adjustments to property, plant and equipment.

(g) Unrealized Foreign Currency Gains (Losses) on Translation of Foreign Operations

The change in unrealized foreign currency gains (losses) on translation of foreign operations is due to the revaluation of IFRS related adjustments recognized in Superior's foreign operations.

(h) Amortization of Actuarial Defined Benefit Gains (Losses)

Canadian GAAP: Actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized on a systematic and consistent basis, subject to a minimum required amortization based on a "corridor" approach. The corridor was 10% of the greater of the accrued benefit obligation at the beginning of the year and the fair value of plan assets at the beginning of the year, with the excess being amortized into the income statement over the expected average remaining life of the active employees participating in the plans.

IFRS: An entity may adopt any systematic method that results in faster recognition of actuarial gains and losses than the 10% corridor method, provided that the same basis is applied to both gains and losses and is applied consistently from period to period. Superior has elected to recognize the entirety of actuarial gains and losses during the period in which they occur. If an entity adopts a policy of recognizing actuarial gains and losses in the period in which they occur, it may recognize them in other comprehensive income, provided that it does so for all of its defined benefit plans and for all of its actuarial gains and losses. Consistent with this, Superior's actuarial gains and losses are now included in its accumulated other comprehensive income.

Correction Of Historical GAAP Related Items

The net impact of correcting the historical GAAP differences was a $3.0 million increase in amortization of intangible assets and a $0.2 million decrease in accretion of convertible debentures, for the twelve months ended December 31, 2010. See below for further details on the corrected items.

(i) Revenues and Cost of Products Sold

The increase in revenue and cost of products sold was due to adjusting Specialty Chemical's revenue recognition policy in accordance with GAAP.

(j) Amortization of Intangible Assets

The increase in amortization of intangible assets is due to an increase in Specialty Chemicals' amortization of patents due to the correction of a prior period revaluation issue under GAAP.

(k) Accretion of Convertible Debentures

The decrease in accretion of the convertible debentures and borrowings is due the impact of adoption of the effective interest rate method under GAAP.

Presentation Reclassification

Reclassification of Realized Gains (Losses) on Derivative Financial Instruments

Superior has chosen to present expenses in the consolidated statement of net loss and comprehensive loss on the nature of the expense. As such any realized gains (losses) have been allocated between revenue and cost of sales based on their nature.

Reclassification of depreciation of property, plant and equipment and amortization of intangible assets

Superior has chosen to present expenses in the consolidated statement of net loss and comprehensive loss on the nature of the expense. As such any depreciation and amortization amounts have been allocated to selling, distribution and administrative costs based on their nature.

Reclassification of Interest on Revolving Term Bank Credits, Interest on Convertible Debentures and Accretion of Debenture Issues Costs

Superior has chosen to present expenses in the consolidated statement of net loss and comprehensive loss on the nature of the expense. As such any interest and accretion amounts associated with obligations have been allocated to finance expense based on their nature.

Impact of IFRS on Superior's Statement of Cash Flows

The significant changes to Superior's cash flow statement from GAAP to IFRS are as follows:

Capitalized Assets Related to Finance Leases

As noted above, Superior has capitalized approximately $60.0 million of leases due to the transition to IFRS, as such under IFRS any repayment of those leases will be included in the financing activities of the statement of cash flow as compared to an operating expense under GAAP.

Presentation Changes

Under IFRS, income taxes and interest paid during the period are deducted from cash flow from operating activities and under GAAP there was no such requirement to include these amounts within the cash flow reconciliation.

Selected Historical Information [1]

Energy Services

(millions of dollars except where noted)	2011	2010	2009	2008	2007
		Years Ended December 31			
Canadian Propane Distribution sales volumes (million of litres sold)	**1,305**	1,235	1,277	1,377	1,429
U.S. Refined Fuels sales volumes (millions of litres sold) [2]	**1,741**	1,702	153	–	–
Fixed-price natural gas volumes (millions of GJs sold)	**21**	27	33	33	37
Total Canadian Propane Distribution sales margin (cents per litre)	**17.1**	17.5	18.5	18.4	17.2
Total U.S. Refined Fuels sales margin (cents per litre) [2]	**7.9**	7.6	10.0	–	–
Natural gas sales margin (cents per GJ)	**146.9**	91.2	90.2	80.5	84.1
Gross profit	**455.2**	434.9	340.2	331.9	325.3
EBITDA from operations	**133.6**	114.7	97.6	103.3	111.5

Specialty Chemicals

(millions of dollars except where noted)	2011	2010	2009	2008	2007
		Years Ended December 31			
Total chemical sales volume (MT)	**772**	735	634	727	768
Average chemical selling price (dollars per MT)	**685**	655	720	633	557
Gross profit	**238.7**	220.2	210.0	235.3	205.2
EBITDA from operations	**115.2**	101.5	93.0	116.5	91.8

Construction Products Distribution

(millions of dollars except where noted)	2011	2010	2009	2008	2007
		Years Ended December 31			
Gross profit [3]	**174.7**	172.3	122.3	140.7	129.8
EBITDA from operations [3]	**24.2**	26.8	22.8	37.4	36.7

Superior Plus Corp. Consolidated

(millions of dollars except where noted)	2011	2010	2009	2008	2007
		Years Ended December 31			
Revenues	**3,925.6**	3,537.4	2,246.7	2,487.3	2,355.4
Gross profit	**827.5**	780.6	653.4	669.1	661.8
EBITDA from operations	**273.0**	243.0	213.4	257.2	240.0
Adjusted operating cash flow	**180.4**	162.9	163.9	192.3	179.5
Adjusted operating cash flow per share	**$1.65**	$1.54	$1.80	$2.18	$2.08
Average number of shares outstanding (millions)	**109.2**	105.6	91.0	88.3	86.5
Total assets	**2,193.4**	2,696.9	2,274.0	2,026.9	1,542.8
Senior debt [4] [5]	**612.1**	590.0	738.1	577.7	441.0
Total debt [4] [5]	**1,353.5**	1,381.4	1,054.8	825.3	687.8

(1) Certain 2010 amounts have been restated as a result of the adoption of IFRS.
(2) U.S. Refined Fuels assets were purchased during 2009 and 2010.
(3) Acquisition of Specialty Products and Insulation Inc. was completed during 2009.
(4) Includes off-balance sheet accounts receivable securitization program.
(5) Senior debt and total debt are stated before deferred issue costs.

Corporate Information

Board of Directors

Grant D. Billing
Chairman
Calgary, Alberta

Catherine (Kay) M. Best
Calgary, Alberta

Luc Desjardins
President and Chief Executive Officer
Calgary, Alberta

Robert J. Engbloom, Q.C.
Calgary, Alberta

Randall J. Findlay
Calgary, Alberta

Norman R. Gish
Calgary, Alberta

Peter A.W. Green
Lead Director
Campbellville, Ontario

James S.A. MacDonald
Toronto, Ontario

Walentin (Val) Mirosh
Calgary, Alberta

David P. Smith
Toronto, Ontario

Peter Valentine
Calgary, Alberta

Corporate Officers and Senior Management

Jay Bachman
Vice-President, Investor Relations and Treasurer

Nick Beuglet
Corporate Controller

Wayne M. Bingham
Executive Vice-President
and Chief Financial Officer

Luc Desjardins
President and Chief Executive Officer

Douglas Elliott
President, Superior Propane

Craig S. Flint
Vice-President, Business Development
and Compliance

Greg L. McCamus
President, U.S. Refined Fuels
and Superior Energy Management

Eric McFadden
Executive Vice-President
Business Development

Dave Tims
Senior Vice-President, Commodity Portfolio
Management

Paul S. Timmons
President, Specialty Chemicals

Paul J. Vanderberg
President, Construction Products Distribution

Businesses

Energy Services

Canadian Propane Distribution
Superior Propane
1111 – 49 Avenue NE
Calgary, Alberta T2E 8V2
Toll-free: 1-877-873-7467
Tel: 403-730-7500
Fax: 403-730-7512

U.S. Refined Fuels
Superior Energy Services
1870 South Winton Road
Suite 200
Rochester, New York 14618
Toll-free: 1-877-927-6488
Fax: 585-328-7114

Supply Portfolio Management
Superior Gas Liquids
1400, 840 – 7 Avenue SW
Calgary, Alberta T2P 3G2
Toll-free: 1-888-849-3525
Fax: 403-883-6589

Fixed-Price Energy Services
Superior Energy Management
6860 Century Avenue
East Tower, Suite 2001
Mississauga, Ontario L5N 2W5
Toll-free: 1-866-772-7727
Fax: 905-542-7715

Construction Products Distribution

Canadian Operations
4949 – 51 Street SE
Calgary, Alberta T2B 3S7
Toll-free: 1-800-668-1589
Tel: 403-236-5383
Fax: 403-279-0372

U.S. Operations
PO Box 576
1097 Commercial Avenue
East Petersburg, Pennsylvania
17520-0576
Tel: 717-569-3900

Specialty Chemicals

ERCO Worldwide
200, 302 The East Mall
Toronto, Ontario M9B 6C7
Tel: 416-239-7111
Fax: 416-239-0235

Shareholder Information

Superior Plus Corp.

Suite 1400, 840 – 7 Avenue SW
Calgary, Alberta T2P 3G2
Telephone: 403-218-2970
Facsimile: 403-218-2973
Toll Free: 1-866-490-PLUS (7587)
E-mail: info@superiorplus.com
Website: www.superiorplus.com

Trustee and Transfer Agent

Computershare Trust Company of Canada
Suite 600, 530 – 8 Avenue SW
Calgary, Alberta T2P 3S8
or:
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Toll Free: 1-800-564-6253
Website: www.computershare.com/ca

Auditors

Deloitte & Touche LLP
Chartered Accountants
700, 850 – 2nd Street SW
Calgary, Alberta T2P 0R8

Annual Meeting of Shareholders

The Corporation's Annual Meeting of shareholders will be held in the Bonavista Room of The Westin Calgary, 320 – 4 Avenue SW, Calgary, Alberta, on Wednesday, May 2, 2012, at 2:00 p.m. (MDT).

Toronto Stock Exchange (TSX) Listings

SPB:	Superior Plus Corp. shares
SPB.db.b:	5.75% Convertible Debentures, convertible at $36.00 per share Maturity date: December 31, 2012
SPB.db.c:	5.85% Convertible Debentures, convertible at $31.25 per share Maturity date: October 31, 2015
SPB.db.d:	7.5% Convertible Debentures, convertible at $13.10 per share Maturity date: December 31, 2014
SPB.db.e:	5.75% Convertible Debentures, convertible at $19.00 per share Maturity date: June 30, 2017
SPB.db.f:	6.00% Convertible Debentures, convertible at $15.10 per share Maturity date: June 30, 2018
SPB.db.g:	7.50% Convertible Debentures, convertible at $11.35 per share Maturity date: October 31, 2016

Superior Plus Share Price and Volumes – TSX

Quarterly high, low, close and volumes for 2010 and 2011.
The table below sets forth the high and low prices, as well as the volumes, for the shares as traded on the TSX, on a quarterly basis.

	2011			2010		
	High	**Low**	**Volume**	High	Low	Volume
First quarter	**$12.49**	**$10.50**	**20,530,193**	$14.99	$ 13.34	20,539,218
Second quarter	**$11.85**	**$10.70**	**10,803,881**	$14.50	$ 11.00	16,576,309
Third quarter	**$11.58**	**$ 7.35**	**16,046,126**	$13.82	$ 11.12	15,692,164
Fourth quarter	**$ 7.83**	**$ 5.21**	**28,655,110**	$12.34	$ 10.37	19,864,927
Year	**$12.49**	**$ 5.21**	**76,035,310**	$14.99	$ 10.37	72,672,618

Produced by Merlin Edge Inc. www.merlinedge.com Printed in Canada

For more information about Superior Plus Corp.
send your enquiries to info@superiorplus.com

Superior Plus Corp.
Suite 1400, 840 – 7 Avenue SW
Calgary, Alberta T2P 3G2
Tel: 403-218-2970 Fax: 403-218-2973
Toll-Free: 1.866.490-PLUS (7587)
www.superiorplus.com