TSX: SPB

Superior Plus

A DIVERSIFIED BUSINESS CORPORATION
Focused on dividend stability with value growth

May 4, 2011

Superior Plus Corp. Announces 2011 First Quarter Results

First Quarter Highlights

- Adjusted operating cash flow (AOCF) per share, as calculated in accordance with International Financial Reporting Standards (IFRS) for the first quarter increased 15% to $0.68 per share compared to $0.59 in the prior year quarter. First quarter results were primarily impacted by the following items:
  - Energy Services results were positively impacted by higher industrial volumes due to improvements in the economy, in addition to cold weather which resulted in improved heating related volumes, offset in part, by lower average margins;
  - Specialty Chemicals had a strong performance due to improved chloralkali gross profits as a result of higher utilization rates at its Port Edwards, Wisconsin facility combined with improved average selling prices;
  - Construction Products Distribution results were impacted by the poor U.S. housing market, slower commercial activity and inclement weather; and
  - Interest costs were higher in the current quarter due to higher average debt levels.
- Superior Plus Corp. (Superior) adopted IFRS in the first quarter of 2011, and as a result, the 2010 comparative results have been restated to reflect the adoption of IFRS. A summary of significant changes and a reconciliation of Superior's 2011 Financial Outlook is included in Superior's 2011 first quarter Management's Discussion and Analysis.
- The financial outlook for 2011, which now incorporates IFRS, has been maintained at AOCF per share of $1.55 to $1.90.

Financial Summary [1]

	Three months ended March 31,	
(millions of dollars except per share amounts)	**2011**	2010
Revenue	**1,138.8**	965.9
Gross profit	**238.4**	217.6
EBITDA from operations [2]	**95.1**	81.6
Interest	**(18.5)**	(16.0)
Cash income tax recovery (expense)	**(0.1)**	(0.5)
Corporate costs	**(3.2)**	(4.1)
Adjusted operating cash flow [2]	**73.3**	61.0
Adjusted operating cash flow/per share, basic and diluted [2][3][4]	**$0.68**	$0.59
Dividends paid per share	**$0.37**	$0.405

[1] Superior's 2010 financial results have been restated in accordance with International Financial Reporting Standards (IFRS). See Superior's first quarter Management's Discussion and Analysis for additional details.

(2) EBITDA from operations and adjusted operating cash flow are key performance measures used by management to evaluate the performance of Superior. These measures are defined under "Non-IFRS Financial Measures" in Superior's 2011 First Quarter Management's Analysis and Discussion.

(3) The weighted average number of shares outstanding for the three months ended March 31, 2011 is 108.1 million (2010 – 103.3 million).

(4) For the three months ended March 31, 2011 and 2010, there were no dilutive instruments.

Segmented Information

	Three months ended March 31,	
(millions of dollars)	**2011**	2010
EBITDA from operations:		
Energy Services	**65.6**	55.6
Specialty Chemicals	**25.7**	21.3
Construction Products Distribution	**3.8**	4.7
	95.1	81.6

Energy Services

- EBITDA from operations for the first quarter was $65.6 million compared to $55.6 million in the prior year quarter due to improved results from the U.S. refined fuels business and the Canadian Propane business, which more than offset reduced supply portfolio management gross profits.
- The Canadian propane business generated gross profit of $69.7 million in the first quarter compared to $65.8 million in the prior year quarter. Canadian propane distribution sales volumes were 59 million litres or 16% greater than the prior year quarter, with increases in all lines of business except for automotive. Increases came from higher industrial volumes as a result of improvements in the economic environment within this sector and the impact of colder weather. Residential and commercial volumes were higher than the prior year due to the impact of weather and ongoing sales and marketing initiatives.
- Sales volumes benefitted from colder than average weather, as temperatures across Canada for the first quarter, measured by degree days, were 20% colder than the prior year and 8% colder than the five-year average.
- Canadian propane average sales margins were 15.9 cents per litre in the first quarter compared to 17.3 cents per litre in the prior year quarter. The decrease in average sales margins was due to a higher proportion of lower margin industrial volumes, ongoing general customer competitive pressures and higher transportation costs. The margin weakness was more pronounced at the beginning of the quarter and had returned to normal levels by the end of the quarter due principally to the improved flow-through of transportation related costs.
- The U.S. refined fuels business, excluding the service segment, generated gross profits of $60.4 million in the first quarter, higher than the prior year due in part to the benefit of a full quarter of all three acquisitions. Results also benefitted from colder temperatures across the northeast U.S., as average temperatures measured by degree days for the first quarter were 13% colder than the prior year and 4% colder than the five-year average. The integration within Superior's U.S. refined fuels business is substantially complete, which will provide operational efficiencies and facilitate the integration of future tuck-in acquisitions.
- U.S. refined fuels average sales margins were 10.9 cents per litre in the first quarter compared to 10.8 cents per litre in the prior year quarter. The modest increase in average margins was due to improved sales mix, favourable market conditions and margin management initiatives.

- The U.S. refined fuels business completed a small tuck-in acquisition of a heating oil distributor during the first quarter.
- The fixed-price energy services business generated gross profits of $8.3 million compared to $7.4 million in the prior year quarter. Higher natural gas gross profits came from the contribution of increased transportation revenues and favourable natural gas market pricing. Natural gas sales volumes were lower than the prior year quarter which is the result of exiting the direct residential natural gas markets in Ontario and B.C in 2009.
- The supply portfolio management business generated gross profits of $3.6 million in the first quarter compared to $5.3 million in the comparative period due to reduced market trading opportunities throughout the quarter relative to the prior year quarter.
- Superior expects EBITDA from operations for its Energy Services business for 2011 to be between $120 and $140 million, consistent with the outlook provided in the fourth quarter of 2010. Superior has maintained its outlook for the Energy services business based on a strong first quarter and continued improvement in non-heating volumes.

Specialty Chemicals

- EBITDA from operations for the first quarter was $25.7 million compared to $21.3 million in the prior year quarter due to improved chloralkali sales volumes and higher average realized selling prices.
- Chloralkali sales volumes benefited from the incremental contribution of the Port Edwards chloralkali facility which was operating at higher operating rates throughout the current year quarter compared to the prior year quarter. The facility expansion was completed in the fourth quarter of 2009, but was not running at peak operating levels until the second half of 2010. Additionally, average realized selling prices were higher than the prior year period due to improvements in general economic conditions throughout North America.
- Sodium chlorate gross profits were lower than the prior year quarter. An 11% increase in sales volumes due to improved North American demand was more than offset by reduced gross margins due to external product purchase requirements as a result of temporary production line issues. The production line issues have been resolved. Average sodium chlorate selling prices were consistent with the prior year as improved market conditions were fully offset by the appreciation of the Canadian dollar on U.S.-denominated sales.
- Superior expects EBITDA from operations for its Specialty Chemicals business for 2011 to be between $100 and $115 million, consistent with the outlook provided in the fourth quarter of 2010. Superior continues to see a stable market for sodium chlorate as a result of strong pulp market fundamentals. Superior also expects continued improvement in chloralkali sales volumes and pricing due to improved North American chemical demand and the full year impact of the expanded Port Edwards facility.

Construction Products Distribution

- EBITDA from operations for the first quarter was $3.8 million compared to $4.7 million in the prior year quarter.
- Construction Products Distribution's results continue to be impacted by ongoing weakness in the residential and commercial construction markets which resulted in reduced sales volumes of both gypsum and commercial and industrial insulation. Overall sales margins were modestly higher than the

prior year due to improved supply chain management and favourable supplier arrangements, offset in part, by the impact of ongoing competitive pressures due to reduced sales volumes. Additionally, results were impacted by a number of severe winter storms throughout North America during the first quarter which reduced sales volumes and increased operating costs.

- Superior continues to focus on integrating the operations of Winroc, SPI and the recently acquired western Canadian commercial and industrial insulation business to generate operational efficiencies.
- Superior expects EBITDA from operations for its Construction Products Distribution business for 2011 to be between $27 and $37 million, consistent with the outlook provided in the fourth quarter of 2010. Superior's assessment of the overall market is unchanged from the fourth quarter in that the outlook for Canadian residential and commercial markets is for stable to modestly lower activity levels. In the U.S., the recovery in the residential housing markets is much more uncertain and appears to have stalled; it is currently unclear when a sustained recovery will begin. U.S. commercial activity remains weak while the insulation markets are stable to modestly improving. As a result of the significant restructuring activities undertaken throughout 2010, the Construction Products Distribution business is well positioned to take advantage of future improvements to the U.S. construction market.

Corporate Related

- Total interest expense for the first quarter was $18.5 million compared to $16.0 million in the prior year quarter. Interest expense increased due to higher average debt levels as a result of the financing of acquisitions completed during the first quarter of 2010, offset in part, by the appreciation of the Canadian dollar on U.S.-denominated interest costs.
- Superior's dividend re-investment program (DRIP) generated proceeds of $9.2 million during the first quarter. Proceeds from the DRIP will be used to reduce existing debt levels and fund existing and future accretive growth opportunities. The DRIP provides Superior's shareholders with the opportunity to reinvest their cash dividends in the future growth of the business at a 5% discount to the market price of Superior's common shares.
- Four quarter trailing compliance EBITDA was $238.6 million resulting in a Consolidated Secured Debt to compliance EBITDA ratio of 2.5x and a Consolidated Debt (excluding convertible debentures) to compliance EBITDA ratio of 3.1x as at December 31, 2010. Compliance EBITDA includes the impact of acquisitions completed during 2010.

Financial Outlook

(millions of dollars except per share amounts)	**2011 Outlook Current** (1)	**2011 Outlook Prior** (2)
EBITDA from operations:		
Energy Services	**120-140**	**120-140**
Specialty Chemicals	**100-115**	**100-115**
Construction Products Distribution	**27-37**	**27-37**
Adjusted operating cash flow per share	**$1.55-$1.90**	**$1.55-$1.90**

(1) The assumptions, definitions, risk factors and explanation of the 2011 Financial Outlook are discussed in Superior's 2011 First Quarter Management's Discussion and Analysis.

(2) 2011 Outlook Prior has been updated for the adoption of IFRS. See page 23 of Superior's 2011 First Quarter Management's Discussion and Analysis for details.

2011 First Quarter Results

Superior's 2011 First Quarter Management's Discussion and Analysis is attached and is also available on Superior's website at: www.superiorplus.com under the investor information section.

Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2011 First Quarter Results at 3:30 p.m. MDT on Wednesday, May 4, 2011. To participate in the call, dial: 1-866-226-1792. An archived recording of the call will be available for replay until midnight, Saturday, June 11, 2011. To access the recording, dial: 1-800-408-3053 and enter pass code 4871857 followed by the # key. Internet users can listen to the call live, or as an archived call, on Superior's website at: www.superiorplus.com.

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, 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 press release, including the attached 2011 First Quarter Management's Discussion and Analysis, includes but is not limited to, consolidated and business segment outlooks, product production, expected EBITDA from operations, expected AOCF, expected AOCF per share, future capital expenditures, future economic conditions, business strategy and objectives, dividend strategy, future dividend payments, future cash flows, anticipated taxes, benefits and synergies resulting from corporate and asset acquisitions, commodity prices and costs, 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 concerning the historic performance of Superior's businesses, 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 "Outlook" sections contained in the attached 2011 First Quarter Management's Discussion and Analysis. Readers are cautioned that the preceding list of assumptions is not exhaustive.

By their very nature, forward-looking information involve 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 the attached 2011 First Quarter Management's Discussion and Analysis. Such forward-looking information necessarily involves known and unknown risks and uncertainties, which may cause Superior's or Superior 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 the section entitled “Risk Factors to Superior”, in the attached 2011 First Quarter Management’s Discussion and Analysis, the risks associated with the availability and amount of the tax basis and the risks identified in Superior's 2010 Annual Information Form under the heading “Risk Factors”.

Readers are cautioned that the foregoing lists of factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. 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. For more information about Superior, visit our website at www.superiorplus.com or contact:

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Management's Discussion and Analysis of 2011 First Quarter Results
May 4, 2011

The following Management's Discussion and Analysis (MD&A) is a review of the financial performance and position of Superior Plus Corp. (Superior) for the three months ended March 31, 2011 and 2010. The information in this MD&A is current to May 4, 2011. This MD&A should be read in conjunction with Superior's audited consolidated financial statements and notes to those statements as at and for the year ended December 31, 2010, its December 31, 2010 MD&A and its unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2011.

On Jan. 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 unaudited condensed consolidated financial statements of Superior have been prepared by and are the responsibility of Superior's management. Superior's unaudited condensed consolidated financial statements 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 100% 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. 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, 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.

First Quarter Results

Summary of Adjusted Operating Cash Flow [1]

	Three months ended March 31,	
(millions of dollars except per share amounts)	**2011**	2010
EBITDA from operations: [2]		
Energy Services	**65.6**	55.6
Specialty Chemicals	**25.7**	21.3
Construction Products Distribution	**3.8**	4.7
	95.1	81.6
Interest	**(18.5)**	(16.0)
Cash income tax expense	**(0.1)**	(0.5)
Corporate costs	**(3.2)**	(4.1)
Adjusted operating cash flow[2]	**73.3**	61.0
Adjusted operating cash flow per share [2], basic [3] and diluted [4]	**$0.68**	$0.59

(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) 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 three months ended March 31, 2011, is 108.1 million (2010 – 103.3 million).

(4) For the three months ended March 31, 2011 and 2010, there were no dilutive instruments.

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

		Three months ended March 31,	
(millions of dollars)		**2011**	2010
Net cash flow from operating activities		**57.7**	106.0
Add:	Increase (decrease) in non-cash working capital	**35.5**	(29.0)
	Other expenses	–	1.6
	Non cash interest expense	**1.8**	1.5
Less:	Income taxes paid	**(0.1)**	(0.5)
	Finance costs recognized in net earnings	**(21.6)**	(18.6)
Adjusted operating cash flow		**73.3**	61.0

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

First quarter adjusted operating cash flow was $73.3 million, an increase of $12.3 million or 20% 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 lower operating results at Construction Products Distribution and higher interest costs. Adjusted operating cash flow was $0.68 per share, compared to $0.59 per share in the prior year quarter due to a 20% increase in adjusted operating cash flow offset in part by a 5% increase in the weighted average number of shares outstanding. The average number of shares outstanding increased in 2011 as a result of shares issued to partially finance the acquisition of the Burnaby Assets by Construction Products Distribution on June 28, 2010 and the reinstatement of the dividend reinvestment plan effective for the payment of the May 2010 dividend.

Net earnings for the first quarter were $41.1 million, compared to net loss of $0.5 million in the prior year quarter. Net earnings were impacted by $14.4 million in unrealized gains on financial instruments in the current quarter, compared to unrealized losses of $28.2 million in the prior year quarter. The change in the unrealized gains and losses on financial instruments was due principally to gains in the current quarter on Superior's natural gas financial derivatives compared to losses in the prior year as a result of fluctuations in the spot and forward price for natural gas. Revenues of $1,138.8 million were $172.9 million higher than the prior year quarter due principally to higher Energy Services revenue from the full-quarter contribution from the acquisitions of Griffith Holdings Inc. (Griffith), higher sales volumes and commodity prices along with higher Specialty Chemicals revenue. Gross profit of $238.4 million was $20.8 million higher than the prior year quarter due principally to contribution of the acquisition of Griffith and higher Specialty Chemicals gross profits, offset in part by lower supply portfolio management gross profits. Total income tax for the first quarter was an expense of $14.4 million compared to an income tax recovery of $2.2 million in the prior year quarter. The income tax expense in 2011 was impacted by higher net earnings before taxes due to gains on derivative financial instruments and higher operating results from Superior's U.S operations.

Energy Services

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

	Three months ended March 31,	
(millions of dollars)	**2011**	2010 [(2)]
Revenue[(1)]	**841.6**	688.5
Cost of sales[(1)]	**(688.1)**	(549.7)
Gross profit	**153.5**	138.8
Less: Cash operating and administration costs[(1)]	**(86.9)**	(82.2)
Finance lease interest costs	**(1.0)**	(1.0)
EBITDA from operations	**65.6**	55.6

(1) In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this management's discussion analysis 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 for the first quarter of 2011 were $841.6 million, an increase of $153.1 million from revenues of $688.5 million in 2010. The increase in revenues is primarily due to the full-quarter contribution of the acquisition of Griffith Holdings Inc. (Griffith) on January 20, 2010, colder weather and higher commodity prices. Total gross profit for the first quarter of 2011 was $153.5 million, an increase of $14.7 million or 11% over the prior year quarter. The increase due to the full-quarter contribution from the acquisition of Griffith, the impact of colder weather on both Canadian propane distribution and U.S. refined fuels distribution and improved fixed-price energy services results offset in part by reduced supply portfolio management gross profits. A summary and detailed review of gross profit is provided below.

Gross Profit Detail

	Three months ended March 31,	
(millions of dollars)	**2011**	2010
Canadian propane distribution	**69.7**	65.8
U.S. refined fuels distribution	**60.4**	50.5
Other services	**11.5**	9.8
Supply portfolio management	**3.6**	5.3
Fixed-price energy services	**8.3**	7.4
Total gross profit	**153.5**	138.8

Canadian Propane Distribution

Canadian propane distribution gross profit for the first quarter was $69.7 million, an increase of $3.9 million or 6% from 2010, due to higher sales volumes offset in part by lower gross margins. Residential and commercial sales volumes in 2011 increased by 15 million litres or 10% from the prior year quarter primarily due to colder weather offset in part by customer conservation. Average weather across Canada for the quarter, as measured by degree days, was 20% colder than the prior year and 8% colder than the five-year average. Industrial volumes increased by 44 million litres or 22%, due to the impact of an improved economy as compared to the prior year quarter. Automotive propane volumes declined by 2 million litres or 11%, due to the continued structural decline in this end-use market.

Average propane sales margins for the first quarter decreased to 15.9 cents per litre from 17.3 cents per litre in the prior year quarter. The decline in average margins compared to the prior year is principally due to product mix, competitive pressures and higher transportation costs.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [1]

	Three months ended March 31,	
(millions of litres)	**2011**	2010
Residential	**53**	51
Commercial	**107**	94
Agricultural	**21**	19
Industrial	**242**	198
Automotive	**16**	18
	439	380

Volumes by Region [2]

	Three months ended March 31,	
(millions of litres)	**2011**	2010
Western Canada	**250**	211
Eastern Canada	**154**	139
Atlantic Canada	**35**	30
	439	380

[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 the first quarter was $60.4 million, an increase of $9.9 million from the prior year quarter. The increase in gross profit is due to the full-quarter contribution from the acquisition of Griffith, higher margins and sales volumes. Average U.S. refined fuels sales margins for the first quarter increased slightly to 10.9 cents per litre from 10.8 cents per litre in the prior year quarter. The increase in margins is principally due to product mix, favourable market conditions and margin management initiatives. Sales volumes of 552 million litres, increased by 83 million litres over the prior year quarter due to the full-quarter contribution from the acquisition of Griffith and increase demand for various wholesale related fuels. Weather measured by heating degree days for first quarter was 13% colder than the prior year and 4% colder than the five-year average. The colder weather resulted in increased sales volumes in all segments except residential heating oil which was impacted by customer conservation and higher customer attrition due to sharply higher heating oil prices.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application [1]

	Three months ended March 31,	
(millions of litres)	**2011**	2010
Residential	**173**	170
Commercial	**256**	281
Automotive	**123**	18
	552	469

Volumes by Region [2]

	Three months ended March 31,	
(millions of litres)	**2011**	2010
Northeast United States	**552**	469
	552	469

[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 $11.5 million in the first quarter, an increase of $1.7 million or 17% from the prior year quarter. The increase in other services gross profit is due to the full-quarter contribution of the acquisition of Griffith.

Supply Portfolio Management
Supply portfolio management gross profits were $3.6 million in the first quarter, a decrease of $1.7 million or 12% from the prior year quarter due to reduced volatility in the wholesale cost of propane and market related opportunities along with lower sales volumes.

Fixed-Price Energy Services

Fixed-Price Energy Services Gross Profit

	Three months ended March 31, 2011			Three months ended March 31, 2010		
(millions of dollars except volume and per unit amounts)	**Gross Profit**	**Volume**	**Per Unit**	Gross Profit	Volume	Per Unit
Natural Gas [1]	**7.1**	**5.6 GJ**	**126.8 ¢/GJ**	6.5	7.4 GJ	89.5 ¢/GJ
Electricity [2]	**1.2**	**117.1 KWh**	**1.02 ¢/KWh**	0.9	73.8 KWh	1.18 ¢/KWh
Total	**8.3**			7.4		

[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 $8.3 million in the first quarter, an increase of $0.9 million (12%) from $7.4 million in the prior year quarter. Natural gas gross profit was $7.1 million, an increase of $0.6 million from the prior year quarter due to higher margins offset in part by lower volumes. Gross profit per unit was 126.8 cents per gigajoules (GJ), an increase of 37.3 cents per GJ (42%) from the prior year quarter. The increase in natural gas gross margin was due to higher transportation revenue, lower transportation costs and favourable market pricing. Sales volumes of natural gas were 5.6 million GJ, 1.8 million GJ (24%) lower than the prior year quarter as reduced residential volumes were partially offset by higher commercial volumes. Natural gas sales volumes declined due to the decision to exit the Ontario and B.C. direct residential natural markets over the last 24 months offset in part by continued growth in commercial volumes. Electricity gross profit in the first quarter of 2011 was $1.2 million, an increase of $0.3 million or 33% percent from the prior year quarter due to the aggregation of additional commercial customers over the past year, higher volumes and gross margins. During the quarter Fixed-price energy services entered the Pennsylvania electricity market, successfully launching a residential electricity offering that is being sold to existing heating oil and propane customers.

Operating costs
Cash operating and administrative costs were $86.9 million in first quarter of 2011, an increase of $4.7 million or 6% from the prior year quarter. The increase in expenses was primarily due to full-quarter contribution from the acquisition of Griffith and increased Canadian propane distribution operating costs. The increase in Canadian propane distribution operating costs is due higher fuel costs, truck maintenance and collection costs associated with increased collection efforts due to the system upgrade.

Finance lease interest costs of $1.0 million were consistent with the prior year quarter.

System Upgrade
During the second quarter of 2010, Superior's Canadian propane distribution business upgraded their JD Edwards enterprise system to the most recent version in order to enhance efficiencies and core business functions. As a result of the upgrade, Superior experienced complications with processing certain sales transactions and producing accurate invoices which delayed customer collections and increased net working capital. As at March 31, 2011, net working capital was approximately $120 million to $125 million higher

than the prior year due to the system upgrade complications. The delay in customer collections has resulted in significantly higher past due receivables which Superior has provided for through an increase to the allowance for doubtful accounts. Throughout the first quarter of 2011 Superior has continued to resolve implementation issues and has substantially increased customer collection efforts in order to reduce working capital. Superior expects net working capital to return to historical levels by mid 2011.

Outlook

Energy Services expects EBITDA from operations for 2011 to be between $120 million and $140 million, consistent with Superior's prior financial outlook for Energy Services after adjusting for the adoption of IFRS, see table under "Prior Financial Outlook Adjusted for the Adoption of IFRS" for further details. Significant assumptions underlying its current outlook are:

- Average temperatures across Canada and the northeast United States are expected to be consistent with the recent five-year average;
- Total propane and U.S. refined fuels-related sales volumes in 2011 compared to 2010 are anticipated to increase due to colder average weather experienced in Q1 2011, 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 return to historic levels for the remainder of 2011;
- Fixed price energy services is expected to be able to access sales channel agents on acceptable contract terms and expects gross profit to modestly increase from 2010 levels. The financial benefit from entering the retail electricity and natural gas markets in the northeast U.S. in 2011 is expected to be offset by reduced residential customer revenues due to the exit of the B.C. residential natural gas market in 2010 and lack of volatility in the price of natural gas; and
- The commercial electricity market in Ontario is expected to provide growth opportunities in 2011.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of significant business risks affecting 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)	**Three months ended March 31,**			
	2011		2010 [2]	
		$ per MT		$ per MT
Chemical Revenue[1]	**130.8**	**667**	109.9	646
Chemical Cost of Sales [1]	**(74.5)**	**(380)**	(58.9)	(346)
Chemical Gross Profit	**56.3**	**287**	51.0	300
Less: Cash operating and administrative costs[1]	**(30.6)**	**(156)**	(29.7)	(175)
EBITDA from operations	**25.7**	**131**	21.3	125
Chemical volumes sold (thousands of MTs)	**196**		170	

(1) In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this management's discussion analysis 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 for the first quarter of $130.8 million was $20.9 million or 19% higher than the prior year quarter primarily as a result of increased sodium chlorate and chloralkali/potassium sales volumes. First quarter gross profit of $56.3 million was $5.3 million higher than the prior year quarter due to increased chloralkali/potassium gross profits. Sodium chlorate sales volumes increased by 12,000 tonnes or 11% compared to the prior year quarter due to higher demand from North America as a result of increased demand for pulp and higher Chile based sales volumes as the prior year was affected by the February 27, 2010 earthquake. Sodium chlorate gross profits were consistent with the prior year quarter, as lower margins related to external product purchases as a result of temporary production line issues and higher electricity costs were offset by higher sales volumes. Chloralkali/potassium gross profits were higher than the prior year quarter as a result of increased sales volumes due primarily to higher production capacity resulting from the Port Edwards expansion completed in the fourth quarter of 2009 and higher pricing for chloralkali/potassium products. Chloralkali/potassium sales volumes increased by 14,000 tonnes or 23% compared to the prior year quarter. Sales prices for chloralkali/potassium based products for the first quarter of 2011 increased as compared to the prior year quarter due to strengthening market conditions.

Cash operating and administrative costs of $30.6 million were $0.9 million or 3% higher than the prior year quarter due to higher maintenance and engineering costs.

Outlook

Superior expects 2011 EBITDA from operations from its Specialty Chemicals segment to be between $100 million and $115 million, consistent with Superior's prior financial outlook for Specialty Chemicals after adjusting for the adoption of IFRS, see table under "Prior Financial Outlook Adjusted for the Adoption of IFRS" for further details. Significant assumptions underlying the current outlook are:

- Supply and demand fundamentals for sodium chlorate are expected to remain strong in 2011, resulting in increased sales volumes as compared to 2010. Pricing is expected to remain consistent or slightly improved as compared to 2010 levels;
- Chloralkali revenues in 2011 are expected to increase due to higher selling prices and higher sales volumes and favourable product mix from the Port Edwards facility; and
- Average plant utilization will approximate 95% in 2011.

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)	**Three months ended March 31, 2011**	2010 [3]
Revenue		
Gypsum Specialty Distribution (GSD) revenue [1] [2]	**110.7**	110.7
Commercial and Industrial Insulation (C&I) revenue [2]	**55.4**	56.3
Cost of sales		
GSD cost of sales[2]	**(85.9)**	(86.1)
C&I cost of sales[2]	**(40.5)**	(41.8)
Gross profit	**39.7**	39.1
Less: Cash operating and administrative costs	**(35.6)**	(34.3)
Finance lease interest costs	**(0.3)**	(0.1)
EBITDA from operations	**3.8**	4.7

(1) In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this management's discussion analysis 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 three months ended March 31, 2010, $110.7 million and $56.3 million has been reclassified to GSD revenue from distribution and direct sales revenue to provide comparative presentation of Construction Products Distribution's revenue, respectively. For the three months ended March 31, 2010, $86.1 million and $41.8 million has been reclassified to C&I revenue from distribution and direct sales revenue to provide comparative presentation of Construction Products Distribution revenue, respectively.

(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 of $166.1 million for the first quarter of 2011 were $0.9 million (1%) lower than the prior year quarter primarily due to severe weather experienced across North American which disrupted business activities offset in part by the contribution from the acquisition of the Burnaby Assets on June 28, 2010.

Gross profit of $39.7 million in the first quarter was $0.6 million higher than the prior year quarter, due principally to the impact of higher gross margins due to the implementation of a procurement strategy and favourable negotiations with supplies. Sales margins and average selling prices continue to be challenged as a result of ongoing competitive pressures and ongoing slow economic activity.

Cash operating and administration costs were $35.6 million in the first quarter, an increase of $1.3 million or 4% from the prior year quarter due to the impact of the severe winter weather which increased warehouse and trucking costs in order to meet order requirements, customer mix and the contribution of the acquisition of the Burnaby Assets. Construction Products Distribution continues to actively manage its cost structure.

Finance lease interest costs on Construction Products Distribution truck and equipment leases of $0.3 million were slightly higher than the prior year quarter, due to additional leases entered into during 2011.

Outlook

Superior expects Construction Products Distribution's EBITDA from operations for 2011 to be between $27 million and $37 million, consistent with Superior's prior financial outlook for Construction Products Distribution after adjusting for adoption of IFRS, see table under "Prior Financial Outlook Adjusted for the Adoption of IFRS" for further details. Significant assumptions underlying its current outlook are:

- GSD sales revenue from Canada is expected to decline from 2010 levels due to competitive conditions in the market. GSD sales revenue from the U.S. is expected to increase from 2010 due to higher pricing and the expansion of existing GSD product lines into U.S. branches. C&I sales revenue is expected to decrease from 2010 due to reduced contribution from U.S. regions due to challenging market conditions. The decrease in C&I revenue will be offset in part by the full year contribution from the acquisition of the Burnaby Assets; and

- Sales margin for GSD and C&I as compared to 2010 is expected to increase due to volume improvement in some markets, procurement initiatives and supplier negotiations offset in part by competitive pressures.

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

	Three months ended March 31,	
(millions of dollars)	**2011**	2010
Efficiency, process improvement and growth related	**4.6**	5.6
Other capital	**3.2**	1.4
	7.8	7.0
Acquisition of Griffith	−	142.6
Other acquisitions	**4.6**	0.4
Proceeds on disposition of capital	**(1.0)**	(0.5)
Total net capital expenditures	**11.4**	149.5
Investment in finance leases	**3.3**	4.3
Total expenditures	**14.7**	153.8

Efficiency, process improvement and growth related expenditures were $4.6 million in the first quarter compared to $5.6 million in the prior year quarter. These were incurred primarily in relation to Energy Services' purchases of rental assets, system upgrades and truck related expenditures. Other capital expenditures were $3.2 million in the first quarter compared to $1.4 million in the prior year quarter, consisting primarily of required maintenance and general capital across all of Superior's segments. During the first quarter Energy Services' completed the acquisition of a propane distributor and a heating oil distributor for $4.6 million before deferred consideration. Proceeds on the disposal of capital were $1.0 million in the first quarter and consisted of Superior's disposition of surplus tanks and cylinders. During the first quarter Superior entered into new leases with capital equivalent value of $3.3 million primarily related to delivery vehicles for the Energy Services and Construction Products Distribution segments.

Corporate and Interest Costs

Corporate costs for the first quarter were $3.2 million, compared to $4.1 million in the prior year quarter. Corporate costs were impacted by lower employee costs, reduced employee long term incentive compensation, short term incentive compensation and decreased professional fees.

Interest expense on revolving term bank credit and term loans for the first quarter was $9.2 million, a decrease of $1.5 million from the prior year quarter. Interest costs decreased as the prior quarter average debt levels were higher due to the impact of financing the acquisition of Griffith on January 20, 2010. 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 $9.3 million for the first quarter of 2011, $4.0 million higher than the prior year quarter of $5.3 million. The increase in debenture interest is primarily due to the issuance of $172.5 million of 5.75% convertible debentures on March 25, 2010 and the issuance of $150.0 million, 6.00% convertible debentures on December 23, 2010, issued in part to partially finance the acquisition of Griffith and for general corporate purposes.

Taxation
Total income tax expense for the first quarter was $14.4 million, and consists of $0.1 million in cash income tax expense and $14.3 million in deferred income tax expense, compared to a total income tax recovery of $2.2 million in the prior year quarter, which consisted of 0.5 million in cash income tax expense and a $2.7 million deferred income tax recovery.

Cash income and withholding taxes for the first quarter was $0.1 million and consisted of income tax expense in the U.S. of $0.1 million (2010 Q1 - $0.5 million of U.S. cash tax expense). Deferred income tax expense for the first quarter was $14.3 million (2010 Q1 - $2.7 million deferred income tax recovery), resulting in a corresponding net deferred income tax asset of $241.7 million as at March 31, 2011. Deferred income taxes for the first quarter were impacted by unrealized gains and losses on derivative financial instruments and an increase in operating results.

Consolidated Outlook
Superior expects adjusted cash flow from operations for 2011 to be between $1.55 and $1.90 per share, consistent with Superior's prior financial outlook after adjusting for the adoption of IFRS, see table under "Prior Financial Outlook Adjusted for the Adoption of IFRS" for further details. Superior's consolidated adjusted operating cash flow outlook is dependent on the operating results of its three operating segments. See the discussion of operating results by segment for additional details on Superior's 2011 guidance. In addition to the operating results of Superior's three operating segments, significant assumptions underlying Superior's current 2011 outlook are:

- The economic recovery in Canada and the United States is expected to continue in 2011;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- The foreign currency exchange rate between the Canadian and US dollar is expected to be 0.97 in 2011 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 increase modestly throughout 2011;
- The per share outlooks for 2011 include the impact of Superior's dividend reinvestment program (DRIP); and
- U.S. based cash taxes are expected to be minimal in 2011 and have been based on existing statutory income tax rates.

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 revolving syndicated bank facility (Credit Facility), term loans, accounts receivable securitization and finance lease obligations (Borrowings) before deferred financing fees totaled $739.9 million as at March 31, 2011, a decrease of $0.1 million from December 31, 2010. Overall Borrowings were consistent with year end as cash flow from operations was utilized for dividend payments, capital expenditures and ongoing net working capital requirements. Net working capital levels continue to trend higher than normal as a result of accounts receivables levels within the Canadian propane distribution business due to delayed invoicing associated with a system upgrade (refer to "System Upgrade" for additional details). On June 25, 2010, Superior completed an extension of its Credit Facility with ten lenders and reduced the facility from $600 million to $450 million. The Credit Facility matures on June 28, 2013 and can be expanded up to $750 million. See "Summary of Cash Flows" for details on Superior's sources and uses of cash.

As at March 31, 2011, Debentures before deferred issue costs issued by Superior totaled $638.0 million which was consistent with the $637.8 million outstanding as at December 31, 2010. See Note 15 to the Unaudited Condensed Consolidated Financial Statements for additional details on Superior's Debentures.

As at March 31, 2011, approximately $54.3 million was available under the Credit Facility and accounts receivable securitization program, which Superior considers sufficient to meet its net working capital funding requirements and expected capital expenditures.

Consolidated net working capital was $416.1 million as at March 31, 2011, an increase of $16.3 million from net working capital of $399.8 million as at December 31, 2010. The increase in net working capital was primarily due to impact of the heating season on Energy Services' working capital levels and the ongoing delayed invoicing and cash collections issues associated with the system upgrade completed in the second quarter of 2010 at Canadian propane distribution (refer to "System Upgrade" for additional details). The increase in Energy Services' net working capital was offset in part by lower net working capital within the corporate segment due to timing of debenture interest payments. Superior's net working capital requirements are financed from revolving term bank credit facilities and by proceeds raised from a trade accounts receivable sales program.

In May 2010, Superior reestablished its Dividend Reinvestment Program and Optional Share Purchase Plan (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 were $9.2 million for the three months ended March 31, 2011.

As at March 31, 2011, when calculated in accordance with Superior's Credit Facility, the Consolidated Secured Debt to Compliance EBITDA ratio was 2.5 to 1.0 (December 31, 2010 – 2.6 to 1.0) and the Consolidated Debt to Compliance EBITDA ratio was 3.1 to 1.0 (December 31, 2010 – 3.3 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, which restrict its ability to pay dividends. In accordance with Superior's 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 convertible unsecured subordinated 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.

Superior has entered into an agreement to sell, with limited recourse, certain accounts receivable on a 30-day revolving basis to an entity sponsored by a Canadian chartered bank to finance a portion of its working capital requirements. The receivables are sold at a discount to face value based on prevailing money market rates. As at March 31, 2011, proceeds of $89.3 million (December 31, 2010 – $90.1 million) had been raised from this program and were used to repay revolving term bank credits. (See Note 13 to the Unaudited Condensed Consolidated Financial Statements). Superior is able to adjust the size of the program on a seasonal basis in order to match the fluctuations of its accounts receivable funding requirements. This program requires Superior to maintain a minimum secured credit rating of BB. Also Superior is required to maintain certain collection performance standards and due to accounts receivable collection issues associated with a system upgrade at Energy Services those performance standards were not met as at December 31, 2010. Superior has received a waiver related to certain collection performance standards from the accounts receivable securitization lenders and as at March 31, 2011 Superior was in compliance with all performance standards related to the program. Effective July 2, 2010, Superior extended the maturity of its accounts receivable securitization program until June 29, 2011.

On January 20, 2010, DBRS confirmed Superior LP's senior secured notes and senior unsecured debenture ratings at BBB(low) and BB(high), respectively, both with stable trends. On September 9, 2010, DBRS confirmed Superior LP's senior secured long-term debt credit rating at BBB(low) and its senior unsecured rating at BB(high), but changed the trend of both from stable to negative. On March 8, 2011, Standard and Poor's lowered both Superior's and Superior's wholly-owned subsidiary, Superior Plus 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 Plus LP remains stable and the credit rating on Superior's unsecured debt is unchanged at BB-.

At March 31, 2011, Superior had an estimated defined benefit pension solvency deficiency of approximately $20.1 million (December 31, 2010 - $23.7 million) and a going concern solvency deficiency of approximately $11.4 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.

Shareholders' Capital

The weighted average number of shares outstanding during the first quarter was 108.1 million shares, an increase of 4.8 million shares compared to the prior year quarter due to the issuance of 3,612,195 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	Issuance Price per Share	Issued Number of Common Shares (Millions)
As at March 31, 2010			**104.9**
Issuance of common shares to partially finance the acquisition of the Burnaby Assets	June 28, 2010	$13.05	1.2
Issuance of common shares under Superior's DRIP	June 15, 2010 through March 15, 2011	$11.14	2.4
As at March 31, 2011			**108.5**

As at May 4, 2011, March 31, 2011 and December 31, 2010, the following common shares and securities convertible into common shares were outstanding:

(millions)	**May 4, 2011** Convertible Securities	**May 4, 2011** Shares	**March 31, 2011** Convertible Securities	**March 31, 2011** Shares	December 31, 2010 Convertible Securities	December 31, 2010 Shares
Common shares outstanding [1]		**108.7**		**108.5**		108.0
5.75% Debentures [2]	**$174.9**	**4.9**	**$174.9**	**4.9**	$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
Shares outstanding and issuable upon conversion of Debentures		**140.3**		**140.1**		139.6

(1) Common shares outstanding as at May 4, 2011, includes 226,952 common shares issued under Superior's DRIP program during the month of April.
(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.

Dividends Paid to Shareholders

Superior's dividends paid to its 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 declared to shareholders in the first quarter were $40.0 million (before DRIP proceeds of $9.2 million) or $0.37 per share, a decrease of $1.8 million as compared to the first quarter of 2010 due to the revision of Superior's dividend rate to $0.10 per share per month effective with the March 2011 dividend payment. Superior annualized dividend rate is $1.20 per share which decreased from the prior level of $0.135 per share per month or $1.62 per share on an annualized basis effective with Superior's March 2011 dividend. Dividends to shareholders are declared at the discretion of Superior.

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

Summary of Cash Flows [1]

	Three months ended March 31,	
(millions of dollars)	**2011**	2010
Cash flows from operating activities	**53.4**	99.4
Investing activities:		
Purchase of property, plant and equipment [2]	**(7.8)**	(7.0)
Proceeds on disposal of property, plant and equipment	**1.0**	0.5
Acquisition of Griffith	**–**	(142.6)
Other acquisitions	**(4.6)**	(0.4)
Cash flows used in investing activities	**(11.4)**	(149.5)
Financing activities:		
Dividends to shareholders	**(40.0)**	(41.8)
Proceeds from dividend reinvestment plan	**9.2**	–
Borrowings	**8.3**	(167.3)
Repayment of finance lease obligation	**(4.1)**	(3.0)
Proceeds from the issuance of 5.75% convertible debentures	**–**	172.5
Costs incurred for the issuance of 5.75% convertible debentures	**–**	(6.4)
Issuance of common shares	**–**	66.5
Net proceeds (repayment) of accounts receivable securitization program	**(0.8)**	16.7
Other	**(3.6)**	1.0
Cash flows from (used in) financing activities	**(31.0)**	38.2
Net increase (decrease) in cash and cash equivalents	**(11.0)**	(11.9)
Cash and cash equivalents, beginning of period	**8.9**	24.3
Effect of translation of foreign denominated cash and cash equivalents	**(0.4)**	(0.5)
Cash and cash equivalents, end of period	**19.5**	11.9

(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.

Effective 2008, Energy Services entered into natural gas financial swaps primarily with Macquarie Cook Energy Canada Ltd. (formerly, Constellation Energy Commodities Group Inc.) 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 seven 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 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 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.

Specialty Chemicals has entered into fixed-price electricity purchase agreements to manage the economic exposure of certain of its chemical facilities to changes in the market price of electricity, in markets where the price of electricity is not fixed. Substantially all of the fair value with respect to these agreements is with a single counterparty.

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 US dollars and enters into forward US dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals enters into US 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 US dollars. Interest expense on Superior’s US dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

As at March 31, 2011, Energy Services had hedged approximately 100% of its US dollar natural gas and propane purchase (sales) obligations for the remainder of 2011. Overall Superior has hedged approximately 100% and 83% of its estimated US dollar exposure for the remainder of 2011 and 2012. The estimated sensitivity on adjusted operating cash flow for Superior, including divisional US exposures and the impact on US-denominated debt with respect to a $0.01 change in the Canadian to United States exchange rate for 2011 is $nil million, respectively after giving effect to United States forward contracts for 2011, as shown in the table below. Superior’s sensitivities and guidance are based on an anticipated average Canadian to US dollar foreign currency exchange rate for 2011 of 0.97.

(US$ millions except exchange rates)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016 and Thereafter**	**Total**
Energy Services – US$ forward purchases [1]	(5.9)	–	–	–	–	–	(5.9)
Energy Services – US$ forward purchases (sales)	14.0	44.0	44.0	–	–	–	102.0
Construction Products Distribution – US$ forward sales	13.5	24.0	24.0	–	–	–	61.5
Specialty Chemicals – US$ forward sales	108.0	122.5	72.0	48.0	–	–	350.5
Net US $ forward sales	129.6	190.5	140.0	48.0	–	–	508.1
Energy Services – Average US$ forward purchase rate [1]	1.03	–	–	–	–	–	1.03
Energy Services – Average US$ forward sales rate	1.05	1.06	1.06	–	–	–	1.06
Construction Products Distribution – Average US$ forward sales rate	1.06	1.06	1.07	–	–	–	1.06
Specialty Chemicals – US$ forward sales rate	1.10	1.05	1.07	1.07	–	–	1.07
Net average external US$/Cdn$ exchange rate	1.09	1.05	1.06	1.07	–	–	1.07
Specialty Chemicals – Euro forward sales	3.6	–	–	–	–	–	3.6
Specialty Chemicals – Average Euro forward sales rate	1.40	–	–	–	–	–	1.40

(1) Fixed-price energy services is now sourcing its fixed-price natural gas requirements in Canadian dollars; as such, fixed-price energy services will no longer be required to use US-dollar forward contracts to fix its Canadian dollar exposure.

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 on-going 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 third quarter 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 17 to the Unaudited Condensed Consolidated Financial Statements.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

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 March 31, 2011.

During 2010, the Canadian propane distribution business completed a system upgrade of their JD Edwards enterprise system to the most recent version. Superior has experienced improvements in areas such as process efficiency and certain internal controls as a result of the upgrade. The Canadian propane distribution management team is focused on stabilizing the system with direct oversight of the CEO and CFO.

Critical Accounting Policies and Estimates

Superior's Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IFRS. The significant accounting policies are described in the unaudited Condensed Consolidated Financial Statements for the period ended March 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.

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.

During 2008, Superior formed an IFRS project team to develop an IFRS transition plan. Superior's approach was to assess and coordinate ongoing training requirements in conjunction with the development of a comprehensive diagnostic/planning document throughout the first, second and third quarters of 2009. Superior's diagnostic plan was substantially completed in the fourth quarter of 2009 and includes the assessment of differences between GAAP and IFRS, options available under IFRS, potential system requirements as a result of the adoption of IFRS, and the impact on internal controls and other business activities. Superior executed its detailed IFRS transition plan and issued its first IFRS-based financial statements for the period ended March 31, 2011.

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 statement of comprehensive income

Transition to IFRS

Superior has restated previously reported unaudited financial figures for 2010 under GAAP to reflect the adoption of IFRS. Superior's financial information has been compiled from the underlying IFRS basis of financial information included in the accompanying financial statements for the three months ended March 31, 2011. See Note 28 to Superior's Unaudited Condensed Consolidated Financial Statements for the three months ended March 31, 2011 for the details Superior's transition to IFRS.

Superior will continue to assess the impact of changes to IFRS on its opening balance sheet adjustments and other reporting periods. 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 a March 31, 2011 pending changes to IFRS accounting standards.

Reconciliation from GAAP to IFRS

The following table reconciles Superior's audited financial information for the three months ended March 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 (Loss) for the Three Months Ended March 31, 2010

Three months ended March 31, 2010 (millions of dollars)	**GAAP**	Adjustments	Reclassifications	**IFRS**	IFRS Accounts
Revenues	**964.6**	0.8	0.5	**965.9**	Revenues
Cost of products sold	**(728.4)**	(1.8)	(18.1)	**(748.3)**	Cost of sales
Realized gains (losses) on derivative financial instruments	**(17.6)**	–	17.6	–	
Gross profit	**218.6**	(1.0)	–	**217.6**	
Operating and administrative costs	**157.5**	(5.6)	20.0	**171.9**	Selling, distribution and administrative costs
	–	1.6	–	**1.6**	Other expenses
Deprecation of property, plant and equipment	**8.6**	4.1	(12.7)	**–**	
Amortization of intangible assets	**6.9**	0.5	(7.4)	**–**	
Interest on revolving term bank credits and term loan	**10.8**	1.2	6.6	**18.6**	Finance expense
Interest on convertible unsecured subordinated debt	**5.2**	–	(5.2)	**–**	
Accretion of convertible debenture and borrowings issue costs	**1.4**	–	(1.4)	**–**	
Unrealized losses (gains) on derivative financial instruments	**28.2**	–	–	**28.2**	Unrealized losses (gains) on derivative financial instruments
	218.6	1.8	(0.1)	**220.3**	
Net earnings (loss) before income taxes	**–**	(2.8)	0.1	**(2.7)**	Net earnings (loss) before income taxes
Income tax recovery (expense)	**9.2**	(6.9)	(0.1)	**2.2**	Income tax recovery (expense)
Net Earnings (Loss)	**9.2**	(9.7)	–	**(0.5)**	**Net Earnings (Loss)**

In the above table, any amounts under IFRS adjustments represents changes made to GAAP information due to the adoption of IFRS. See Note 28 to Superior's Unaudited Condensed Consolidated Financial Statements as at and for the three months ended March 31, 2011 for details of these changes.

Reconciliation from AOCF under GAAP to AOCF under IFRS

(millions of dollars)	**Three months ended March 31, 2010**	**Year ended December 31, 2010**
AOCF as reported under GAAP	56.5 [(1)]	143.4 [(1)]
IFRS Adjustments:		
Finance leases	3.0	12.8
Employee future benefits	0.8	1.5
Capitalization of major inspections and overhauls	0.7	4.0
Add back of non-recurring other expenses	–	1.2
AOCF as revised under IFRS	61.0	162.9

(1) In order to better reflect the results of its operations, Superior has revised the treatment of customer contract related costs 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 have increased due to the capitalization of those types of costs.

Prior Financial Outlook Adjusted for the Adoption of IFRS

(millions of dollars except per share amounts)	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**	**Consolidated AOCF per Share**
2011 Outlook Prior per GAAP	100-120	100-115	25-35	$1.40-$1.75
IFRS Adjustments:				
Lease payments now reflected as capital leases, net of incremental interest	13.0	-	2.0	$0.09
Reclassification of certain maintenance costs as capital	4.5	-	-	$0.04
Reclassification of customer commission costs previously amortized	2.5	-	-	$0.02
2011 Outlook Prior per IFRS	**120-140**	**100-115**	**27-37**	**$1.55-$1.90**

Quarterly Financial and Operating Information

(millions of dollars except per share amounts)	2011 Quarter	2010 Quarters [2]				2009 Quarters [3]		
	First	Fourth	Third	Second	First	Fourth	Third	Second
Canadian propane sales volumes (millions of litres)	**439**	372	234	249	380	390	244	274
U.S. refined fuels sales volumes (millions of litres)	**552**	499	331	403	469	–	–	–
Natural gas sales volumes (millions of GJs)	**6**	6	7	7	7	8	8	8
Electricity sales volumes (millions of KwH)	**117**	133	86	73	74	68	56	38
Chemical sales volumes (thousands of metric tonnes)	**196**	193	189	183	170	160	188	188
Revenues (millions of dollars)	**1,138.8**	1,011.2	769.1	791.2	965.9	747.5	441.3	454.4
Gross profit	**238.4**	224.7	172.4	165.9	217.6	193.1	152.8	153.3
Net earnings (loss)	**41.1**	(74.0)	3.0	(5.1)	(0.5)	(19.9)	(203.9)	164.3
Per share, basic and diluted	**$0.38**	($0.69)	$0.03	($0.05)	$(0.00)	$(0.23)	$(2.31)	$1.86
Adjusted operating cash flow (millions of dollars)	**73.3**	62.5	26.5	12.9	61.0	65.0	33.5	38.1
Per share, basic and diluted	**$0.68**	$0.58	$0.25	$0.12	$0.59	$0.74	$0.38	$0.43
Net working capital [1] (millions of dollars)	**416.1**	399.8	280.9	268.3	228.8	152.2	227.4	217.6

(1) Net working capital reflects amounts as at the quarter-end and is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other payables, deferred revenue and dividends and interest payable to shareholders and debentureholders.

(2) All 2010 figures have been restated for the adoption of IFRS.

(3) All 2009 figures are based on GAAP.

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. 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 cash flow from operating activities on page 8.

EBITDA

EBITDA represents earnings after interest on finance lease obligations but 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 28.

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 19 to the Unaudited Condensed Consolidated Financial Statements for a reconciliation of net earnings (loss) to Compliance EBITDA.

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

For the three months ended March 31, 2011	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings	**65.2**	**7.3**	**1.9**
Add: Amortization of property, plant and equipment, intangible assets and accretion	**15.2**	**1.6**	**1.9**
Amortization included in cost of sales	**–**	**11.4**	**–**
Amortization of customer contract costs	**1.2**	**–**	**–**
Customer contract related costs	**(0.8)**	**–**	**–**
Unrealized losses on derivative financial instruments	**(15.2)**	**5.4**	**–**
EBITDA from operations	**65.6**	**25.7**	**3.8**

For the three months ended March 31, 2010	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings (loss)	(3.9)	3.6	0.9
Add: Amortization of property, plant and equipment, intangible assets and accretion	15.1	1.6	3.8
Amortization included in cost of sales	–	11.8	–
Amortization of customer contract costs	1.6	–	–
Customer contract related costs	(0.6)	–	–
Other expenses	1.6	–	–
Unrealized losses on derivative financial instruments	41.8	4.2	–
EBITDA from operations	55.6	21.2	4.7

(1) See the Unaudited Condensed Consolidated Financial Statements for net earnings (loss), amortization 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

	For the three months ended March 31, 2010			For the three months ended March 31, 2010		
	Energy Services	**Specialty Chemicals**	**Construction Products Distribution**	Energy Services	Specialty Chemicals	Construction Products Distribution
Revenue per Financial Statements	**841.6**	**131.1**	**166.1**	688.1	110.8	167.0
Foreign currency gains (losses) related to working capital	–	**(0.3)**	–	0.4	(0.9)	–
Revenue per the MD&A	**841.6**	**130.8**	**166.1**	688.5	109.9	167.0
Cost of products sold per Financial Statements	**(688.1)**	**(85.9)**	**(126.4)**	(549.7)	(70.7)	(127.9)
Non-cash amortization	–	**11.4**	–	–	11.8	–
Cost of products sold per the MD&A	**(688.1)**	**(74.5)**	**(126.4)**	(549.7)	(58.9)	(127.9)
Gross profit	**153.5**	**56.3**	**39.7**	138.8	51.0	39.1
Cash operating and administrative Costs per Financial Statements	**(102.5)**	**(32.5)**	**(37.5)**	(97.5)	(32.2)	(38.1)
Amortization and depreciation expenses	**15.2**	**1.6**	**1.9**	14.7	1.6	3.8
Amortization of customer contract related costs	**1.2**	–	–	1.6	–	–
Customer contract related costs	**(0.8)**	–	–	(0.6)	–	–
Reclassification of foreign currency (gains) and losses related to working capital	–	**0.3**	–	(0.4)	0.9	–
Cash operating and administrative costs per the MD&A	**(86.9)**	**(30.6)**	**(35.6)**	(82.2)	(29.7)	(34.3)

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 2010 Annual Information Form under the heading "Risk Factors". For a detailed discussion of these risks, see Superior's 2010 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 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 and to make necessary principal payments 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.

A portion of Superior's net cash flows is denominated in US dollars. Accordingly, fluctuations in the Canadian/US 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 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, along with alternative energy sources that are currently under development. In addition to competition from other energy sources, Superior competes with other retail marketers. Superior’s ability to remain an industry leader depends on its ability to provide reliable service at competitive selling 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 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 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 14% 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 to 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.

Fixed-price energy services purchases natural gas to meet its estimated commitments to its customers based upon their historical consumption. Depending on a number of factors, including weather, customer attrition and poor economic conditions affecting commercial customers' production levels, customers' combined natural gas consumption may vary from the volume purchased. This variance must be reconciled and settled at least annually and may require Superior to purchase or sell natural gas at market prices, which may have an adverse impact on the results of this business. To mitigate balancing risk, Superior 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. In addition, Superior maintains a reserve for potential balancing costs. The reserve is reviewed on a monthly basis to ensure that it is sufficient to absorb any losses that might arise from balancing.

Fixed-price energy services matches its customers' estimated electricity requirements by entering into electricity swaps in advance of acquiring customers. Depending on several factors, including weather, customer energy consumption may vary from the volumes purchased by Superior. Superior 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 Superior 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 US 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 customer's 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.

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 US 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.

Approximately 25% 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 to 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. 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 gypsum specialty distributor (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 commercial & industrial (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, construction or expansion of industrial process facilities, such as oil refineries and petrochemical plants, as well as institutional facilities (e.g., government, health care and schools).

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. 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 to Superior.

SUPERIOR PLUS CORP.
Condensed Consolidated Balance Sheets

(unaudited, millions of Canadian dollars)	**Notes**	**March 31, 2011**	December 31, 2010[(1)]	January 1, 2010[(1)]
Assets				
Current Assets				
Cash and cash equivalents		**19.5**	8.9	24.3
Trade and other receivables	5 & 17	**577.7**	552.4	395.2
Prepaid expenses		**18.3**	23.3	21.3
Inventories	6	**156.2**	167.1	143.5
Unrealized gains on derivative financial instruments	17	**20.0**	31.4	22.2
Total current assets		**791.7**	783.1	606.5
Non-Current Assets				
Property, plant and equipment	7	**892.2**	910.2	880.0
Intangible assets and investment property	8	**171.1**	182.2	185.6
Goodwill	9	**473.1**	471.7	527.5
Notes and finance lease receivable		**13.2**	12.1	–
Deferred tax	18	**324.9**	340.1	326.6
Unrealized gains on derivative financial instruments	17	**25.6**	26.6	28.5
Total non-current assets		**1,900.1**	1,942.9	1,948.2
Total assets		**2,691.8**	2,726.0	2,554.7
Liabilities and Equity				
Current Liabilities				
Trade and other payables	11	**309.9**	320.7	296.3
Deferred revenue	12	**4.9**	6.8	5.8
Borrowings	13 & 14	**133.9**	136.2	108.9
Dividends and interest payable to shareholders and debentureholders		**21.3**	15.5	14.2
Unrealized losses on derivative financial instruments	17	**61.2**	78.6	77.8
Total current liabilities		**531.2**	557.8	503.0
Non-Current Liabilities				
Borrowings	13 & 14	**599.5**	596.7	680.1
Convertible unsecured subordinated debentures	15	**619.9**	619.1	308.4
Provisions	10	**11.1**	11.0	6.9
Employee future benefits	16	**43.7**	45.5	30.1
Deferred tax liabilities	18	**83.2**	84.8	38.5
Unrealized losses on derivative financial instruments	17	**51.5**	57.8	52.6
Total non-current liabilities		**1,408.9**	1,414.9	1,116.6
Total liabilities		**1,940.1**	1,972.7	1,619.6
Equity				
Capital	19	**1,615.6**	1,606.4	1,507.3
Deficit	19	**(798.0)**	(799.1)	(551.1)
Accumulated other comprehensive loss	19	**(65.9)**	(54.0)	(21.1)
Total equity		**751.7**	753.3	935.1
Total liabilities and equity		**2,691.8**	2,726.0	2,554.7

(See Notes to the Condensed Consolidated Financial Statements)
[(1)]Refer to Note 28 for impact of adopting IFRS

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Changes in Equity

(unaudited, millions of Canadian dollars)	Share Capital	Contributed Surplus	**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 for the period	–	–	**–**	**(0.5)**	**–**	**(0.5)**
Net proceeds on issuance of share capital	66.0	–	**66.0**	**–**	**–**	**66.0**
Option value associated with the issuance of the convertible debentures	–	0.2	**0.2**	**–**	**–**	**0.2**
Dividends paid to shareholders (Note 19)	–	–	**–**	**(41.8)**	**–**	**(41.8)**
Unrealized foreign currency gains (losses) on translation of foreign operations	–	–	**–**	**–**	**(16.3)**	**(16.3)**
Amortization of actuarial defined benefit gains (losses)	–	–	**–**	**–**	**(9.2)**	**(9.2)**
Reclassification of derivative gains and losses previously deferred	–	–	**–**	**–**	**(0.3)**	**(0.3)**
Income tax on other comprehensive income	–			**–**	**2.3**	**2.3**
March 31, 2010 [1]	1,568.0	5.5	**1,573.5**	**(593.4)**	**(44.6)**	**935.5**
Net loss for the period	–	–	**–**	**(76.5)**	**–**	**(76.5)**
Net proceeds on issuance of share capital	15.7	–	**15.7**	**–**	**–**	**15.7**
Shares issued under the Dividend reinvestment plan	17.2	–	**17.2**	**–**	**–**	**17.2**
Dividends paid to shareholders (Note 19)	–	–	**–**	**(129.4)**	**–**	**(129.4)**
Unrealized foreign currency gains (losses) on translation of foreign operations	–	–	**–**	**–**	**(11.0)**	**(11.0)**
Amortization of actuarial defined benefit gains (losses)	–	–	**–**	**–**	**(10.7)**	**(10.7)**
Reclassification of derivative gains and losses previously deferred	–	–	**–**	**–**	**12.4**	**12.4**
Income tax on other comprehensive income	–	–	**–**	**–**	**(0.1)**	**(0.1)**
Prior period adjustments	–	–	**–**	**0.2**	**–**	**0.2**
December 31, 2010 [1]	1,600.9	5.5	**1,606.4**	**(799.1)**	**(54.0)**	**753.3**
Net earnings for the period	–	–	**–**	**41.1**	**–**	**41.1**
Shares issued under the Dividend reinvestment plan	9.2	–	**9.2**	**–**	**–**	**9.2**
Dividends paid to shareholders (Note 19)	–	–		**(40.0)**	**–**	**(40.0)**
Unrealized foreign currency gains (losses) on translation of foreign operations	–	–	**–**	**–**	**(13.3)**	**(13.3)**
Amortization of actuarial defined benefit gains (losses)	–	–	**–**	**–**	**1.3**	**1.3**
Reclassification of derivative gains and losses previously deferred	–	–	**–**	**–**	**0.6**	**0.6**
Income tax on other comprehensive income	–	–	**–**	**–**	**(0.5)**	**(0.5)**
March 31, 2011	**1,610.1**	**5.5**	**1,615.6**	**(798.0)**	**(65.9)**	**751.7**

[1] Refer to Note 28 for impact of adopting IFRS

SUPERIOR PLUS CORP.

Condensed Consolidated Statement of Net Earnings (Loss) and Comprehensive Income (Loss)

(unaudited, millions of Canadian dollars except per share amounts)	**Notes**	**Three Months Ended March 31, 2011**	Three Months Ended March 31, 2010[1]
REVENUES	23	**1,138.8**	965.9
Cost of sales (includes products & services)	23	**(900.4)**	(748.3)
Gross profit		**238.4**	217.6
EXPENSES			
Selling, distribution and administrative costs	23	**175.7**	171.9
Other expenses		**–**	1.6
Finance expense	23	**21.6**	18.6
Unrealized losses (gains) on derivative financial instruments	17	**(14.4)**	28.2
		182.9	220.3
Net earnings (loss) before income taxes		**55.5**	(2.7)
Income tax (expense) recovery	18	**(14.4)**	2.2
Net earnings (loss)		**41.1**	(0.5)
Net earnings (loss)		**41.1**	(0.5)
Other comprehensive income (loss), net of tax:			
Unrealized foreign currency gains (losses) on translation of foreign operations	**19**	**(13.3)**	(16.3)
Amortization of actuarial defined benefit gains (losses)	**19**	**1.3**	(9.2)
Reclassification of derivative losses previously deferred	**19**	**0.6**	(0.3)
Income tax (expense) recovery on other comprehensive loss	**19**	**(0.5)**	2.3
Total comprehensive income (loss) for the period		**29.2**	(24.0)
Net Earnings (Loss) per Share			
From operations:			
Basic and diluted	20	**$0.38**	$0.00

(See Notes to the Condensed Consolidated Financial Statements)

(1) Refer to Note 28 for impact of adopting IFRS

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Cash Flows

(unaudited, millions of Canadian dollars)	Notes	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010[1]
OPERATING ACTIVITIES			
Net earnings (loss) for the period		**41.1**	(0.5)
Finance costs recognized in net earnings		**21.6**	18.6
Income tax expense recognized in net earnings		**14.4**	(2.2)
Adjustments for items not affecting cash:			
Depreciation included in selling, distribution and administrative costs	7	**12.2**	12.7
Amortization of intangible assets	8	**6.5**	7.4
Depreciation included in cost of sales	7	**11.4**	11.8
Amortization of customer related costs		**1.2**	1.6
Unrealized losses (gains) on derivative financial instruments	17	**(14.4)**	28.2
Customer contract related costs		**(0.8)**	(0.6)
(Increase) decrease in non-cash operating working capital items	22	**(35.5)**	29.0
Net cash flows from operating activities		**57.7**	106.0
Income taxes paid		**(0.1)**	(0.5)
Interest paid		**(4.2)**	(6.1)
Cash flows from operating activities		**53.4**	99.4
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(7.8)**	(7.0)
Proceeds from disposal of property, plant and equipment	7	**1.0**	0.5
Acquisition of Griffith	4	**–**	(142.6)
Other acquisitions	4	**(4.6)**	(0.4)
Cash flows used in investing activities		**(11.4)**	(149.5)
FINANCING ACTIVITIES			
Net proceeds (repayment) of borrowings and loans		**8.3**	(167.3)
Net payment of finance lease obligations		**(4.1)**	(3.0)
Net proceeds (repayment) from accounts receivable sales program		**(0.8)**	16.7
Proceeds from issuance of 5.75% convertible debentures		**–**	172.5
Issue costs incurred for the 5.75% convertible debentures		**–**	(6.4)
Proceeds from issuance of common shares		**–**	66.5
Proceeds from the dividend reinvestment program		**9.2**	–
Dividends paid to shareholders		**(40.0)**	(41.8)
(Decrease) increase in non-cash working capital		**(3.6)**	1.0
Cash flows (used in) from financing activities		**(31.0)**	38.2
Net increase (decrease) in cash and cash equivalents		**11.0**	(11.9)
Cash and cash equivalents, beginning of period		**8.9**	24.3
Effect of translation of foreign denominated cash and cash equivalents		**(0.4)**	(0.5)
Cash and cash equivalents, end of period		**19.5**	11.9

(See Notes to the Condensed Consolidated Financial Statements)

[1] Refer to Note 28 for impact of adopting IFRS

Notes to the Unaudited Condensed Consolidated Financial Statements

(unaudited, Tabular amounts in Canadian millions of dollars, unless noted otherwise, except per share amounts.)

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 accompanying Unaudited Condensed Consolidated Financial Statements (Consolidated Financial Statements) of Superior as at March 31, 2011 and the three months ended March 31, 2011 and 2010 were authorized for issue by the Board of Directors on May 4, 2011.

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 25)

2. Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board (IASB) and using the accounting policies Superior expects to adopt in its annual consolidated financial statements as at and for the year ending December 31, 2011. Those accounting policies are based on the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that Superior expects to be applicable at that time. Superior applied IFRS 1 "first-time adoption of International Reporting Standards" (IFRS 1) as at January 1, 2010 (Transition Date). An explanation of the transition to IFRS is provided in Note 28. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

These Consolidated Financial Statements are presented in Canadian dollars, which is Superior's functional and presentation currency. All financial information presented in Canadian dollars has been rounded to the nearest million. These Consolidated Financial Statements should be read in conjunction with Superior's 2010 annual consolidated financial statements and in consideration of the IFRS transition disclosures included in Note 28 to these Consolidated Financial Statements and the additional disclosures included herein.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below and incorporate the accounts of Superior and its wholly-owned 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 income statement from date of acquisition, or in the case of disposals, up to the 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.

Superior's Consolidated Financial Statements were previously prepared in accordance with Canadian generally accepted accounting principles (GAAP). GAAP differs in some areas from IFRS and in preparing these Consolidated Financial Statements, management has amended certain accounting, measurements and consolidation methods previously applied in the GAAP financial statements to comply with IFRS. The comparative figures for 2010 were restated to reflect these adjustments. Note 28 contains reconciliations and descriptions of the effect of the transition from GAAP to IFRS on equity, earnings, and comprehensive income along with line-by-line reconciliations of the statement of net earnings (loss) and comprehensive income (loss) and balance sheets for the year ended December 31, 2010 as well as the interim periods relevant to the computation of theses Consolidated Financial Statements.

In preparation of these Consolidated Financial Statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying Superior's accounting policies. The areas involving a higher degree of judgment or complexity are areas where assumptions and estimates are significant to these Consolidated Financial Statements are disclosed in (u).

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 has a revolving trade accounts receivable sales program. 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 weighted average cost and net realizable value. 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.

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 17.

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 (loss) (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 (loss) as incurred. Financial assets at FVTNL are measured at fair value, and changes therein are recognized in net earnings (loss).

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in 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. Financial assets classified at fair value through net earnings (loss) (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 net earning as incurred. Financial assets at FVTNL are measured at fair value, and changes therein are recognized in net earnings (loss).

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

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 on points 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 (loss) 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 remeasured.

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 it 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 17.

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 they expire.

(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 (loss).

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 substantially available for their intended use. All other borrowing costs are recognized in net earnings (loss) in the period which they are incurred.

Depreciation
Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not depreciated. Amortization of 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. Depreciation by class of assets is as follows:

Buildings	15 to 40 years

Leasehold improvements	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 (loss) 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 are 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.

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 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 15 to 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

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 (loss). 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.

Also 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*.

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 than Superior is required to reassess the value of the both the cost and net assets acquired and any excess remaining after this reassessment is recognized immediately in net earnings (loss). Goodwill is tested for impairment on an annual basis at the CGU level. 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 (loss) 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 (loss) 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 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 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 along with 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 (loss), 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 (h) 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 (loss) 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.

Environment 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 (loss) for the year. Taxable net earnings (loss) differs from net earnings (loss) as reported in the consolidated income statement 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 (loss), and is accounted for using the balance sheet liability method. Deferred income tax assets are generally recognized for all taxable temporary differences to the extent that it is probable that taxable net earnings (loss) 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 (loss) nor taxable net earnings (loss); 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 (loss) 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced, via a valuation allowance, to the extent that it is no longer probable that sufficient taxable net earnings (loss) will be available to allow all or part of the asset to be recovered.

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 (loss), except where they relate to amounts recognized outside of net earnings (loss) (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside net earnings (loss), 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 is expressed in Canadian dollars which is 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 (loss).

(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 (loss) in the period in which they become receivable.

(t) Net Earnings (Loss) per Share
Basic net earnings (loss) 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 (loss) 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 (loss) 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 the 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 income 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 Note 2(e) and 2(f).

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 benefits 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 Impairments
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 or not 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 make 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 are determined and classified within three categories, which are outlined below and discussed in more detail in Note 17.

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 January 1, 2011 or later periods. The standards impacted that are applicable to Superior are as follows:
• IFRS 1 – *First-time Adoption of International Financial Reporting Standards, amendments regarding severe hyperinflation and Removal of Fixed Dates for First-time Adopters;*
• IFRS 7 - *Financial Instruments: Disclosure, amendments regarding disclosures – Transfer of Financial Assets;*
• IFRS 9 - *Financial Instruments: Classification and Measurement; and*
• IAS 12 – *Income Taxes, amendments regarding Deferred Tax: Recovery of Underlying Assets.*

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 levels are typically at seasonally high levels during the first and fourth quarter, and normally decline 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 March 9, 2011, Superior completed the acquisition of certain assets (Propane Assets) which make up 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 Energy Services business in Ontario and benefit from synergies. The below noted fair values have been prepared on a provisional basis pending finalization of net working capital adjustments.

Propane Assets Acquisition	Fair Value Recognized on Acquisition
Trade and other receivables	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**

Subsequent to the acquisition date of March 9, 2011, the Propane Assets contributed revenue and net earnings of $0.4 million to Energy Services and $nil million, respectively for the three months ended March 31, 2011. Superior cannot reasonably determine the revenue and net earnings amount attributable to the Propane Assets had the acquisition closed on January 1, 2011.

On January 15, 2011, Superior completed the acquisition of certain assets which make up a refined fuel and propane distribution business (Butler Assets) 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 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 25, 2010, Superior completed the acquisition of certain assets which make up a US retail heating oil and propane distribution business (KW Assets) 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 Assets Acquisition	Fair Value Recognized on Acquisition
Inventories	0.2
Property, plant and equipment	3.3
Intangible assets	2.1
	5.6
Trade and other payables	(0.7)
	(0.7)
Net identifiable assets and liabilities	4.9
Goodwill arising on acquisition	–
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 KW 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 June 28, 2010, Superior completed the acquisition of certain assets of a Western Canadian commercial and industrial insulation distributor (Burnaby Assets) 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 comprehensive income. The assets acquired consist of three operating branches in Alberta and British Columbia and allows Construction Products Distribution to expand its commercial and industrial distribution business in Canada.

Burnaby Assets Acquisition	Fair Value Recognized on Acquisition	Previous Carrying Value
Trade and other receivables	8.4	8.6
Inventories	2.9	2.9
Property, plant and equipment	0.5	0.5
	11.8	12.0
Trade and other payables	(3.0)	(3.0)
	(3.0)	(3.0)
Net identifiable assets and liabilities	8.8	9.0
Goodwill arising on acquisition	8.9	–
Total consideration	**17.7**	**9.0**
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 the Burnaby Assets in order expand its commercial and industrial insulation business in Canada. The above noted fair values for the acquisition of Burnaby Assets has been prepared on a provisional basis pending finalization of the fair value determination of the separate identifiable intangible assets.

Revenue and net loss for the six months ended June 28, 2010 would have been $21.1 million and $2.8 million, respectively, if the Burnaby Asset acquisition had occurred on January 1, 2010. Superior cannot reasonably determine the amount of revenue and net earnings contributed by the Burnaby Assets to Construction Products Distribution since the closing date as the operations were integrated into Superior's operations.

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 comprehensive income. 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 were:

Griffith Acquisition	Fair Value Recognized on Acquisition	Previous Carrying Value
Trade and other receivables	41.1	42.5
Inventories	23.2	23.1
Unrealized gains on derivative financial instruments	1.2	1.7
Property, plant and equipment	83.2	51.3
Intangible assets	54.4	5.1
	203.1	123.7
Trade and other payables	(32.8)	(32.8)
Provisions	(3.6)	(2.4)
Assumed deferred consideration obligations	(0.6)	(0.6)
Deferred tax liability	(41.7)	(14.6)
	(78.7)	(50.4)
Net identifiable assets and liabilities	124.4	73.3
Goodwill arising on acquisition (1)	18.2	–
Total consideration	**142.6**	**73.3**
The components of the purchase consideration are as follows:		
Cash paid	142.6	
Total purchase consideration	**142.6**	

(1) 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 loss for the three months ended March 31, 2010 for energy Services would have included $366.0 million and $14.8 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 was $318.4 million and $13.8 million, respectively for the three months ended March 31, 2010.

5. Trade and Other Receivables

A summary of trade and other receivables are as follows:

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Trade receivables, net of allowances	**17**	**531.5**	501.1	331.2
Accounts receivable – other		**45.6**	50.7	64.0
Finance lease receivable		**0.6**	0.6	–
Trade and other receivables		**577.7**	552.4	395.2

6. Inventories

The cost of inventories recognized as an expense during the three months ended March 31, 2011 was $820.2 million (2010 - $652.9 million). No write-downs of inventory or reversals of write-downs were recorded during the three months ended March 31, 2010 and 2011.

7. Property, Plant and Equipment

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Services Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance at January 1, 2010	22.2	129.0	719.1	481.4	45.9	2.6	1,400.2
Balance at December 31, 2010	37.1	140.3	713.8	568.4	38.6	8.8	1,507.0
Balance at March 31, 2011	**37.1**	**139.7**	**710.7**	**564.2**	**38.3**	**8.8**	**1,498.8**
Accumulated Depreciation and Impairment							
Balance at January 1, 2010	–	28.4	230.8	240.0	19.1	1.9	520.2
Balance at December 31, 2010	–	32.8	269.1	269.3	19.0	6.6	596.8
Balance at March 31, 2011	**–**	**33.8**	**277.8**	**268.5**	**19.8**	**6.7**	**606.6**
Carrying Value							
As at January 1, 2010	22.2	100.6	488.3	241.4	26.8	0.7	880.0
As at December 31, 2010	37.1	107.5	444.7	299.1	19.6	2.2	910.2
As at March 31, 2011	**37.1**	**105.9**	**432.9**	**295.7**	**18.5**	**2.1**	**892.2**

Depreciation per cost category:

	March 31, 2011	March 31, 2010
Cost of sales	**11.4**	11.8
Selling, distribution and administrative costs	**12.2**	12.7
Other	**–**	–
Total	**23.6**	24.5

Superior's carrying value of Superior's property, plant, and equipment includes $73.9 million as at March 31, 2011 (December 31, 2010 - $73.7 million and January 1, 2010 - $59.5 million) leased assets.

8. Intangible Assets and Investment Property

	Customer Contract Related Costs	Energy Services Trademarks & Non-Compete Agreements	Construction Products Distribution Intangible Assets	Specialty Chemicals Royalty Assets and Patents	Investment Property	Total
Cost						
Balance at January 1, 2010	36.5	108.8	46.1	65.4	1.0	257.8
Balance at December 31, 2010	38.2	163.3	21.0	65.4	1.0	288.9
Balance at March 31, 2011	**39.0**	**159.3**	**21.2**	**65.4**	**1.0**	**285.9**
Accumulated Amortization and Impairment						
Balance at January 1, 2010	21.8	2.0	2.4	46.0	–	72.2
Balance at December 31, 2010	27.0	23.7	3.4	52.6	–	106.7
Balance at March 31, 2011	**28.1**	**28.5**	**4.0**	**54.2**	–	**114.8**
Carrying value						
As at January 1, 2010	14.7	106.8	43.7	19.4	1.0	185.6
As at December 31, 2010	11.2	139.6	17.6	12.8	1.0	182.2
As at March 31, 2011	**10.9**	**130.8**	**17.2**	**11.2**	**1.0**	**171.1**

Amortization per cost category:

	March 31, 2011	March 31, 2010
Cost of sales	–	–
Selling, distribution and administrative costs	**6.5**	7.4
Other	–	–
Total	**6.5**	7.4

9. Goodwill

	March 31, 2011	December 31, 2010	January 1, 2010
Balance at beginning of period	**471.7**	527.5	527.5
Additional amounts recognized from business combinations occurring during the period (Note 4)	**3.1**	38.3	–
Impairment losses	–	(88.4)	–
Effect of foreign currency differences	**(1.7)**	(5.7)	–
Balance at end of period	**473.1**	471.7	527.5

10. Provisions

	Decommissioning Costs	Environmental Expenditures	Total
Balance as at January 1, 2010	6.9	–	6.9
Balance as at December 31, 2010	8.0	3.0	11.0
Additional provisions recognized during the period	0.4	–	0.4
Utilization	–	(0.1)	(0.1)
Unwinding of discount and effect of change in discount rate	0.1	–	0.1
Effect of foreign currency differences	–	(0.3)	(0.3)
Balance at March 31, 2011	**8.5**	**2.6**	**11.1**

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. The discount rate used in Superior's calculation was 3.75% (December 31, 2010 – 4.0%). Superior estimates the total undiscounted amount of expenditures required to settle its decommissioning liabilities is approximately $19.9 million (December 31, 2010 - $20.1 million) which will be paid out over the next twenty to twenty five 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 decommissioning liabilities is approximately $8.6 million (December 31, 2010 - $9.8 million) which will be paid out over the next twenty to twenty five years. The risk-free rate of 3.75% (December 31, 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 risk-free discount rate of 3.75% (December 31, 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.

11. Trade and Other Payables

A summary of trade and other payables are as follows:	**Notes**	**March 31, 2011**	December 31, 2010	January 1, 2010
Trade payables	**17**	**251.4**	256.9	210.5
Other payables		**49.4**	54.3	75.7
Amounts due to customers under construction contacts	**8**	**0.7**	0.7	1.0
Share based payments		**8.4**	8.8	9.1
Trade and other payables		**309.9**	320.7	296.3

12. Deferred Revenue

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Balance at beginning of the period		**6.8**	5.8	5.8
Deferred during the period		**1.9**	15.0	–
Released to the income statement		**(3.8)**	(14.0)	–
Balance at end of period		**4.9**	6.8	5.8

	March 31, 2011	December 31, 2010	January 1, 2010
Current	**4.9**	6.8	5.8
Non-current	**–**	–	–
	4.9	6.8	5.8

The deferred revenue relates to Energy Services unearned service revenue.

13. Borrowings

	Year of Maturity	Effective Interest Rate	**March 31, 2011**	December 31, 2010	January 1, 2010
Revolving term bank credits [1]					
Bankers Acceptances (BA)	2013	Floating BA rate plus applicable credit spread	**120.7**	100.8	174.6
LIBOR Loans (US$162.0 million; 2010– US$174.0 million)	2013	Floating LIBOR rate plus applicable credit spread	**157.4**	173.1	152.4
			278.1	273.9	327.0
Other Debt					
Notes payable	2010	Prime	**–**	–	0.6
Deferred consideration	2011-2012	Non-interest bearing	**2.3**	1.2	2.4
Accounts receivable securitization [2]			**89.3**	90.1	92.7
			91.6	91.3	95.7
Senior Secured Notes[3]					
Senior secured notes subject to fixed interest rates (US$156.0 million; 2010 – US$156.0 million)	2011-2015	7.65%	**151.6**	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 14)			**68.6**	69.7	58.0
Total Borrowings before deferred financing fees			**739.9**	740.0	796.1
Deferred financing fees			**(6.5)**	(7.1)	(7.1)
Borrowings			**733.4**	732.9	789.0
Current maturities			**(133.9)**	(136.2)	(108.9)
Borrowings			**599.5**	596.7	680.1

(1) Superior and its wholly-owned subsidiaries, Superior Plus US Holdings Inc. and Commercial e Industrial (Chile) Limitada, have revolving term bank credit borrowing capacity of $450.0 million. The credit facilities mature on June 28, 2013. These facilities are secured by a general charge over the assets of Superior and certain of its subsidiaries. As at March 31, 2011, Superior had $16.7 million of outstanding letters of credit (December 31, 2010 - $28.6 million). The fair value of Superior's revolving term bank credits and other debt approximates its carrying value as a result of the market based interest rates and the short-term nature of the underlying debt instruments.

(2) Superior sells, with limited recourse, certain trade accounts receivable on a revolving basis to an entity sponsored by a Canadian chartered bank. The accounts receivable are 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 March 31, 2011 proceeds of $89.3 million (December 31, 2010 – $90.1 million) had been received. The accounts receivable program matures on July 29, 2011. Under the accounts receivable securitization program, Superior is required to maintain a minimum secured credit rating of BB.

(3) Senior secured notes (the Notes) totaling US$156.0 million and US$156.0 million, respectively (Cdn$151.6 million at March 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 March 31, 2011 was Cdn$155.5 million (December 31, 2010 – Cdn$156.6 million).

Repayment requirements of Borrowings before deferred financing costs are as follows:

Current maturities	133.9
Due in 2012	43.6
Due in 2013	320.9
Due in 2014	43.2
Due in 2015	37.4
Subsequent to 2015	160.9
Total	739.9

14. 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:

	March 31, 2011	December 31, 2010	January 1, 2010
Not later than one year	**29.6**	27.7	26.5
Later than one year and not later than five years	**64.2**	65.6	60.4
Later than five years	**20.4**	20.7	15.8
	114.2	114.0	102.7

Obligations under finance lease

Finance leases relate to fuel distribution and construction products vehicles and equipment with lease terms of 5 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 lessor's title to the leased assets.

	Minimum Lease Payments			**Present Value of Minimum Lease Payments**		
	March 31, 2011	December 31, 2010	January 1, 2010	**March 31, 2011**	December 31, 2010	January 1, 2010
Not later than one year	**18.8**	17.4	14.1	**12.9**	13.9	11.1
Later than one year and not later than five years	**57.1**	55.2	45.0	**50.0**	48.8	38.0
Later than five years	**6.0**	7.3	9.1	**5.7**	7.0	8.9
Less: future finance charges	**(13.3)**	(10.2)	(10.2)	**–**	–	–
Present value of minimum lease payments	**68.6**	69.7	58.0	**68.6**	69.7	58.0

Included in the financial statements as:

	March 31, 2011	December 31, 2010	January 1, 2010
Current portion leasing obligations	**12.9**	13.9	11.1
Non-current portion of leasing obligations	**55.7**	55.8	46.9
	68.6	69.7	58.0

15. Convertible Unsecured Subordinated Debentures

Superior's debentures are as follows:

Maturity	December 2012	October 2015	December 2014	June 2017[(1)]	June 2018[(2)]	**Total Carrying Value**
Interest rate	5.75%	5.85%	7.50%	5.75%	6.0%	
Conversion price per share	$36.00	$31.25	$13.10	$19.00	$15.10	
Face value, December 31, 2010	174.9	75.0	69.0	172.5	150.0	641.4
Debentures issued	–	–	–	–	–	–
Face value, March 31, 2011	**174.9**	**75.0**	**69.0**	**172.5**	**150.0**	**641.4**
Issue costs, December 31, 2010	(2.8)	(1.2)	(2.7)	(6.5)	(5.7)	(18.9)
Issue costs incurred	–	–	–	–	–	–
Accretion of issue costs	0.3	0.1	0.1	0.2	0.1	0.8
Issue costs, March 31, 2011	**(2.5)**	**(1.1)**	**(2.6)**	**(6.3)**	**(5.6)**	**(18.1)**
Discount value, December 31, 2010	(0.9)	(0.3)	(0.4)	(0.2)	(1.8)	(3.6)
Recognized discount value	–	–	–	–	–	–
Accretion of discount value	0.1	–	–	–	0.1	0.2
Discount value, March 31, 2011	**(0.8)**	**(0.3)**	**(0.4)**	**(0.2)**	**(1.7)**	**(3.4)**
Debentures outstanding as at March 31, 2011	**171.6**	**73.6**	**66.0**	**166.0**	**142.7**	**619.9**
Debentures outstanding as at December 31, 2010	171.2	73.4	66.0	165.9	142.6	619.1
Debentures outstanding as at January 1, 2010	170.0	73.1	65.3	–	–	308.4
Quoted market value as at March 31, 2011	**176.3**	**75.8**	**72.8**	**170.5**	**148.1**	**643.5**
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.

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 convertible debentures. The cash conversion put option has been classified as an embedded derivative and measured at fair value through net earnings and loss (see Note 17 for further details).

16. Employee Future Benefits

Amounts recognized in net earnings (loss) in respect of these defined benefit plans are as follows for the periods ended:

	March 31, 2011	March 31, 2010
Current service cost	**0.5**	0.5
Interest on obligation	**2.1**	2.1
Expected return on plan assets	**(1.8)**	(1.8)
	0.8	0.8

The total expense for the period is included in the "Selling, distribution and administrative costs" expense in the income statement.

The amount recognized in “Other Comprehensive Income” is as follows:

March 31,	**2011**	2010
Actuarial gains and (losses)	**1.3**	(1.8)
Cumulative actuarial losses	**(18.7)**	(1.8)

17. 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.

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.

Description	Notional (1)	Term	Effective Rate	Fair Value Input Level	Asset (Liability) March 31, 2011	December 31, 2010	January 1, 2010
Natural gas financial swaps−NYMEX	0.2 GJ(2)	2011	US$8.47/GJ	Level 1	**(33.3)**	(101.1)	(22.2)
Natural gas financial swaps−AECO	34.3 GJ(2)	2011-2015	CDN$6.69/GJ	Level 1	**(56.8)**	(2.9)	(69.3)
Foreign currency forward contracts, net sale	US$508.1(3)	2011-2014	1.07	Level 1	**38.4**	33.8	12.5
Foreign currency forward contracts	EURO €3.6(3)	2011	1.40	Level 1	**–**	0.1	0.4
Interest rate swaps – CDN$	US$150.0(3)	2011-2017	Six month BA rate plus 2.65%	Level 2	**(1.1)**	1.6	–
Energy Services Propane wholesale purchase and sale contracts, net sale	2.64 USG(4)	2011-2012	$1.74/USG	Level 2	**0.9**	(1.6)	(2.2)
Energy Services Butane wholesale purchase and sale contracts, net sale	0.83 USG(4)	2011-2012	$1.51/USG	Level 2	**(0.2)**	–	(0.2)
Energy Services electricity swaps	1.2 MWh(5)	2011-2016	$48.26/MWh	Level 2	**(12.4)**	(13.0)	(9.3)
Energy Services swaps and option purchase and sale contracts	8.2 Gallons(4)	2011	$3.01 US/Gallon	Level 2	**–**	1.2	0.1
Specialty Chemicals fixed-price electricity purchase agreement	12-45 MW (6)	2010-2017	$37-59/MWh	Level 3	**–**	5.3	10.5

(1) Notional values as at January 1, 2010 (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

All financial and non-financial derivatives are designated as fair value through net earnings or loss upon their initial recognition.

Description	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities
Natural gas financial swaps – NYMEX and AECO	0.6	–	52.8	37.9
Energy Services electricity swaps	–	–	5.8	6.6
Foreign currency forward contracts, net	15.1	24.6	1.3	–
Interest rate swaps	2.3	1.0	–	4.4
Debenture embedded derivative	–	–	–	2.6
Energy Services propane wholesale purchase and sale contracts	1.6	–	0.7	–
Energy Services butane wholesale purchase and sale contracts	–	–	0.2	–
Energy Services heating oil purchase and sale contracts	0.4	–	0.4	–
As at March 31, 2011	**20.0**	**25.6**	**61.2**	**51.5**
As at December 31, 2010	31.4	26.6	78.6	57.8
As at January 1, 2010	22.2	28.5	77.8	52.6

Description	For the three months ended March 31, 2011 Realized gain (loss)	Unrealized gain (loss)	For the three months ended March 31, 2010 Realized gain (loss)	Unrealized gain (loss)
Natural gas financial swaps – NYMEX and AECO	**(17.9)**	**13.5**	(14.6)	(38.7)
Energy Services electricity swaps	**(1.4)**	**0.6**	(1.3)	(3.9)
Foreign currency forward contracts, net	**5.8**	**4.5**	(1.0)	14.1
Interest rate swaps	**–**	**(2.7)**	–	(1.3)
Energy Services propane wholesale purchase and sale contracts	**–**	**2.4**	–	2.3
Energy Services butane wholesale purchase and sale contracts	**–**	**(0.1)**	–	–
Energy Services heating oil purchase and sale contracts	**(2.1)**	**(1.2)**	–	(1.4)
Specialty Chemicals fixed-price power purchase agreements	**(0.9)**	**(5.4)**	(0.7)	(4.2)
Total realized and unrealized gains (losses) on financial and non-financial derivatives	**(16.5)**	**11.6**	(17.6)	(33.1)
Foreign currency translation of senior secured notes	**–**	**3.6**	–	4.9
Change in fair value of debenture embedded derivative	**–**	**(0.8)**	–	–
Total realized and unrealized gains (losses)	**(16.5)**	**14.4**	(17.6)	(28.2)

Realized gains (losses) on financial and non-financial derivatives and foreign currency translation gains (losses) on the revaluation of Canadian domiciled US-denominated working capital al have been classified on the statement of net earnings (loss) 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
Inventories	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
Provisions	Other liabilities	Amortized cost
Borrowings	Other liabilities	Amortized cost
Convertible unsecured subordinated debentures	Other liabilities	Amortized cost
Derivative liabilities	FVTNL	Fair Value

Non-Derivative Financial Instruments

The fair value of Superior's cash and cash equivalents, trade and other receivables, trade and other payables, and dividends and interest payable to shareholders and debenture holders 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 13 and 15.

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, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as fair value through profit or loss.

Effective 2008, 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 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 contract a portion of their fixed-price natural gas, and propane purchases and sales in US dollars and enter into forward US dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals enters into US 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 US dollars. Interest expense on Superior's US 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 on-going 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 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.

Allowance for doubtful accounts and past due receivables are reviewed by Superior at each balance sheet 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:

	March 31, 2011	December 31, 2010	January 1, 2010
Current	**296.7**	296.3	266.7
Past due less than 90 days	**213.4**	182.3	63.7
Past due over 90 days	**36.1**	36.5	11.0
Trade Receivable	**546.2**	515.1	341.4

Superior's trade receivable are stated after deducting a provision of $14.7 million as at March 31, 2011 (December 31, 2010 − $14.0 million). The movement in the provision for doubtful accounts was as follows:

	Three months ended March 31, 2011	Twelve months ended December 31, 2010	January 1, 2010
Allowance for doubtful accounts, opening	**(14.0)**	(10.2)	(10.2)
Opening adjustment due to acquisitions	–	(1.0)	–
Impairment losses recognized on receivables	**(1.4)**	(6.3)	–
Amounts written off during the period as uncollectible	**0.7**	3.5	–
Allowance for doubtful accounts, ending	**(14.7)**	(14.0)	(10.2)

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

	2011	**2012**	**2013**	**2014**	**2015 and Thereafter**	**Total**
Borrowings	133.9	43.6	320.9	43.2	198.3	739.9
Convertible unsecured subordinated debentures	–	174.9	–	69.0	397.5	641.4
CDN$ equivalent of US$ foreign currency forward purchase contracts	5.9	–	–	–	–	5.9
US$ foreign currency forward sales contracts (US$)	135.5	190.5	140.0	48.0	–	514.0
€ foreign currency forward sales contracts (EURO)	5.0	–	–	–	–	5.0
Fixed-price electricity purchase commitments	10.8	–	–	–	–	10.8
CDN$ natural gas purchases	25.4	9.0	5.4	(1.4)	(0.2)	38.2
US$ natural gas purchases (US$)	0.5	–	–	–	–	0.5
US$ heating oil purchases (US$)	23.9	–	–	–	–	23.9
US$ propane purchases (US$)	1.1	–	–	–	–	1.1
US$ butane purchases (US$)	0.5	–	–	–	–	0.5

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:

	Three months ended March 31, 2011
Increase (decrease) to net earnings (loss) of a $0.01 increase in the CDN$ to the US$	(3.4)
Increase (decrease) to net earnings (loss) of a 0.5% increase in interest rates	(0.5)
Increase (decrease) to net earnings (loss) of a $0.40/GJ increase in the price of natural gas	12.9
Increase (decrease) to net earnings (loss) of a $0.04/litre increase in the price of propane	0.2
Increase (decrease) to net earnings (loss) of a $0.10/gallon increase in the price of heating oil	0.8
Increase (decrease) to net earnings (loss) of a $1.00/KwH increase in the price of electricity	1.1
Increase (decrease) to net earnings of a $0.04/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 represent 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.

18. Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and deferred income taxes, including United States income tax and Chilean income tax.

Total income tax expense, comprised of current and deferred taxes for the three months ended March 31, 2011 was a $14.4 million expense compared to a $2.2 million recovery in the comparative period. Income taxes were impacted by the unrealized losses on derivative financial instruments, increase in U.S based taxable income and the excess of accounting claims over the utilization of tax pools. For the three months ended March 31, 2011, deferred income tax expense from operations in Canada, the United States and Chile was $14.3 million, which resulted in a corresponding total net deferred income tax asset of $241.7 million. The deferred income tax recovery for the three ended March 31, 2010 was a $2.7 million.

19. Shareholders' 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 to holders of common shares, to be paid rateably 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 rateably 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.

Common shares outstanding as at January 1, 2010, December 31, 2010 and March 31, 2011 have par value of $nil million. No common shares have been reserved in relation to any share option programs.

	Issued Number of Common Shares (Millions)	Shareholders' Equity
Shareholders' equity, January 1, 2010	99.9	935.1
Shareholders' equity, December 31, 2010	107.7	753.3
Net earnings	–	41.1
Other comprehensive loss	–	(11.9)
Issuance of common shares	–	–
Issuance of common shares for the dividend reinvestment plan	0.8	9.2
Dividends paid to shareholders [(1)]	–	(40.0)
Shareholders' equity, March 31, 2011	**108.5**	**751.7**

[(1)] Dividends to shareholders are declared at the discretion of Superior. During the three months ended March 31, 2011, Superior paid dividends of $40.0 million or $0.30 per share (2010: $41.8 million or $0.40 per share).

Accumulated other comprehensive income (loss) consisted of the following components:

	March 31, 2011	December 31, 2010	January 1, 2010
Currency translation adjustment			
Balance at beginning of period	**(27.3)**	–	–
Unrealized foreign currency gains (losses) on translation of self-sustaining foreign operations	**(13.3)**	(27.3)	–
Balance at end of period	**(40.6)**	(27.3)	–
Actuarial defined benefits			
Balance at beginning of period	**(14.8)**	–	–
Amortization of actuarial defined benefit gains (losses)	**1.3**	(19.9)	–
Income tax	**(0.4)**	5.1	–
Balance at end of period	**(13.9)**	(14.8)	–
Accumulated derivative gains (losses)			
Balance at beginning of period	**(11.9)**	(21.1)	(21.1)
Reclassification of derivative gains previously deferred	**0.6**	(2.9)	–
Income tax	**(0.1)**	12.1	–
Balance at end of period	**(11.4)**	(11.9)	(21.1)
Accumulated other comprehensive loss at end of period	**(65.9)**	(54.0)	(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, securitized accounts receivable 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, issue new debt or convertible debentures with different characteristics and/or increase or decrease the amount of securitized accounts receivable.

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 March 31, 2011 and December 31, 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

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 March 31, 2011	As at December 31, 2010
Total shareholders' equity	**751.7**	753.3
Exclude accumulated other comprehensive loss	**65.9**	54.0
Shareholders' equity (excluding AOCI)	**817.6**	807.3
Current borrowings	**133.9**	136.2
Borrowings [(1)]	**606.0**	603.8
Less: Senior unsecured debentures	**(150.0)**	(150.0)
Consolidated secured debt	**589.9**	590.0
Add: Senior unsecured debentures	**150.0**	150.0
Consolidated debt	**739.9**	740.0
Convertible unsecured subordinated debentures [(1)]	**638.0**	638.0
Total debt	**1,377.9**	1,378.0
Total capital	**2,195.5**	2,185.3

	Twelve months ended March 31, 2011	Twelve months ended December 31, 2010
Net earnings (loss)	**(27.0)**	(77.0)
Adjusted for:		
Finance expense	**75.4**	72.4
Depreciation of property, plant and equipment	**50.9**	51.4
Depreciation and amortization included in cost of sales	**46.0**	46.4
Amortization of intangible assets	**27.1**	28.0
Impairment of goodwill and intangible assets	**89.5**	89.5
Income tax expense	**15.0**	6.5
Unrealized (gains) losses on derivative financial instruments	**(40.4)**	2.2
Non-cash pension expense	**–**	0.8

Proforma impact of acquisitions	**2.1**	4.8
Compliance EBITDA [(2)]	**238.6**	225.0

	March 31, 2011	December 31, 2010
Consolidated debt to Compliance EBITDA[(2)]	**3.1:1**	3.3:1
Total debt to Compliance EBITDA[(2)]	**5.8:1**	6.1:1

(1) Borrowings and convertible unsecured subordinated debentures are before deferred issue costs.
(2) EBITDA, as defined by Superior's revolving term credit facility, is calculated on a trailing 12-month basis taking into consideration the proforma 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.

20. Net Earnings (loss) per Share

	Notes	**Three months ended March 31, 2011**	Three months ended March 31, 2010
Net earnings (loss) per share computation, basic and diluted [(1)]			
Net earnings (loss) for the period		**41.1**	(0.5)
Weighted average shares outstanding		**108.1**	103.3
Net earnings (loss) per share, basic and diluted		**$0.38**	$ –

(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.

	Notes	**Three months ended March 31, 2011**	Three months ended March 31, 2010
Convertible Debentures			
5.75% Series III	**15**	**4.9**	4.9
5.85% Series IV	**15**	**2.4**	2.4
7.50% Series V	**15**	**5.3**	5.3
5.75% Series VI	**15**	**9.1**	9.1
6.00% Series VII	**15**	**9.9**	–
Total anti-dilutive instruments		**31.6**	21.6

21. Share Based Compensation

Restricted/Performance Shares

Under the terms of Superior's long-term incentive program, restricted shares (RSs) and/or performance shares (PSs) can be granted to directors, senior officers and employees of Superior. Both 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 vis-à-vis other companies/trusts' performance based on certain benchmarks. As at March 31, 2011 there were 947,461 RSs outstanding (2010 – 936,637RSs) and 899,561 PSs outstanding (2010 – 1,006,400PSs). For the three months ended March 31, 2011 total compensation expense related to RSs and PSs was $1.5 million (2010 - $6.3 million). For the three months ended March 31, 2011 the total carrying amount of the liability related to RSs and PSs was $49.9 million (2010 - $37.5 million).

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

	Three months ended March 31, 2011	Three months ended March 31, 2010
Changes in non-cash working capital		
Trade receivable and other	**(21.4)**	(171.3)
Inventories	**10.9**	(23.6)
Trade and other payables	**(18.3)**	25.4
Purchased working capital	**1.1**	39.1
Other	**(7.8)**	159.4
	(35.5)	29.0

23. Supplemental Disclosure of Condensed Consolidated Statement of Comprehensive Income

	Three months ended March 31, 2011	Three months ended March 31, 2010
Revenues		
Revenue from products and services	**1,134.6**	964.5
Finance income	**0.1**	-
Realized gains on derivative financial instruments	**4.1**	1.4
	1,138.8	965.9
Cost of sales (includes products and services)		
Cost of products and services	**(868.4)**	(717.5)
Depreciation of property, plant and equipment	**(11.4)**	(11.8)
Realized losses on derivative financial instruments	**(20.6)**	(19.0)
	(900.4)	(748.3)
Selling, distribution and administration costs		
Other selling, distribution and administrative costs	**(156.2)**	(151.0)
Employee future benefit expense	**(0.8)**	(0.8)
Depreciation of property, plant and equipment	**(12.2)**	(12.7)
Amortization of intangible assets	**(6.5)**	(7.4)
	(175.7)	(171.9)
Finance expense		
Interest on borrowings	**(9.2)**	(10.8)
Interest on obligations under finance leases	**(1.3)**	(1.1)
Interest on convertible unsecured subordinated debentures	**(9.3)**	(5.2)
Unwind of discount on debentures, borrowing and decommissioning liabilities	**(1.8)**	(1.5)
	(21.6)	(18.6)

24. Related-Party Transactions

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

For the three months ended March 31, 2010 and 2011, Superior incurred $0.9 million and $0.2 million in legal fees respectively, with Macleod Dixon LLP. Macleod Dixon LLP is a related party with Superior as a board member is a Partner at the law firm.

25. Reportable 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.

For the three months ended March 31, 2011	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	**841.6**	**131.1**	**166.1**	**–**	**1,138.8**
Cost of sales (includes product & services)	**(688.1)**	**(85.9)**	**(126.4)**	**–**	**(900.4)**
Gross Profit	**153.5**	**45.2**	**39.7**	**–**	**238.4**
Expenses					
Selling, distribution and administrative costs	**102.5**	**32.5**	**37.5**	**3.2**	**175.7**
Finance expense	**1.0**	**0.1**	**0.3**	**20.2**	**21.6**
Unrealized losses (gains) on derivative financial instruments	**(15.2)**	**5.4**	**–**	**(4.6)**	**(14.4)**
	88.3	**38.0**	**37.8**	**18.8**	**182.9**
Net earnings (loss) before income taxes	**65.2**	**7.2**	**1.9**	**(18.8)**	**55.5**
Income tax recovery (expense)	**–**	**–**	**–**	**(14.4)**	**(14.4)**
Net earnings (loss)	**65.2**	**7.2**	**1.9**	**(33.2)**	**41.1**

For the three months ended March 31, 2010	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	688.1	110.8	167.0	–	965.9
Cost of sales (includes products & services)	(549.7)	(70.7)	(127.9)	–	(748.3)
Gross Profit	138.4	40.1	39.1	–	217.6
Expenses					
Selling, distribution and administrative costs	97.5	32.2	38.1	4.1	171.9
Other expenses	1.6	–	–	–	1.6
Finance expense	1.0	0.1	0.1	17.4	18.6
Unrealized losses (gains) on derivative financial instruments	41.8	4.2	–	(17.8)	28.2
	141.9	36.5	38.2	3.7	220.3
Net earnings (loss) before income taxes	(3.5)	3.6	0.9	(3.7)	(2.7)
Income tax recovery (expense)	–	–	–	2.2	2.2
Net earnings (Loss)	(3.5)	3.6	0.9	(1.5)	(0.5)

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 March 31, 2011					
Net working capital [(1)]	**315.7**	**32.9**	**105.8**	**(38.3)**	**416.1**
Total assets	**1,121.1**	**632.9**	**280.7**	**657.1**	**2,691.8**
Total liabilities	**401.4**	**172.1**	**79.5**	**1,287.1**	**1,940.1**
As at December 31, 2010					
Net working capital [(1)]	290.2	33.5	107.2	(31.1)	399.8
Total assets	1,406.7	653.1	280.8	385.4	2,726.0
Total liabilities	447.2	177.3	76.4	1,271.8	1,972.7
For the three months ended March 31, 2011					
Acquisitions	**4.6**	**–**	**–**	**–**	**4.6**
Purchase of property, plant and equipment	**4.1**	**2.8**	**0.9**	**–**	**7.8**
For the three months ended March 31, 2010					
Acquisitions	142.6	−	0.4	−	143.0
Purchase of property, plant and equipment	3.6	3.2	0.2	−	7.0

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

26. Geographic Information

	Canada	United States	Other	Total Consolidated
Revenues for the three months ended March 31, 2011	**515.1**	**601.9**	**21.8**	**1,138.8**
Property, plant and equipment as at March 31, 2011	**502.1**	**341.2**	**48.9**	**892.2**
Goodwill as at March 31, 2011	**394.6**	**78.5**	**–**	**473.1**
Total assets as at March 31, 2011	**1,776.1**	**843.6**	**72.1**	**2,691.8**
Revenues for the three months ended March 31, 2010	477.6	466.1	22.2	965.9
Property, plant and equipment as at December 31, 2010	503.0	352.5	54.7	910.2
Goodwill as at December 31, 2010	391.9	79.8	–	471.7
Total assets as at December 31, 2010	1,932.0	737.3	56.7	2,726.0

27. Comparative Figures

Certain reclassifications of prior year amounts have been made to conform to current period presentation. Specifically, $17.0 million, $13.0 million and $16.8 million have been reclassified to trade and other receivables from trade and other payables to provide comparative presentation of certain of Construction Products Distribution vendor rebates as at January 1, 2010, March 31, 2010 and December 31, 2010, respectively.

28. Explanation of transition to IFRS

Superior’s financial statements for the year ending December 31, 2011 will be 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 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. Superior will make this statement when it issues its 2011 annual financial statements.

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 will be 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 exceptions applied in the conversion from GAAP to IFRS.

IFRS Exemption Options

Share-Based Payment Transactions

IFRS 2, *Share-based Payments*, 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 Payments* 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 will be 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 from 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 opening deficit 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 results 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 adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Superior has applied this mandatory exception which did not impact any of Superior's previously reported results.

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 (loss) and comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have a material impact on the total operating, investing or financing cash flows. 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)	330.8	85.7	(21.3)	**395.2**	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
		582.0	83.5	(59.0)	**606.5**	
						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)	−	**−**	Pension Asset
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
		2,291.0	263.7	−	**2,554.7**	
Liabilities and Shareholders' Equity						
Current Liabilities						*Current Liabilities*
Accounts payable and accrued liabilities	(n)	297.7	(1.4)	−	**296.3**	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 debentureholders		14.2	−	−	**14.2**	Dividends and interest payable to shareholders and debentureholders
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
		425.1	77.9	−	**503.0**	
						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 income tax liability
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		1,706.5	(86.9)	−	**1,619.6**	
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**	

		2,291.0	263.7	−	**2,554.7**	

Reconciliation of equity as at December 31, 2010 (balance sheet last reported under GAAP)

GAAP accounts (millions of dollars)	Notes	GAAP	Adjustments	Reclassifications	**IFRS**	IFRS accounts
Assets						
Current Assets						
Cash and cash equivalents		8.9		−	**8.9**	Cash and cash equivalents
Accounts receivable and other	(a)(j)	488.6	87.1	(23.3)	**552.4**	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
		750.8	80.9	(48.6)	**783.1**	
Property, plant and equipment	(b)(d)	687.7	223.7	(1.2)	**910.2**	Property, plant and equipment
Intangible assets		181.0	−	1.2	**182.2**	Intangible assets and investment property
Goodwill	(i)(m)	478.7	(7.0)	−	**471.7**	Goodwill
Accrued pension asset	(c)	21.0	(21.0)	−	**−**	Employee future benefits
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	(17.0)	166.0	**340.1**	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
		2,466.4	**259.6**	−	**2,726.0**	
Liabilities and Shareholders' Equity						
Current Liabilities						
Accounts payable and accrued liabilities	(n)	319.2	1.5	−	**320.7**	Trade and other payables
Unearned revenue		6.8	−	−	**6.8**	Deferred revenue
Current portion of term loans and other debt	(a)(d)	32.2	104.0	−	**136.2**	Borrowings
Dividends and interest payable to shareholders and debentureholders		15.5	−	−	**15.5**	Dividends and interest payable to shareholders and debentureholders
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
		471.8	87.3	(1.3)	**557.8**	
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
Employee future benefits	(c)	19.2	26.3	−	**45.5**	Employee future benefits
Asset retirement obligations and environmental liabilities	(f)	7.1	3.9	−	**11.0**	Provisions
Future income tax liability	(g)	70.0	13.5	1.3	**84.8**	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		**2,016.3**	**(43.6)**	−	**1,972.7**	

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)	302.2	−	**(799.1)**	Deficit
Accumulated other comprehensive loss	(h)	(55.3)	1.3	−	**(54.0)**	Accumulated other comprehensive loss
Total Shareholders' Equity		**450.1**	**303.2**	−	**753.3**	
		2,466.4	**259.6**	−	**2,726.0**	

Reconciliation of equity as at March 31, 2010 (balance sheet last reported under GAAP)

GAAP accounts (millions of dollars)	Notes	GAAP	Adjustments	Reclassifications	**IFRS**	IFRS accounts
Assets						
Current Assets						
Cash and cash equivalents		11.9		−	**11.9**	Cash and cash equivalents
Accounts receivable and other	(a) (j)	305.4	103.1	(17.7)	**390.8**	Trade and other receivables
			−	17.7	**17.7**	Prepaid expenses
Inventories	(k)	131.3	(2.9)	−	**128.4**	Inventories
Future income tax asset		57.3	−	(57.3)	−	
Current portion of unrealized gains on derivative financial instruments		29.8	−	−	**29.8**	Unrealized gains on derivative financial instruments
		535.7	100.2	(57.3)	**578.6**	
Property, plant and equipment	(b)(d)	726.0	223.6	(1.0)	**948.6**	Property, plant and equipment
Intangible assets	(l)	221.4	4.0	1.0	**226.4**	Intangible assets and investment property
Goodwill	(i)(m)	547.9	(6.7)	−	**541.2**	Goodwill
Accrued pension asset	(c)	18.0	(18.0)	−	**−**	Employee future benefits
Long-term portion of notes and finance lease receivable		4.4	−	−	**4.4**	Notes and lease receivables
Future income tax asset	(g)	176.6	(7.4)	174.7	**343.9**	Deferred tax
Investment tax credits		117.4	−	(117.4)	−	
Long-term portion of unrealized gains on derivative financial instruments		33.0	−	−	**33.0**	Unrealized gains on derivative financial instruments
		2,380. 4	**295.7**	−	**2,676.1**	
Liabilities and Shareholders' Equity						
Current Liabilities						
Accounts payable and accrued liabilities	(i) (n)	286.5	(5.6)	−	**280.9**	Trade and other payables
Unearned revenue		7.1	−	−	**7.1**	Deferred revenue
Current portion of term loans and other debt	(a) (d)	3.1	123.1	−	**126.2**	Borrowings
Dividends and interest payable to shareholders and debentureholders		20.1	−	−	**20.1**	Dividends and interest payable to shareholders and debentureholders
Current portion of deferred credit	(e)	18.2	(18.2)	−	**−**	
Current portion of unrealized losses on derivative financial instruments		100.3	−	−	**100.3**	Unrealized losses on derivative financial instruments
		435.3	99.3		**534.6**	
Revolving term bank credits and term loans	(d)	459.6	56.3	−	**515.9**	Borrowings
Convertible unsecured subordinated debentures	(o)	475.3	(0.6)	−	**474.7**	Convertible unsecured subordinated debentures
Asset retirement obligations and environmental liabilities	(f)	3.6	7.2	−	**10.8**	Provisions
Employee future benefits	(c)	18.5	21.5	−	**40.0**	Employee future benefits
Future income tax liability	(g)	72.4	17.5	−	**89.9**	Deferred tax
Deferred credit	(e)	239.1	(239.1)	−	**−**	
Long-term portion of unrealized losses on derivative financial instruments		74.7	−	−	**74.7**	Unrealized losses on derivative financial instruments
Total Liabilities		**1,778.5**	**(37.9)**	−	**1,740.6**	

Shareholders' Equity

Shareholders’ capital		1,568.0	–	5.5	**1,573.5**	Capital
Contributed surplus		5.5	–	(5.5)	–	
Deficit		(915.9)	322.5	–	**(593.4)**	Deficit
Accumulated other comprehensive loss	(h)	(55.7)	11.1	–	**(44.6)**	Accumulated other comprehensive loss
Total Shareholders’ Equity		**601.9**	**333.6**	–	**935.5**	
		2,380.4	**295.7**	–	**2,676.1**	

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 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, 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 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 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. 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 (loss) 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 statement of comprehensive income without recycling to the income statement in subsequent periods. As a result, actuarial gains and losses are not amortized to net earnings (loss) 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, EIC-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 (loss) 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 retained earnings.

(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 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 combination 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: Share 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 on March 31, 2010 and 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. Also 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 increased 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 Earnings (Loss) and Comprehensive Income (Loss) for the Three Months Ended March 31, 2010

(millions of dollars except per share amounts)	Notes	**GAAP**	Adjustments	Reclassifications	**IFRS**	IFRS Accounts
Revenues	(i)	**964.6**	0.8	0.5	**965.9**	Revenues
Cost of products sold	(a) (i)	**(728.4)**	(1.8)	(18.1)	**(748.3)**	Cost of sales
Realized gains (losses) on derivative financial instruments		**(17.6)**	–	17.6	–	
Gross profit		**218.6**	(1.0)	–	**217.6**	Gross Profit
Operating and administrative costs	(b)	**157.5**	(5.6)	20.0	**171.9**	Selling, distribution and administrative costs
	(c)	**–**	1.6	–	**1.6**	Other expenses
Deprecation of property, plant and equipment	(d)	**8.6**	4.1	(12.7)	**–**	
Amortization of intangible assets	(j)	**6.9**	0.5	(7.4)	**–**	
Interest on revolving term bank credits and term loan	(e)	**10.8**	1.2	6.6	**18.6**	Finance expense
Interest on convertible unsecured subordinated debt		**5.2**	–	(5.2)	**–**	
Accretion of convertible debenture issue costs		**1.4**	–	(1.4)	**–**	
Unrealized losses (gains) on derivative financial instruments		**28.2**	–	–	**28.2**	Unrealized losses (gains) on derivative financial instruments
		218.6	1.8	(0.1)	**220.3**	
Net earnings (loss) before income taxes		**–**	(2.8)	0.1	**(2.7)**	Net earnings (loss) before income taxes
Income tax recovery (expense)	(f)	**9.2**	(6.9)	(0.1)	**2.2**	Income tax recovery (expense)
Net Earnings (Loss)		**9.2**	(9.7)	–	**(0.5)**	**Net Earnings (Loss)**
Net Earnings (Loss)		**9.2**	(9.7)	–	**(0.5)**	Net Earnings (Loss)
Other comprehensive income (loss):						
Unrealized foreign currency gains (losses) on translation of foreign operations	(g)	**(15.9)**	(0.4)	–	**(16.3)**	Unrealized foreign currency gains (losses) on translation o foreign operations
Amortization of actuarial defined benefit gains (losses)	(h)	**–**	(6.9)	–	**(6.9)**	Amortization of actuarial defined benefit gains (losses)
Reclassification of derivative losses previously deferred		**(0.3)**	–	–	**(0.3)**	Reclassification of derivative losses previously deferred
Comprehensive Loss		**(7.0)**	(17.0)	–	**(24.0)**	**Comprehensive Loss**

Reconciliation of Net Earnings (Loss) and Comprehensive Income (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**	(22.2)	78.2	**680.4**	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	28.4	**72.4**	Finance expense
Interest on convertible unsecured subordinated debt		**27.6**	–	(27.6)	**–**	
Accretion of convertible debenture and borrowings issue costs and decommissioning liability	(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	3.9	(5.5)	**851.1**	
Net earnings (loss) before income taxes		**(65.1)**	(5.2)	(0.2)	**(70.5)**	Net earnings (loss) before income taxes
Income tax recovery (expense)	(f)	**18.1**	(24.8)	0.2	**(6.5)**	Income tax recovery (expense)
Net Earnings (Loss)		**(47.0)**	(30.0)	–	**(77.0)**	**Net Earnings (Loss)**
Net Earnings (Loss)		**(47.0)**	(30.0)	–	**(77.0)**	Net Earnings (Loss)
Other comprehensive income (loss):						
Unrealized foreign currency gains (losses) on translation of foreign operations	(g)	**(25.0)**	(2.3)	–	**(27.3)**	Unrealized foreign currency gains (losses) on translation o foreign operations
Amortization of actuarial defined benefit gains (losses)	(h)	**–**	(14.8)	–	**(14.8)**	Amortization of actuarial defined benefit gains (losses)
Reclassification of derivative losses previously deferred		**9.2**	–	–	**9.2**	Reclassification of derivative losses previously deferred
Comprehensive Loss		**(62.8)**	(47.1)	–	**(109.9)**	**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 & 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, 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. The classification of a number of leases as finance type has resulted in 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 in 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 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 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. 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 IFRS. 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 change $nil million in gross profit, 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. The pro rata net impact on the three months ended March 31, 2010 was consistent with the above noted amounts. 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
A portion of the decrease in accretion of convertible debentures, borrowings and decommissioning liabilities is due the impact of adoption the GAAP interest rate method.

Presentation Reclassification

Reclassification of realized gains (losses) on derivative financial instruments
Superior has chosen to present expenses in the statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income on the nature of the expense. As such any interest and accretion amounts associated with obligations have been allocated to interest expense based on their nature.