Condensed Consolidated Interim Financial Statements of

CHEMTRADE LOGISTICS INCOME FUND

Three and six months ended
June 30, 2017 and 2016
(Unaudited)

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
(Unaudited)

	Notes		June 30, 2017		December 31, 2016
ASSETS					*As recast (note 15)*
Current assets					
Cash and cash equivalents		$	**12,665**	$	14,742
Trade and other receivables			**193,218**		127,660
Inventories			**104,948**		66,283
Income taxes receivable			**4,747**		3,712
Prepaid expenses and other assets	**13**		**17,568**		12,167
Assets held for sale	**4**		**—**		50,817
Total current assets			**333,146**		275,381
Non-current assets					
Property, plant and equipment			**1,275,136**		790,867
Other assets			**14,133**		10,529
Intangible assets			**1,373,705**		1,069,569
Deferred tax assets	**12**		**59,145**		15,726
Total non-current assets			**2,722,119**		1,886,691
Total assets			**3,055,265**		2,162,072
LIABILITIES AND UNITHOLDERS' EQUITY					
Current liabilities					
Trade and other payables	**5,13**	$	**179,396**	$	189,328
Distributions payable			**9,257**		6,917
Provisions			**5,680**		6,255
Current portion of long-term debt	**6**		**3,789**		3,654
Convertible unsecured subordinated debentures	**7**		**—**		32,281
Liabilities directly associated with assets held for sale	**4**		**—**		26,243
Total current liabilities			**198,122**		264,678
Non-current liabilities					
Long-term debt	**6**		**691,314**		451,526
Convertible unsecured subordinated debentures	**7**		**639,545**		360,108
Other long-term liabilities			**19,006**		18,028
Employee benefits			**84,408**		73,666
Provisions			**122,798**		60,709
Deferred tax liabilities	**12**		**156,816**		164,302
Total non-current liabilities			**1,713,887**		1,128,339
Total liabilities			**1,912,009**		1,393,017
Unitholders' equity					
Units	**8**		**1,461,995**		1,048,738
Contributed surplus			**9,720**		9,720
Deficit	**15**		**(479,822)**		(507,453)
Accumulated other comprehensive income	**15**		**151,363**		218,050
Total unitholders' equity			**1,143,256**		769,055
Total liabilities and unitholders' equity		$	**3,055,265**	$	2,162,072
Subsequent event	**16**				

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Comprehensive Income
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

	Notes	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Revenue		**$ 407,411**	$ 262,133	**$ 681,965**	$ 542,485
Cost of sales and services	11	**(347,900)**	(280,067)	**(589,822)**	(526,208)
Gross profit		**59,511**	(17,934)	**92,143**	16,277
Selling and administrative expenses	9,11	**(27,381)**	(19,369)	**(52,467)**	(27,488)
Operating income (loss)		**32,130**	(37,303)	**39,676**	(11,211)
Finance income	10	**238**	—	**286**	—
Finance costs	10	**(27,411)**	(14,225)	**(47,484)**	(23,026)
Income (loss) before income tax		**4,957**	(51,528)	**(7,522)**	(34,237)
Income tax (expense) recovery	12				
Current		**(1,927)**	(374)	**(2,429)**	(1,117)
Deferred		**7,250**	32,090	**20,903**	43,049
		5,323	31,716	**18,474**	41,932
Net income (loss) from continuing operations		**10,280**	(19,812)	**10,952**	7,695
Net earnings from discontinued operations	4	**66,977**	2,245	**67,555**	3,524
Net Earnings (Loss)		**$ 77,257**	$ (17,567)	**$ 78,507**	$ 11,219
Other comprehensive income (loss)					
Items that may subsequently be reclassified to earnings:					
Gain on net investment hedge of foreign operations net of tax recovery of $0 and $2,429 (2016 - nil)	13	**3,148**	1,074	**7,820**	14,969
Foreign currency translation differences for foreign operations, net of tax recovery of $1,222 and $1,708 (2016 - net of tax recovery of $266 and $3,504)		**(64,094)**	(7,370)	**(72,954)**	(81,060)
Effective portion of change in the fair value of cash flow hedges, net of tax expense of $97 and $521 (2016 - recovery of $266 and $1,451)	13	**(3,126)**	(641)	**(1,553)**	(3,953)
Other comprehensive loss		**(64,072)**	(6,937)	**(66,687)**	(70,044)
Total comprehensive income (loss)		**$ 13,185**	$ (24,504)	**$ 11,820**	$ (58,825)
Net earnings (loss) per unit	8				
Basic net earnings (loss) per unit		**$ 0.83**	$ (0.25)	**$ 0.94**	$ 0.16
Diluted net earnings (loss) per unit		**$ 0.73**	$ (0.25)	**$ 0.86**	$ 0.16
Net earnings (loss) per unit from continuing operations					
Basic net earnings (loss) per unit		**$ 0.11**	$ (0.29)	**$ 0.13**	$ 0.11
Diluted net earnings (loss) per unit		**$ 0.11**	$ (0.29)	**$ 0.13**	$ 0.11

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity
(In thousands of Canadian dollars)
(Unaudited)

	Units	Contributed surplus	Deficit	Cumulative translation account*	Unrealized gains/ losses on cash flow and net investment hedges*	Total unitholders’ equity
Balance at January 1, 2017 (note 15)	**$ 1,048,738**	**$ 9,720**	**$ (507,453)**	**$ 224,693**	**$ (6,643)**	**$ 769,055**
Net earnings	—	—	78,507	—	—	78,507
Other comprehensive (loss) income	—	—	—	(72,954)	6,267	(66,687)
Distributions	—	—	(50,876)	—	—	(50,876)
Issuance of units (note 8)	413,257	—	—	—	—	413,257
Balance at June 30, 2017	**$ 1,461,995**	**$ 9,720**	**$ (479,822)**	**$ 151,739**	**$ (376)**	**$ 1,143,256**

	Units	Contributed surplus	Deficit	Cumulative translation account*	Unrealized gains/ losses on cash flow and net investment hedges*	Total unitholders’ equity
Balance at January 1, 2016	**$ 1,046,922**	**$ 9,720**	**$ (433,136)**	**$ 296,601**	**$ (39,339)**	**$ 880,768**
Net loss	—	—	11,219	—	—	11,219
Other comprehensive (loss) income	—	—	—	(81,060)	11,016	(70,044)
Distributions	—	—	(41,442)	—	—	(41,442)
Issuance of units (note 8)	86	—	—	—	—	86
Balance at June 30, 2016	**$ 1,047,008**	**$ 9,720**	**$ (463,359)**	**$ 215,541**	**$ (28,323)**	**$ 780,587**

*Accumulated other comprehensive income.

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

CHEMTRADE LOGISTICS INCOME FUND

Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

	Notes	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Cash flows from operating activities:					
Net earnings (loss)		**77,257**	(17,567)	**78,507**	11,219
Adjustments for:			—		
Depreciation and amortization	11	**57,209**	37,099	**96,572**	75,935
(Gain) loss on disposal and write-down of assets		**(13,074)**	55,730	**(13,074)**	55,816
Cumulative foreign exchange gain on sale of International business		**(48,950)**	—	**(48,950)**	—
Impairment of intangible assets		**—**	3,143	**—**	3,143
Income tax recovery		**(4,594)**	(31,560)	**(17,406)**	(40,711)
Net interest costs		**29,425**	9,514	**41,580**	18,913
Accretion expense		**1,062**	868	**1,971**	1,706
Net pension interest		**792**	579	**1,457**	1,503
Debt extinguishment costs	6	**—**	—	**5,508**	—
Change in fair value of convertible unsecured subordinated debentures	7	**(4,096)**	3,299	**(3,297)**	971
Unrealized foreign exchange gain		**(31,735)**	(1,663)	**(33,577)**	(15,062)
		63,296	59,442	**109,291**	113,433
Decrease (increase) in working capital		**5,260**	(19,199)	**(41,510)**	(52,733)
Interest paid		**(24,791)**	(12,112)	**(36,957)**	(19,160)
Interest received		**247**	7	**308**	22
Income taxes paid		**(10,244)**	(4,775)	**(12,454)**	(5,831)
Net cash flows from operating activities		**33,768**	23,363	**18,678**	35,731
Cash flows from investing activities:					
Decrease in restricted cash		**—**	819	**—**	873
Additions to property, plant and equipment		**(15,712)**	(10,649)	**(21,951)**	(17,981)
Decrease (increase) in other assets		**663**	(1,525)	**2,029**	(1,064)
Proceeds from disposal of subsidiary	4	**55,543**	—	**55,543**	—
Acquisition (net of cash acquired)	3	**—**	—	**(281,205)**	—
Net cash flows from (used in) investing activities		**40,494**	(11,355)	**(245,584)**	(18,172)
Cash flows from financing activities:					
Distributions to unitholders	8	**(27,779)**	(20,721)	**(48,534)**	(41,442)
Issuance of convertible debentures	7	**201,250**	—	**201,250**	—
Transaction costs related to the issuance of convertible debentures	7	**(8,661)**	—	**(8,661)**	—
Issuance of units	3,8	**—**	—	**395,831**	—
Share issuance costs		**17**	—	**(17,167)**	—
Repayment of term debt	3,6	**(904)**	(842)	**(437,911)**	(1,668)
Increase in term debt	3,6	**—**	—	**436,118**	—
Repayment of Canexus credit facilities	3,6	**—**	—	**(262,421)**	—
Repayment of convertible debentures	7	**(174,045)**	—	**(175,468)**	—
Net change in revolving credit facility	3,6	**(44,822)**	15,179	**189,822**	31,982
Financing transaction costs		**(180)**	—	**(6,500)**	—
Increase (decrease) in other long-term liabilities		**4,450**	281	**(3,069)**	(3,469)
Principal redemption of high-yield senior notes	3,6	**(38,500)**	—	**(38,500)**	—
Net cash flows (used in) from financing activities		**(89,174)**	(6,103)	**224,790**	(14,597)
(Decrease) increase in cash and cash equivalents		**(14,912)**	5,905	**(2,116)**	2,962
Cash and cash equivalents, beginning of the period		**27,411**	5,014	**14,742**	7,992
Effect of exchange rates on cash held in foreign currencies		**166**	(232)	**39**	(267)
Cash and cash equivalents, end of the period		**12,665**	10,687	**12,665**	10,687

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION:

Chemtrade Logistics Income Fund (the "Fund") is a publicly listed Income Trust formed in Ontario, Canada and its units are listed on the Toronto Stock Exchange ("TSX"). The term "Chemtrade" refers to the Fund and its consolidated subsidiaries. Chemtrade commenced operations on July 18, 2001 when it completed an initial public offering. Chemtrade operates in four business segments: Sulphur Products & Performance Chemicals ("SPPC"), Water Solutions & Specialty Chemicals ("WSSC"), Electrochemicals ("EC") and Corporate ("Corp"). On May 31, 2017, the sale of the International segment was completed and it has been classified as a discontinued operation, see note 4. For additional information regarding Chemtrade's business segments, see note 14.

Chemtrade is an entity domiciled in Canada. The head office, principal address, and registered and records office of Chemtrade are located at 155 Gordon Baker Road, Suite 300, Toronto, Ontario, M2H 3N5.

Chemtrade's condensed consolidated interim financial statements include all of its controlled subsidiaries and have been prepared on a going concern basis, which contemplates the realization of assets and settlements of liabilities in the normal course of business.

2. BASIS OF PREPARATION:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using the same accounting policies and standards as were used for Chemtrade's 2016 annual consolidated financial statements.

These condensed consolidated interim financial statements should be read in conjunction with Chemtrade's 2016 annual consolidated financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Trustees on August 10, 2017.

2. BASIS OF PREPARATION (continued):

(b) Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the following material items in the condensed consolidated interim statements of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value;
- Liabilities for cash settled share-based payment arrangements are measured at fair value;
- The defined benefit liability is recognized as the fair value of the plan assets and the present value of the defined benefit obligation; and
- Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse.

(c) Presentation currency:

These condensed consolidated interim financial statements are presented in thousands of Canadian dollars, except for net earnings per unit information which is presented in Canadian dollars.

3. CANEXUS ACQUISITION:

On March 10, 2017, Chemtrade completed the acquisition (the "Acquisition") of all the issued and outstanding common shares of Canexus Corporation ("Canexus") by way of a court-approved plan of arrangement. Following completion of the Acquisition, Canexus amalgamated with 1993754 Alberta Ltd. an indirect, wholly-owned subsidiary of the Fund and subsequently with another subsidiary of Canexus, and the resulting entity's name was changed to Chemtrade Electrochem Inc. ("CEI").

CEI is an Alberta corporation which produces sodium chlorate and chlor-alkali products largely for the pulp and paper, oil and gas and water treatment industries. Its main operations are in Canada, the United States of America and South America.

3. CANEXUS ACQUISITION (continued):

Acquisitions are accounted for under the acquisition method of accounting, and the results of operations since the respective dates of acquisition are included in comprehensive income. From time to time, as a result of the timing of acquisitions in relation to Chemtrade's reporting schedule and the availability of information, certain information relating to the purchase allocations and valuations may not be finalized at the time of reporting. Purchase price allocations are completed within one year from acquisition, after the vendors' final financial statements and income tax returns have been prepared and accepted by Chemtrade. Such preliminary purchase price allocations are based on management's best estimates of the fair value of the acquired assets and liabilities at the reporting date. Upon finalization, adjustments to the initial estimates may be required, and such adjustments may be material.

On January 27, 2017, the Fund completed an offering of subscription receipts at a price of $18.35 per unit. The offering was undertaken on a bought deal basis by a syndicate of underwriters. The Fund issued 21,800,000 subscription receipts, resulting in aggregate gross proceeds of approximately $400,000. The net proceeds of the offering were used to partially fund the Acquisition. Upon closing of the Acquisition, the subscription receipts issued in the offering were exchanged on a one-for-one basis for units of the Fund without payment of additional consideration or further action, and an aggregate of 21,800,000 units were issued.

The Acquisition was structured as a share acquisition for total consideration of $935,860. The Acquisition was financed by a combination of: (i) $1,408,996 (US$1,050,000) syndicated senior secured credit facilities consisting of a $436,118 (US$325,000) term loan and a $972,878 (US$725,000) revolver with a $268,380 (US$200,000) optional accordion (the “Credit Facilities”); (ii) the net proceeds of the equity offering of 21,800,000 units noted above; (iii) the assumption of $372,799 of CEI's (formerly, Canexus') long-term debt which consisted of $110,000 of senior notes and $262,799 of extendible revolving credit facilities; and (iv) the assumption of $254,696 fair value of CEI's (formerly, Canexus') convertible debentures comprised of the 5.75% convertible unsecured subordinated Series IV debentures due December 31, 2018 (the “CEI Series IV Debentures”); the 6.00% convertible unsecured subordinated Series V debentures due December 31, 2020 (the “CEI Series V Debentures”) and the 6.50% convertible unsecured subordinated Series VI debentures due December 31, 2021 (the “CEI Series VI Debentures”; the CEI Series IV Debentures, the CEI Series V Debentures and the CEI Series VI Debentures collectively, the “CEI Debentures”). In connection with the Acquisition, a portion of Chemtrade’s new Credit Facilities were used to repay its existing credit facilities and CEI's (formerly, Canexus') extendible revolving credit facilities. The amount drawn on the Credit Facilities to finance the Acquisition and to repay both Chemtrade's and CEI's (formerly, Canexus') existing credit facilities was $687,070. As a result of the repayment, Chemtrade expensed $5,508 of previously deferred financing costs. Costs related to the new Credit Facilities of $6,320 have been reflected in long-term debt. These

(In thousands of Canadian dollars, except per unit and debenture amounts)

3. CANEXUS ACQUISITION (continued):

costs have been deferred and are being amortized to finance costs in comprehensive income using the effective interest method.

The aggregate consideration for this acquisition was preliminarily allocated as follows:

		March 10, 2017
Cash	$	308,365
Long-term debt assumed at fair value		372,799
Convertible debentures assumed at fair value		254,696
Total consideration	**$**	**935,860**

Adjustments have been made to the purchase price allocation subsequent to the acquisition date which have been reflected in the table below. These adjustments are related to a decrease in property, plant and equipment, of $166,706, an increase in intangible assets of $101,881, an increase in goodwill of $44,841, an increase in deferred tax assets of $17,280 and a decrease in deferred tax liabilities of $2,704.

		As at June 30, 2017
Working capital (including cash acquired of $27,160)	$	96,436
Property, plant and equipment		550,070
Other assets		6,691
Intangible assets		317,000
Goodwill		44,841
Deferred tax assets		28,817
Other long-term liabilities		(16,284)
Employee benefits		(12,213)
Provisions		(60,908)
Deferred tax liability		(18,590)
Consideration	**$**	**935,860**

Directly attributable Acquisition-related costs are $11,790, of which $8,472 were expensed in 2016, and the remainder have been expensed during the first six months of 2017. These are included in selling and administrative expenses in comprehensive income.

3. CANEXUS ACQUISITION (continued):

As part of the integration of the newly acquired businesses, Chemtrade reconfigured its business segments and introduced a new segment called Electrochemicals ("EC"), which includes Chemtrade's sodium chlorate business and the newly acquired businesses. Segmented comparatives in note 14 have been re-stated to conform with the current period presentation.

The amount of revenue and earnings attributable to CEI since Acquisition have been included in the consolidated statement of comprehensive income. For the three and six months ended June 30, 2017, revenue has increased by $153,784 and $189,341, respectively, and net earnings have increased by $6,754 and $6,753, respectively as a result of the Acquisition. The net earnings generated by the newly acquired businesses were partially offset by the higher depreciation and amortization incurred as a result of the fair market value adjustments from the preliminary purchase price allocation.

(a) Pro forma information:

The following pro forma revenue and earnings are prepared in accordance with IFRS as if the Acquisition had occurred on January 1, 2017. The pro forma consolidated revenue and earnings are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the date indicated. Any potential synergies that may be realized and integration costs that may be incurred have been excluded from the pro forma revenue and earnings.

Pro forma assumptions and adjustments

Certain adjustments have been reflected in the pro forma information below to illustrate the effects of purchase accounting where the impact could be reasonably estimated. The adjustments were:

- To increase depreciation expense to reflect depreciation of the fair value increment on property, plant and equipment, and amortization expense to reflect amortization of the intangibles acquired

- To include additional interest costs on the new Credit Facilities, including accretion of transaction costs

- To remove interest costs from old debt of Canexus that has been paid off as part of the Acquisition

- To remove Chemtrade and Canexus Acquisition costs

(In thousands of Canadian dollars, except per unit and debenture amounts)

3. CANEXUS ACQUISITION (continued):

- To eliminate intercompany sales and purchases between Chemtrade and Canexus
- To consider the effect of taxes on all the above-listed adjustments

	Six months ended June 30, 2017		
	Actual	Adjustment	Pro Forma
Revenue	$ 681,965	$ 114,608	$ 796,573
Net earnings	$ 78,507	$ 7,726	$ 86,233

4. DISCONTINUED OPERATIONS:

On February 24, 2017, Chemtrade entered into a definitive agreement to sell its International business segment to Mitsui & CO., Ltd. for $55,543 (€36,822) which is subject to a working capital adjustment. The transaction, which was subject to relevant regulatory approvals, closed on May 31, 2017. The business provided removal and marketing services for elemental sulphur and sulphuric acid to customers globally. Chemtrade realized a gain of $15,312, after taxes upon the sale of the business. The cumulative amount of foreign exchange differences related to the International business of $48,950 previously recognized in other comprehensive income was reclassified from equity to comprehensive net income upon the sale.

The comparative consolidated statement of comprehensive income and other relevant notes have been re-stated to show the discontinued operation separately from continuing operations.

(In thousands of Canadian dollars, except per unit and debenture amounts)

4. DISCONTINUED OPERATIONS (continued):

(a) Results of discontinued operations:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Revenue	**$ 15,838**	$ 42,037	**$ 41,942**	$ 97,799
Cost of sales and services	**(14,146)**	(36,439)	**(36,720)**	(86,328)
Gross profit	**1,692**	5,598	**5,222**	11,471
Selling and administrative expenses	**(66)**	(3,162)	**(2,666)**	(6,659)
Operating income	**1,626**	2,436	**2,556**	4,812
Finance income	**9**	8	**22**	22
Finance costs	**(17)**	(43)	**(43)**	(89)
Income before tax	**1,618**	2,401	**2,535**	4,745
Income tax (expense) recovery				
Current	**(9,528)**	(605)	**(9,861)**	(1,209)
Deferred	**10,625**	449	**10,619**	(12)
Results from operating activities, net of tax	**2,715**	2,245	**3,293**	3,524
Cumulative foreign exchange differences	**48,950**	—	**48,950**	—
Gain on sale of discontinued operation	**17,138**	—	**17,138**	—
Deferred income tax on gain on sale of discontinued operations	**(1,826)**	—	**(1,826)**	—
Net earnings from discontinued operations	**$ 66,977**	$ 2,245	**$ 67,555**	$ 3,524
Net earnings per unit from discontinued operations				
Basic earnings per unit	**$0.72**	$0.03	**$0.81**	$0.05
Diluted earnings per unit	**$0.61**	$0.03	**$0.67**	$0.04

(In thousands of Canadian dollars, except per unit and debenture amounts)

4. DISCONTINUED OPERATIONS (continued):

(b) Cash flows (used in) from discontinued operations:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Net cash flows (used in) from operating activities	**$ (1,218)**	$ 529	**$ (3,809)**	$ (3,820)
Net cash flows used in investing activities	**(65)**	(12)	**(169)**	(22)
Net cash (outflows) inflows for the year	**$ (1,283)**	$ 517	**$ (3,978)**	$ (3,842)

(c) Effect of disposal on financial position:

		At May 31, 2017
Inventories	$	1,412
Trade and other receivables		11,469
Prepaid expenses and other assets		1,040
Property, plant and equipment		5,747
Intangible assets		28,907
Deferred income tax asset		819
Trade and other payables		(9,793)
Employee benefits		(8,589)
Net assets	**$**	**31,012**
Consideration received, in cash	$	55,543
Cash and cash equivalents disposed of		(6,465)
Disposal costs		(928)
Net cash inflow	**$**	**48,150**

5. SHARE-BASED PAYMENTS:

Chemtrade operates a Long-Term Incentive Plan ("LTIP"), which grants cash awards based on certain criteria. The 2015-2017, 2016-2018 and 2017-2019 LTIP awards have a performance based component and a restricted share unit component. For the 2015-2017 LTIP awards, the performance based component is based on total Unitholder return over a performance period, EBITDA growth and total return to Chemtrade's Unitholders relative to the total return on the S&P/TSX Capped Industrial Index. The 2016-2018 and 2017-2019 LTIP awards' performance based component is similar to the 2015-2017 LTIP awards except the total return to Chemtrade's Unitholders is measured relative to the total return on the S&P/TSX Dividend Index rather than the S&P/TSX Capped Industrial Index. Total Unitholder return consists of changes in unit price and distributions paid to Unitholders. The restricted share unit component of the LTIP awards is a phantom plan which is payable in cash at the end of the performance period.

As at June 30, 2017, a liability of $10,960 (December 31, 2016 - $12,844) has been recorded, of which $5,041 (December 31, 2016 - $5,671) is included in trade and other payables and $5,919 (December 31, 2016 - $7,173) is included in other long-term liabilities. For the three and six months ended June 30, 2017, Chemtrade recorded an expense of $2,058 and $3,825, respectively (2016 - expense of $1,807 and $1,969, respectively) in selling and administrative expenses related to the LTIP.

Inputs for measurement of fair values

The fair value of the share-based component of LTIP is measured based on the Monte Carlo sampling method. Base price is the average unit price for the first 20 business days at the beginning of each LTIP performance period. Expected volatility is estimated by considering historic average unit price volatility. The risk-free interest rate is based on Canadian government bonds and Canadian government treasury bills.

(In thousands of Canadian dollars, except per unit and debenture amounts)

5. SHARE-BASED PAYMENTS (continued):

The inputs used in the measurement of the fair value of the share-based component of LTIP are as follows:

	June 30, 2017	December 31, 2016
Chemtrade units:		
Average base price	$18.19	$18.92
Period-end unit price	$18.19	$18.94
Average expected volatility	18.59%	20.55%
Index units:		
Average base price	$168.70	$186.92
Period-end unit price	$199.70	$229.29
Average expected volatility	11.40%	12.76%
Average risk free interest rate	1.00%	0.60%
Average expected remaining term	1.50 years	1.50 years

6. LONG-TERM DEBT:

		June 30, 2017		December 31, 2016
Term bank debt				
US$325,000 (December 31, 2016 - US$325,000)	**$**	**421,753**	$	436,378
Revolving credit facility				
US$111,500 (December 31, 2016 - US$9,140)		**144,691**		12,271
Canadian dollar-denominated		**53,500**		—
Less: Transaction costs		**(6,100)**		(4,984)
Long-term debt (note (a))	**$**	**613,844**	$	443,665
Senior unsecured notes (note (b))		**71,500**		—
Long-term loan - Fort McMurray facility (note (c))		**9,759**		11,515
	$	**695,103**	$	455,180
Less: Current portion		**(3,789)**		(3,654)
Long-term debt	**$**	**691,314**	$	451,526

6. LONG-TERM DEBT (continued):

(a) Long-term debt:

At June 30, 2017 Chemtrade had senior Credit Facilities of approximately $1,362,586 (US$1,050,000), consisting of a term loan of $421,753 (US$325,000), and a revolving credit facility of $940,833 (US$725,000). At June 30, 2017, Chemtrade had drawn $198,191 (December 31, 2016 - $12,271) on the revolving credit facility and had committed a total of $31,444 (December 31, 2016 - $21,912) of this facility towards standby letters of credit. The Credit Facilities are secured by all the property, plant and equipment of Chemtrade, excluding the Fort McMurray facility, and the property, plant and equipment of CEI (formerly, Canexus) and its material subsidiaries until such time as the senior notes (see below under (b)) are repaid permanently. At June 30, 2017, the weighted average effective interest rate of the facilities is 4.0% (December 31, 2016 - 3.3%).

In connection with the Acquisition, a portion of Chemtrade’s new Credit Facilities were used to repay its existing credit facilities and CEI's (formerly, Canexus') extendible revolving credit facilities. The amount drawn on the Credit Facilities to finance the Acquisition and to repay both Chemtrade's and CEI's (formerly, Canexus') existing credit facilities was $687,070. As a result of the repayment, Chemtrade expensed $5,508 of previously deferred financing costs. Costs related to the new Credit Facilities of $6,320 have been reflected in long-term debt. These costs have been deferred and are being amortized to finance costs in comprehensive income using the effective interest method.

Chemtrade is subject to certain covenants on its Credit Facilities, which include a Net Debt to EBITDA ratio, Adjusted Net Debt to Adjusted EBITDA ratio, and an Interest Coverage ratio (as all terms are defined in the credit agreement). Chemtrade monitors these ratios and reports them to its lenders on a quarterly basis. As at June 30, 2017, Chemtrade was in compliance with all covenants.

(b) Senior unsecured notes:

On March 10, 2017, Chemtrade assumed $110,000 of senior unsecured notes of Canexus as part of the Acquisition. The senior notes, issued at par value, bear interest at a rate of 7.875% per annum and mature on September 20, 2023 (the "CEI Senior Notes"). The CEI Senior Notes contain certain early redemption options under which CEI has the option to redeem all or a portion of the CEI Senior Notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the redemption date. Interest is payable semi-annually on March 20 and September 20, which commenced on March 20, 2017.

6. LONG-TERM DEBT (continued):

On June 26, 2017, CEI redeemed $38,500 aggregate principal amount of its CEI Senior Notes, representing 35% of the $110,000 aggregate principal amount outstanding. The notes were redeemed at a total redemption price of $1,079 plus accrued interest for each $1,000 principal amount of notes, for a total aggregate redemption price of $42,346, being equal to 107.875% of the principal amount, plus all accrued and unpaid interest.

(c) Long-term loan - Fort McMurray facility:

The Fort McMurray facility operates processing facilities at Syncrude's Mildred Lake oil sands facility in Alberta. In order to finance a portion of the construction of such facilities, a separate loan secured by the assets was entered into and remains outstanding. This loan bears interest at a fixed rate of 7.3% per annum with monthly principal repayments due until December 2019.

7. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES:

As part of the Acquisition on March 10, 2017, Chemtrade assumed all of the CEI Debentures issued by Canexus outstanding comprised of:

- CEI Series IV Debentures with a total par value of $60,000, which bear interest at 5.75% per annum and mature December 31, 2018
- CEI Series V Debentures with a total par value of $107,500, which bear interest at 6.00% per annum and mature December 31, 2020
- CEI Series VI Debentures with a total par value of $85,550, which bear interest at 6.50% per annum and mature December 31, 2021

On May 2, 2017, the Fund completed an agreement with a syndicate of underwriters to issue $175,000 principal amount of convertible unsecured subordinated debentures. As allowed under provisions of the agreement to issue the debentures, the underwriters purchased an additional $26,250 principal amount of the debentures, increasing the aggregate gross proceeds of the public offering to $201,250. Chemtrade incurred transaction costs of approximately $8,661, which included the underwriters' fee and other expenses of the offering.

7. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (continued):

These convertible unsecured debentures bear interest at a rate of 4.75% per annum and are convertible, at the option of the holder, into units of the Fund at any time prior to the maturity date of May 31, 2024 at a unit price of $26.70 per unit and are not redeemable before May 31, 2020 (the “Fund 2017 4.75% Debentures”). The net proceeds of the issuance were used to fund the mandatory change of control offers in respect of the CEI Debentures, the redemption of $79,590 aggregate principal amount of its 5.75% convertible unsecured debentures due December 31, 2018 (the “Fund 2011 5.75% Debentures”) and the redemption of the remaining CEI Series IV Debentures.

At June 30, 2017, the Fund also had $126,500 principal amount of 5.25% of convertible unsecured subordinated debentures outstanding (the "Fund 2014 5.25% Debentures") and $143,750 principal amount of 5.00% convertible unsecured subordinated debentures outstanding (the "Fund 2016 5.00% Debentures"). The Fund 2017 4.75% Debentures, the Fund 2014 5.25% Debentures and the Fund 2016 5.00% Debentures collectively, the "Fund Debentures". The Fund Debentures and the CEI Debentures are collectively, the "Debentures".

Following the Acquisition, CEI commenced mandatory change of control offers to purchase all of the outstanding CEI Debentures. On May 10, 2017, CEI acquired the following debentures:

- $45,888 principal amount of 5.75% debentures (representing 76.5% of the outstanding CEI Series IV Debentures)

- $23,489 principal amount of 6.00% debentures (representing 21.9% of the outstanding CEI Series V Debentures)

- $10,966 principal amount of 6.50% debentures (representing 12.8% of the outstanding CEI Series VI Debentures)

On May 11, 2017, the Fund completed the redemption of $79,590 aggregate principal amount of the Fund 2011 5.75% Debentures representing a redemption in full of all of the outstanding Fund 2011 5.75% Debentures. The Fund 2011 5.75% Debentures were redeemed at a total redemption price of $1,000 plus accrued and unpaid interest of $20.64, both per $1,000 principal amount, for a total aggregate redemption price of $81,233.

On May 15, 2017, CEI redeemed the remaining $14,112 principal amount of the CEI Series IV Debentures, representing a redemption in full of the CEI Series IV Debentures.

(In thousands of Canadian dollars, except per unit and debenture amounts)

7. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (continued):

Chemtrade has designated its Debentures as financial liabilities at fair value through profit or loss. At June 30, 2017, the fair value of the Debentures was $639,545 (December 31, 2016 - $392,389).

For the three and six months ended June 30, 2017, there were net finance costs of $13,652 and $20,286, respectively, (2016 - $6,522 and $7,417, respectively) related to the Debentures, which included a gain of $4,096 and $3,297, respectively (2016 - loss of $3,299 and $971, respectively) due to the change in fair value of the Debentures, interest expense of $9,087 and $14,922, respectively (2016 - $3,223 and $6,446, respectively) and transaction costs on the issuance of the Fund 2017 4.75% Debentures of $8,661 (2016 - nil).

8. UNITS AND OTHER COMPONENTS OF EQUITY:

(a) Units:

Chemtrade has authorized an unlimited number of units. Chemtrade's units have no par value. The following table presents the number of units outstanding:

	2017		2016	
	Number of Units	**Amount**	Number of Units	Amount
Units				
Balance – January 1	**69,172,785**	**$ 1,048,738**	69,069,226	$ 1,046,922
Issued for cash	**21,800,000**	**395,831**	—	—
Issuance costs (net of tax)	**—**	**(12,598)**	—	—
Conversion of unsecured subordinated convertible debentures	**1,623,221**	**30,024**	4,749	86
Balance – June 30	**92,596,006**	**$ 1,461,995**	69,073,975	$ 1,047,008

(b) Distributions:

Distributions paid for the three and six months ended June 30, 2017 were $27,779 and $48,534, respectively, (2016 - $20,721 and $41,442) or $0.30 and $0.60 per unit (2016 - $0.30 and $0.60 per unit). All of Chemtrade's distributions are discretionary and subject to approval by the Board of Trustees.

(In thousands of Canadian dollars, except per unit and debenture amounts)

8. UNITS AND OTHER COMPONENTS OF EQUITY (continued):

(c) Net earnings per unit

Net earnings per unit has been calculated on the basis of the weighted average number of units outstanding. The following tables provide a breakdown of the numerator and denominator used in the calculation of net earnings per unit, and diluted net earnings per unit:

(i) Earnings per unit:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Numerator				
Net earnings (loss)	**$ 77,257**	$ (17,567)	**$ 78,507**	$ 11,219
Net finance costs on convertible unsecured subordinated debentures [(1)]	**2,574**	—	**7,657**	—
Diluted net earnings (loss)	**$ 79,831**	$ (17,567)	**$ 86,164**	$ 11,219

(1) For the three and six months ended June 30, 2016, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net (loss) earnings per unit would be anti-dilutive.

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Denominator				
Weighted average number of units	**92,594,999**	69,071,369	**83,643,802**	69,070,298
Weighted average convertible unsecured subordinated debenture dilutive units [(1)]	**17,022,553**	—	**16,465,255**	—
Weighted average number of diluted units	**109,617,552**	69,071,369	**100,109,057**	69,070,298

(1) For the three and six months ended June 30, 2016, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net (loss) earnings per unit would be anti-dilutive.

(In thousands of Canadian dollars, except per unit and debenture amounts)

8. UNITS AND OTHER COMPONENTS OF EQUITY (continued):

(ii) Earnings per unit from continuing operations:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Numerator				
Net earnings (loss) from continuing operations	**$ 10,280**	$ (19,812)	**$ 10,952**	$ 7,695
Net interest and fair value adjustment on convertible unsecured subordinated debentures [1]	**—**	—	**—**	—
Diluted net earnings (loss) from continuing operations	**$ 10,280**	$ (19,812)	**$ 10,952**	$ 7,695

[1] For the three and six months ended June 30, 2017, and three and six months ended June 30, 2016, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net earnings (loss) per unit would be anti-dilutive.

	Three months ended June 30,		Three months ended June 30,	
	2017	2016	**2017**	2016
Denominator				
Weighted average number of units	**92,594,999**	69,071,369	**83,643,802**	69,070,298
Weighted average convertible unsecured subordinated debenture dilutive units [1]	**—**	—	**—**	—
Weighted average number of diluted units	**92,594,999**	69,071,369	**83,643,802**	69,070,298

[1] For the three and six months ended June 30, 2017, and three and six months ended June 30, 2016, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net earnings (loss) per unit would be anti-dilutive.

(In thousands of Canadian dollars, except per unit and debenture amounts)

9. SELLING AND ADMINISTRATIVE EXPENSES:

The components of selling and administrative expenses are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Wages, salaries and benefits, including bonuses and other	**$ 20,079**	$ 19,022	**$ 45,017**	$ 39,455
Share-based payments (note 5)	**2,058**	1,807	**3,825**	1,969
Realized foreign exchange loss (gain)	**3,029**	(37)	**2,951**	707
Unrealized foreign exchange loss (gain)	**1,795**	(1,663)	**(37)**	(15,062)
Depreciation	**420**	240	**711**	419
Selling and administrative expenses	**$ 27,381**	**$ 19,369**	**$ 52,467**	**$ 27,488**

10. FINANCE INCOME AND COSTS:

The components of finance income and costs are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Interest income	**$ 238**	—	**$ 286**	—
Finance income	**$ 238**	—	**$ 286**	—
Interest expense	**$ 21,784**	$ 10,058	**$ 34,641**	$ 20,349
Accretion expense	**1,062**	868	**1,971**	1,706
Debt extinguishment costs (note 6)	**—**	—	**5,508**	—
Transaction costs on issuance of convertible debentures (note 7)	**8,661**	—	**8,661**	—
Change in the fair value of convertible debentures (note 7)	**(4,096)**	3,299	**(3,297)**	971
Finance costs	**$ 27,411**	$ 14,225	**$ 47,484**	$ 23,026

(In thousands of Canadian dollars, except per unit and debenture amounts)

11. DEPRECIATION AND AMORTIZATION:

The components of depreciation expense of property, plant and equipment and amortization expense of intangible assets are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Cost of sales and services:				
Depreciation expense	**$ 38,253**	$ 24,717	**$ 63,766**	$ 50,590
Amortization expense	**18,524**	12,123	**32,064**	24,887
Selling and administrative expenses:				
Depreciation expense	**432**	259	**742**	458
Total depreciation and amortization expense	**$ 57,209**	$ 37,099	**$ 96,572**	$ 75,935

For the three and six months ended June 30, 2017, Chemtrade recorded total depreciation and amortization expenses of $168 and $416, respectively, (June 30, 2016 - $239 and $498, respectively) related to discontinued operations.

12. INCOME TAXES:

Chemtrade is a mutual fund trust and a specified investment flow-through trust ("SIFT") for income tax purposes. Chemtrade is subject to current income taxes at the top marginal tax rate applicable to individuals of approximately 53.5% on all taxable income not distributed to Unitholders. Chemtrade is also subject to current income taxes on all taxable income, other than dividends, earned from Canadian corporate and flow-through subsidiaries (other than Canadian subsidiaries that earn certain investment income) at a tax rate similar to the corporate tax rate. Chemtrade will not be subject to tax on income received from non-Canadian subsidiaries, provided that the income is distributed to Unitholders during the year. Based on the current organization of Chemtrade and its subsidiaries, Chemtrade expects that its income distributed to Unitholders will not be subject to SIFT tax.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. Chemtrade calculates the consolidated estimated effective annual tax rate by determining the amount of current and deferred income taxes as a percentage of income before tax. Chemtrade's consolidated estimated effective tax rate in respect of continuing operations for the three months and six months ended June 30, 2017 were negative 107.4% and 245.6%, respectively, (2016 - 61.5% and 122.5%, respectively), compared to a statutory rate of 26.6% (2016 - 26.4%).

(In thousands of Canadian dollars, except per unit and debenture amounts)

12. INCOME TAXES (continued):

The effective tax rate for the second quarter and first six months of 2017 differs from the statutory tax rate primarily due to the deduction of taxable income distributed to Unitholders, losses incurred in a jurisdiction with a higher tax rate, and the taxable portion of realized foreign exchange losses recognized in other comprehensive income instead of net earnings.

13. FINANCIAL INSTRUMENTS:

(a) Derivatives and hedging:

	June 30, 2017			December 31, 2016		
		Fair Value			Fair Value	
	Notional Amount	**Asset**	**Liability**	Notional Amount	Asset	Liability
Derivatives designated in a formal hedging relationship						
Interest rate swaps	**US$ 325,000**	**$ —**	**$ 971**	US$ 325,000	$ —	$ 2,963
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts [1]	**—**	**857**	**—**	—	$ 28	$ —
Total		**$ 857**	**$ 971**		$ 28	$ 2,963

[1] See below for notional amounts.

On June 30 2017, Chemtrade had swap arrangements with its principal bankers which fixed the LIBOR components of its interest rates on US$325,000 of its outstanding long-term debt until January 2019. These swaps are formally designated as cash flow hedges at the date of inception and any changes in the fair value of the effective portion of the swaps are recognized in other comprehensive income.

On January 1, 2015, Chemtrade hedged its investment in foreign operations that use the U.S. dollar as their functional currency by Chemtrade's U.S. dollar-denominated long-term debt. Any foreign currency gains and losses arising from the U.S. dollar-denominated debt will be offset by the foreign currency gain or loss arising from the investment in the foreign operations. The gains and losses on the foreign currency translation of the designated amount of U.S. dollar-denominated debt and investment in foreign operations are being recognized in other comprehensive income. For the three and six months ended June 30, 2017, a foreign exchange gain of $3,148 and $5,391, respectively (2016 - gain of $1,074 and $14,969, respectively) on the revaluation of the U.S. dollar-denominated debt related to this hedging strategy was recognized in other comprehensive income.

13. FINANCIAL INSTRUMENTS (continued):

As part of the Acquisition, Chemtrade assumed a cross currency swap associated with the payment of interest on the CEI Series IV Debentures in U.S. dollars. During the second quarter of 2017, Chemtrade purchased the entire principal CEI Series IV Debentures balance and terminated the related cross currency swap on the CEI Series IV Debentures, resulting in a loss of $2,128, which is included in selling and administrative expenses.

Chemtrade has entered into foreign exchange contracts to manage certain of its exposures to foreign currencies. Chemtrade buys and sells specific amounts of currencies at pre-determined dates and exchange rates, which are matched with the anticipated operational cash flows. Contracts in place at June 30, 2017 include future contracts to sell the following amounts for periods through to March 31, 2018:

Amount	Weighted average exchange rate
US$45,000	$1.31

(b) Fair values of financial instruments:

Fair value is the value that would be agreed upon in an arm's length transaction between willing and knowledgeable counter-parties. The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and distributions payable approximate their fair values because of the short-term maturity of these financial instruments. The carrying amount of restricted cash, long-term receivables, and the note receivable approximates their fair value. The carrying amount of long-term debt, excluding transaction costs, approximates fair value as the debt accrues interest at prevailing market rates.

For fair value estimates relating to the convertible unsecured subordinated debentures and derivatives, Chemtrade classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

13. FINANCIAL INSTRUMENTS (continued):

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Fund Debentures are classified within Level 1 because they are actively traded on the TSX and the fair value is based on the quoted prices on the TSX. The CEI debentures are classified as Level 2 as their fair value is determined using observable inputs. Any changes in the fair value of the Debentures are recognized in net earnings.

All of Chemtrade's derivative financial instruments are classified within Level 2 because they are based on rates quoted by banks and other public data sources. These derivatives are recorded in prepaid expenses and other assets, trade and other payables, and other long-term liabilities on the statements of financial position.

The fair value of the foreign exchange contracts is the difference between the forward exchange rate and the contract rate. Any changes in the fair value of these contracts are recognized in net earnings.

The fair value of the interest rate swap arrangements is the difference between the forward interest rates and the contract rates discounted. The liability is recorded in other long-term liabilities in the statements of financial position. Any changes in the fair value of these arrangements are recognized in other comprehensive income.

14. BUSINESS SEGMENTS:

Chemtrade operates in four reportable segments: SPPC, WSSC, EC, and Corp. On May 31, 2017, the sale of the International segment was completed and it was classified as a discontinued operation, see note 4. The reportable segments of Chemtrade are strategic business groups that offer products and services to target markets, as described below. The accounting policies applied by the segments are the same as those applied by Chemtrade.

SPPC markets, removes and/or produces merchant, regenerated and ultra pure sulphuric acid, sodium hydrosulphite, elemental sulphur, liquid sulphur dioxide, hydrogen sulphide, and sodium bisulphite, and provides other processing services. These products are marketed primarily to North American customers.

WSSC manufactures and markets a variety of inorganic coagulants used in water treatment, including aluminum sulphate, aluminum chlorohydrate, polyaluminum chloride, and ferric sulphate; and a number of specialty chemicals, including sodium nitrite, potassium chloride, phosphorus pentasulphide, vaccine adjuvants, and sulphides. These products are marketed primarily to North American customers.

EC manufactures and markets sodium chlorate and chlor-alkali products largely for the pulp and paper, oil and gas and water treatment industries. These products are marketed primarily to North American and South American customers. This segment includes results from Chemtrade's sodium chlorate business, as well as those from the newly acquired businesses (note 3).

The International business provided removal and marketing services for elemental sulphur and sulphuric acid. These products were marketed to customers globally. As the sale of the International Segment was completed on May 31, 2017 (note 4), this segment was classified as a discontinued operation.

Corp is a non-operating segment that provides centralized services, such as treasury, finance, information technology, human resources, legal and risk management, and environmental, health and safety support.

(In thousands of Canadian dollars, except per unit and debenture amounts)

14. BUSINESS SEGMENTS (continued):

Three months ended June 30, 2017

	SPPC	WSSC	EC	Intl	Corp	Total
Revenue	$ 127,018	$ 115,722	$ 164,671	—	$ —	**$ 407,411**
Inter-segment revenues	5,035	—	—	—	—	**5,035**
Operating income (loss)	13,767	18,549	13,422	—	(13,608)	**32,130**
Net finance costs	(5,178)	(3,208)	(7,452)	—	(11,335)	**(27,173)**
Income tax recovery (expense)	4,079	6,578	(4,376)	—	(958)	**5,323**
Earnings from discontinued operations	—	—	—	66,977	—	**66,977**
Net earnings (loss)	12,668	21,919	1,594	66,977	(25,901)	**77,257**
Capital expenditures	3,786	5,476	5,645	65	740	**15,712**
Depreciation and amortization	18,908	13,781	24,352	168	—	**57,209**
Loss (gain) on disposal and write-down of asset	138	23	3,903	(17,138)	—	**(13,074)**

Three months ended June 30, 2016

	SPPC	WSSC	EC	Intl	Corp	Total
Revenue	$ 144,618	$ 107,278	$ 10,237	$ —	$ —	**$ 262,133**
Inter-segment revenues	7,123	—	—	—	—	**7,123**
Operating (loss) income	(39,170)	14,042	(173)	—	(12,002)	**(37,303)**
Net finance costs	(4,901)	(2,787)	(15)	—	(6,522)	**(14,225)**
Income tax recovery (expense)	27,113	4,341	37	—	225	**31,716**
Earnings from discontinued operations	—	—	—	2,245	—	**2,245**
Net (loss) earnings	(16,958)	15,596	(151)	2,245	(18,299)	**(17,567)**
Capital expenditures	4,799	5,001	731	12	106	**10,649**
Depreciation and amortization	19,279	15,422	2,159	239	—	**37,099**
Loss on disposal and write-down of asset	55,695	35	—	—	—	**55,730**
Impairment of Intangible Assets	3,143	—	—	—	—	**3,143**

(In thousands of Canadian dollars, except per unit and debenture amounts)

14. BUSINESS SEGMENTS (continued):

Six months ended June 30, 2017

	SPPC	WSSC	EC	Intl	Corp	Total
Revenue	$ 250,623	$ 217,805	$ 213,537	$ —	$ —	**$ 681,965**
Inter-segment revenues	10,402	—	—	—	—	**10,402**
Operating income (loss)	23,877	27,122	19,439	—	(30,762)	**39,676**
Net finance costs	(11,237)	(9,972)	(10,262)	—	(15,727)	**(47,198)**
Income tax recovery (expense)	9,725	14,447	(4,719)	—	(979)	**18,474**
Earnings from discontinued operations	—	—	—	67,555	—	**67,555**
Net earnings (loss)	22,365	31,597	4,458	67,555	(47,468)	**78,507**
Capital expenditures	5,671	8,237	6,937	169	938	**21,952**
Depreciation and amortization	37,707	27,264	31,185	416	—	**96,572**
Loss (gain) on disposal and write-down of assets	136	25	3,903	(17,138)	—	**(13,074)**

Six months ended June 30, 2016

	SPPC	WSSC	EC	Intl	Corp	Total
Revenue	$ 304,164	$ 215,727	$ 22,594	$ —	$ —	**$ 542,485**
Inter-segment revenues	14,862	—	—	—	—	**14,862**
Operating (loss) in come	(23,500)	24,873	1,100	—	(13,684)	**(11,211)**
Net finance costs	(9,721)	(5,864)	(29)	—	(7,412)	**(23,026)**
Income tax recovery (expense)	33,357	8,211	139	—	225	**41,932**
Earnings from discontinued operations	—	—	—	3,524	—	**3,524**
Net earnings (loss)	136	27,220	1,210	3,524	(20,871)	**11,219**
Capital expenditures	8,045	8,412	915	22	587	**17,981**
Depreciation and amortization	39,231	31,651	4,555	498	—	**75,935**
Loss on disposal and write-down of assets	55,781	35	—	—	—	**55,816**
Impairment of intangible assets	3,143	—	—	—	—	**3,143**

(In thousands of Canadian dollars, except per unit and debenture amounts)

14. BUSINESS SEGMENTS (continued):

June 30, 2017

	SPPC	WSSC	EC	Intl	Corp	Total
Total assets	$ 1,028,132	$ 953,439	$ 1,065,413	$ —	$ 8,281	**$ 3,055,265**
Total liabilities	392,514	655,712	368,632	—	495,151	**1,912,009**
Intangible assets	443,660	568,780	361,265	—	—	**1,373,705**

December 31, 2016

	SPPC	WSSC	EC	Intl	Corp	Total
Total assets	$ 1,056,986	$ 949,023	$ 102,090	$ 50,817	$ 3,156	**$ 2,162,072**
Total liabilities	245,473	703,627	5,113	26,243	412,561	**1,393,017**
Intangible assets	469,816	593,757	5,996	—	—	**1,069,569**

Geographic segments:

Chemtrade operates primarily in Canada, the United States and South America. Revenue is attributed to customers based on location of sale.

Revenue

	Three months ended June 30,		Six months ended June 30	
	2017	2016	**2017**	2016
Canada	**$ 121,918**	$ 61,053	**$ 190,735**	$ 122,837
United States	**258,831**	201,080	**458,628**	419,648
South America	**26,662**	—	**32,602**	—
	$ 407,411	$ 262,133	**$ 681,965**	$ 542,485

Property, plant and equipment, and intangible assets

	June 30, 2017	December 31, 2016
Canada	**$ 1,143,599**	$ 390,238
United States	**1,429,046**	1,470,198
South America	**76,196**	—
	$ 2,648,841	$ 1,860,436

15. RECLASSIFICATION OF REALIZED FOREIGN EXCHANGE LOSS:

During the first quarter of 2017, management determined that the reclassification of a realized foreign exchange loss of $20,067 to selling and administrative expenses from other comprehensive income during the third quarter of 2016 on the repayment of Chemtrade's long-term debt should not have been recorded. Since Chemtrade's U.S. dollar denominated debt is effectively hedged against its net investment in its U.S. subsidiaries, the cumulative foreign exchange loss related to the long-term debt that was recorded in other comprehensive income should have remained in other comprehensive income until the disposal or partial disposal of its U.S. subsidiaries. As a result, the comparative information on the statement of financial position for the year ended December 31, 2016 has been recast to reflect this immaterial reclassification, reducing the deficit and decreasing accumulated other comprehensive income by $17,402 (net of taxes of $2,665).

As such the previously reported net loss for the three months ended September 30, 2016 of $14,975 and other comprehensive income of $36,637 are adjusted to net earnings of $2,427 and other comprehensive income of $19,235 and the previously reported net loss of $12,658 and other comprehensive loss of $17,950 as reported for the year ended December 31, 2016 are adjusted to net earnings of $4,744 and comprehensive loss of $35,352. The adjustment has no impact on total comprehensive income (loss) or on the statement of cash flows for any period presented.

16. SUBSEQUENT EVENT:

On July 14, 2017, the Fund commenced offers to purchase (i) all of the outstanding CEI Series V Debentures; and (ii) all of the outstanding CEI Series VI Debentures.

Under the terms of the offer to purchase the CEI Series V Debentures, the Fund offered to purchase all of the Series V Convertible Debentures in exchange for an equal principal amount of newly issued 5.50% convertible unsecured subordinated debentures due December 31, 2020 of the Fund (the "Fund 2017 5.50% Debentures") plus accrued and unpaid interest in cash. Under the terms of the offer to purchase the CEI Series VI Debentures, the Fund offered to purchase all of the Series VI Convertible Debentures in exchange for an equal principal amount of newly issued 5.75% convertible unsecured subordinated debentures due December 31, 2021 of the Fund (the "Fund 2017 5.75% Debentures") plus accrued and unpaid interest in cash.

The Offers form part of Chemtrade's strategy to have a simplified capital structure and to reduce administrative inefficiencies, including, among other things, by implementing simplified accounting and financial reporting procedures, and concentrating the public debt securities of Chemtrade and its subsidiary into a single issuer.