



President's Letter

Chemtrade Logistics Income Fund's first quarter 2003 results were a good start to the year. Both our North America and International businesses performed well, exceeding our expectations.

The Fund's results for the first quarter are affected by the sodium hydrosulphite acquisition, which was completed on December 30, 2002. Hence, the first quarter results this year are not directly comparable with the first quarter last year.

Revenue for the period was \$67.4 million, and net earnings were \$4.7 million. Cash available for distribution of \$7.6 million, or \$0.47 per unit, was generated from earnings before interest, income taxes, depreciation and amortization of \$9.7 million. For the first quarter of 2002, revenue was \$50.0 million, and net earnings \$4.1 million. Distributable cash was \$6.3 million (\$0.49 per unit), which was generated from EBITDA of \$7.2 million.

(Note: Per unit figures are based on 16,167,106 units outstanding at March 31, 2003 and 13,016,900 outstanding at March 31, 2002.)

Distributions

Effective with the January distribution, the monthly distribution was increased by 10% to \$0.11 per unit. Distributions attributable to the first quarter totaled \$0.44 per unit, including the supplemental distribution for the quarter of \$0.11 per unit.

Operations

Our North American business now includes three major sulphur-based products – sulphuric acid, liquid SO₂ and sodium hydrosulphite (SHS). Our international business is conducted by BCT Chemtrade.

The expanded North American operations reported gross profit of \$12.6 million for the quarter compared with \$8.3 million for the same period last year. This result primarily reflects the additional earnings from the SHS acquisition. We also benefited from the tight market and firm prices for sulphuric acid which were somewhat offset by the limited supply volumes. Although the liquid SO₂ market continued to be over-supplied, Chemtrade was able to supply increased volumes to the newly acquired SHS operations. This was one of the expected synergies of the acquisition. SHS performance exceeded expectations for the quarter, reflecting strong sales to Canadian newsprint and U.S. coated paper and textile customers as well as some cost reductions in operations.

BCT Chemtrade reported gross profit of \$2.7 million, which was slightly ahead of the previous year. Despite restricted supply for sulphur products and resulting lower sales, BCT was able to earn better margins and maintain gross profit.

Outlook

In addition to the seasonality factor that SHS adds to our earnings, planned maintenance shutdowns at two of our plants and a planned turnaround at our major supplier, will impact our business in the second quarter. However, we remain confident that we will generate the distributable cash required to maintain our current distribution rate.

A handwritten signature in black ink that reads "Mark Davis". The signature is written in a cursive, flowing style.

Mark Davis
President and Chief Executive Officer

May 9, 2003

CHEMTRADE LOGISTICS INCOME FUND
Consolidated Balance Sheet
(in thousands of dollars)
(unaudited)

	March 31, 2003	December 31, 2002
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,687	\$ 21,338
Accounts receivable	36,757	28,515
Inventories	12,703	9,890
Prepaid expenses and other assets	555	690
	60,702	60,433
Property, plant and equipment	127,400	139,789
Deferred charges	1,967	2,303
Future tax asset	1,840	980
Goodwill	52,080	52,909
Other intangibles	36,301	36,765
	\$ 280,290	\$ 293,179
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 25,724	\$ 22,567
Accrued liabilities	11,743	12,801
Distributions payable	1,778	1,606
Income taxes payable	1,264	1,456
Current portion of long-term debt	900	900
	41,409	39,330
Long-term debt	59,089	63,375
Minority interest	158	429
Unitholders' equity		
Units (note 3)	159,919	158,321
Convertible debentures (note 4)	39,402	41,000
Foreign currency translation adjustment	(5,788)	1,301
Deficit	(13,899)	(10,577)
	179,634	190,045
	\$ 280,290	\$ 293,179

CHEMTRADE LOGISTICS INCOME FUND
Consolidated Statement of Operations and Deficit
(in thousands of dollars)
(unaudited)

	Quarter ended March 31, 2003	Quarter ended March 31, 2002
Revenue	\$ 67,369	\$ 50,001
Cost of sales and services	52,110	39,074
Gross profit	15,259	10,927
Selling, general, administrative and other costs	5,590	3,725
Earnings before the under-noted	9,669	7,202
Depreciation and amortization	4,901	2,596
Net interest expense	554	312
Earnings before income taxes and minority interest	4,214	4,294
Income taxes		
Current	221	384
Future	(729)	(214)
	(508)	170
Earnings before minority interest	4,722	4,124
Minority interest	(12)	56
Net earnings	4,734	4,068
Deficit, beginning of period	(10,577)	(1,505)
Distributions		
Units	(6,940)	(4,946)
Convertible debentures	(1,116)	-
Deficit, end of period	\$(13,899)	\$(2,383)
Earnings per unit (note 3)		
Basic	\$0.22	\$0.31
Diluted	\$0.22	\$0.31

CHEMTRADE LOGISTICS INCOME FUND
Consolidated Statement of Cash Flows
(in thousands of dollars)
(unaudited)

	Quarter ended March 31, 2003	Quarter ended March 31, 2002
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 4,734	\$ 4,068
Items not affecting cash:		
Depreciation and amortization	4,901	2,596
Future income taxes	(729)	(214)
Minority interest	(12)	56
Unrealized foreign exchange (gain) loss	(116)	9
	8,778	6,515
Increase in working capital	(11,190)	(5,143)
	(2,412)	1,372
Financing activities:		
Distributions to unitholders	(6,764)	(4,946)
Distributions to convertible debenture holders	(1,116)	-
Payment of dividends by subsidiary to minority shareholders	(239)	-
	(8,119)	(4,946)
Investing activities:		
Additions to property, plant and equipment	(236)	(121)
	(236)	(121)
Effect of exchange rates on cash held in foreign currencies	116	(9)
Increase in cash and cash equivalents	(10,651)	(3,704)
Cash and cash equivalents – beginning of period	21,338	17,747
Cash and cash equivalents – end of period	\$ 10,687	\$ 14,043
Supplemental information:		
Cash taxes paid	\$ 414	\$ 240
Cash interest paid	\$ 551	\$ 185
Cash interest received	\$ 73	\$ 49

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements

(Dollar amounts in thousands)

(Unaudited)

March 31, 2003

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS:

Chemtrade Logistics Income Fund ("the Fund") commenced operations on July 18, 2001 when it completed an Initial Public Offering and purchased various assets and related businesses from Marsulex Inc.

These interim consolidated financial statements of the Fund have been prepared by management in accordance with accounting principles generally accepted in Canada. These interim consolidated financial statements include the accounts of the Fund and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated. These statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Fund for the year ended December 31, 2002. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Fund's annual report for the year ended December 31, 2002.

2. ACQUISITIONS:

The Fund acquired certain assets of the SHS business on December 30, 2002 and these assets were included in the consolidated balance sheet at December 31, 2002. These interim financial statements include the results of this acquisition since that date. Currently no amount of the purchase price has been allocated to other intangibles or goodwill. The Fund is evaluating the value of intangibles such as customer relationships. The results of this review are expected to be completed by June 30, 2003 and may result in a reallocation from property, plant and equipment to other intangibles.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements

(Dollar amounts in thousands)

(Unaudited)

March 31, 2003

3. UNITS:

(a) Outstanding:

	2003	
	Number of Units	Amount
Units		
Balance - beginning of period	16,056,900	\$158,321
Issued during the period (note 4)	110,206	1,598
Balance - end of period	16,167,106	\$ 159,919

(b) Net earnings per unit:

Net earnings per unit has been calculated on the basis of the weighted average number of units outstanding for the period which amounted to 16,109,861 units (2002 – 13,016,900). Distributions to convertible debenture holders during the period were deducted from net earnings in determining basic net earnings per unit. The effect of conversion of the convertible debentures into trust units was not included in the computation of diluted net earnings per unit as the effect of conversion would be anti-dilutive.

4. CONVERTIBLE DEBENTURES:

Convertible debentures totalling \$1,598 were converted into 110,206 units during the period.

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements

(Dollar amounts in thousands)

(Unaudited)

March 31, 2003

5. BUSINESS SEGMENTS:

The Fund operates in two business segments: North America and International.

North American operations remove, produce and market three major products – sulphuric acid (“acid”), liquid sulphur dioxide (“SO₂”) and sodium hydrosulphite (“SHS”). These products are marketed primarily to North American customers.

International operations provide removal and marketing services for two products - sulphur and acid. These products are marketed to customers in Europe, the Middle East, Latin America, South America and the Asia-Pacific region.

	2003		
	North America	International	Total
Revenue from external customers	\$52,080	\$15,289	\$67,369
Earnings before interest, income taxes, depreciation and amortization	8,386	1,283	9,669
Depreciation and amortization	4,821	80	4,901
Interest expense (net)	563	(9)	554
Income tax expense	(851)	97	(754)
Net earnings	3,853	1,127	4,980
Total assets	236,516	43,774	280,290
Goodwill	28,135	23,945	52,080
Capital expenditures	236	-	236

CHEMTRADE LOGISTICS INCOME FUND

Notes to Consolidated Financial Statements

(Dollar amounts in thousands)

(Unaudited)

March 31, 2003

5. BUSINESS SEGMENTS (continued):

Geographic segments:

The Fund operates primarily in Canada, the United States and Europe. Revenue is attributed to customers based on location of the customer.

	Revenue Quarter ended March 31, 2003	Property, Plant and Equipment, Goodwill and Other Intangibles March 31, 2003
North America	\$52,080	\$188,776
Europe	15,289	27,005
	\$67,369	\$215,781

In 2003, the Fund obtained product from a producer that accounted for 25.3% of the Fund's total revenue.

CHEMTRADE LOGISTICS INCOME FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2003

Chemtrade Logistics Income Fund ("Chemtrade" or the "Fund") is one of the world's largest marketers of sulphur-based chemicals. Chemtrade's major products are sulphuric acid ("acid"), liquid sulphur dioxide (SO₂) and sodium hydrosulphite ("SHS"). Chemtrade commenced operations on July 18, 2001 when it completed an IPO and purchased certain assets and businesses from Marsulex Inc.

The information in this MD&A is supplemental to, and should be read in conjunction with the Fund's consolidated financial statements for the three-month period ended March 31, 2003. The Fund's financial statements are prepared in accordance with accounting principles generally accepted in Canada. The Fund's reporting currency is the Canadian dollar.

HIGHLIGHTS

(\$'000 except per unit amounts)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
EBITDA ⁽¹⁾	\$9,669	\$7,202
Less:		
Non-cash charges	4,901	2,596
Net interest expense	554	312
Taxes	(508)	170
Minority interest	<u>(12)</u>	<u>56</u>
Net Earnings	<u>\$4,734</u>	<u>\$4,068</u>
Net Earnings per unit - Basic	\$0.22	\$0.31
- Diluted	\$0.22	\$0.31
EBITDA per unit ⁽²⁾	\$0.60	\$0.55
Distributable Cash ⁽³⁾	\$7,554	\$6,329
Distributable Cash per unit ⁽²⁾	\$0.47	\$0.49
Distributions declared	\$6,940	\$4,946
Distributions declared per unit	\$0.43	\$0.38
Distributions paid	\$6,764	\$4,946
Distributions paid per unit	\$0.42	\$0.38

- (1) EBITDA is defined as earnings before interest, income taxes, depreciation, amortization and minority interest. See Distributable Cash – Cash Distributions for additional comments concerning EBITDA.
- (2) Based on number of units outstanding as follows:
March 31, 2003 – 16,167,106; March 31, 2002 – 13,016,900
- (3) See Distributable Cash – Cash Distributions for additional comments concerning Distributable Cash.

CONSOLIDATED OPERATING RESULTS

Results for the first quarter of 2003 are affected by the SHS acquisition which was completed on December 30, 2002. For the first quarter of 2003, consolidated revenues were \$67.4 million, compared with \$50.0 million for the comparable period of 2002. Total North American revenue was \$52.1 million (\$31.5 million in 2002) and International sales were \$15.3 million (\$18.5 million in 2002). International sales for the first quarter of 2003 were less than expectations, due mainly to reduced volumes.

Net earnings for the first quarter of 2003 of \$4.7 million met expectations. For the first quarter of 2002, net earnings were \$4.1 million. Gross profit for the first quarter of 2003 was \$15.3 million (22.7% of revenue), an increase from \$10.9 million (21.8% of revenue) for the first quarter of 2002.

North America –

North America business generated \$12.6 million of gross profit in the first quarter of 2003, which exceeded expectations.

North America benefited from a tight sulphuric acid market and firm prices. Increased sales volumes of acid were limited by lack of supply. In addition, inventories increased in anticipation of reduced supply in the second quarter (see Outlook for additional comments on the second quarter).

The SO₂ market remained in an over-supply situation in the first quarter of 2003. Sales of SO₂ benefited from the increased volume required for the recently acquired SHS business. As a result, the gross margin from the sales of SO₂ was close to expectations for the first quarter.

Gross profit from Chemtrade's newest product, SHS, exceeded expectations in the first quarter. Operating rates in the newsprint and textile markets, which are the principal customers for this product, have been similar to 2002 rates. Chemtrade's sales volumes to Canadian newsprint and U.S. coated paper and textile customers have exceeded initial expectations.

Gross profit from North American operations in the first quarter of 2002 was \$8.3 million, which was close to expectations. Comparability of North American results between 2002 and 2003 is not meaningful, as a result of the SHS acquisition completed in December 2002.

International –

International sales of sulphuric acid and sulphur are the responsibility of BCT Chemtrade. In the first quarter of 2003, gross profit of the international business was \$2.7 million, which was slightly greater than expectations. Sales volume of sulphuric acid in the international markets, were less than volumes in the first quarter of 2002, reflecting reduced international supply. Although product availability for the spot market is limited, BCT did record satisfactory results in this market in the quarter.

In the first quarter of 2002, BCT recorded gross margin of \$2.6 million which was in line with expectations.

Foreign Exchange –

The Fund has operating subsidiaries that are U.S. based and the reporting currency of BCT Chemtrade, the Fund's international subsidiary, is the U.S. dollar. As the Fund reports in Canadian dollars, it is exposed to fluctuations in the Canadian/U.S. dollar exchange rate. At the Fund's 2003 expected exchange rate, approximately 60% of both EBITDA and distributable cash are generated in U.S. dollars. On an annual basis, a \$0.01 movement in the exchange rate of the Canadian/U.S. dollar from the 2003 expected rate would affect distributable cash by approximately \$0.3 million, which may be further mitigated by the risk sharing nature of certain Chemtrade agreements. The Fund's bank debt and related interest expense is denominated in U.S. dollars, which effectively hedges a portion of the U.S dollar cash flow from operations. See Risks and Uncertainties for additional comments on Foreign Exchange.

SELLING, GENERAL AND ADMINISTRATION

Selling, general and administration expenses totaled \$5.6 million (8.3% of revenue) for the first quarter of 2003, compared with \$3.7 million (7.4% of revenue) for 2002, or an increase of \$1.9 million. S,G and A expenses incurred in connection with the addition of the SHS product line accounted for \$1.0 million of the increase. Selling, general and administration costs were less than expected, as the addition of certain new staff positions resulting from the SHS acquisition has been delayed. Personnel and related staff costs account for 54% of the total S,G and A expense in both 2003 and 2002. The addition of the SHS business has increased total staff count from about 100 in March 2002 to approximately 217 at March 31, 2003.

INTEREST EXPENSE

Interest expense, net of interest income, was \$0.6 million in the first quarter of 2003, compared with \$0.3 million for 2002. The interest rate on the original term debt of \$37 million, drawn at the time of the Fund's purchase of the Chemtrade business, remains fixed until June 2003 at 4.19%. The interest rate on this loan for the period from June 2003 until maturity on May 31, 2005 will vary, based on three month Libor, between 6.55% and 7.65%.

The interest rate on the \$24 million term debt drawn at the time of the acquisition of the SHS business has been fixed until December 2003 at 3.44%.

As the 10% convertible debentures issued in December 2002 in connection with the SHS acquisition are grouped with equity on the balance sheet of the Fund, the related interest is shown as a distribution to unitholders and included in Deficit. The amount of interest payable on these debentures is classified as a deduction from EBITDA in arriving at the amount of distributable cash generated in the quarter.

INCOME TAXES

The decrease in current taxes in the first quarter of 2003 compared to 2002 reflects the reduced earnings from an international subsidiary, as well as a reduction in applicable withholding taxes.

The increase in future tax benefit in 2003 compared to 2002 is the result of the recognition by operating subsidiaries of the appropriate benefit arising from tax loss carry forwards.

CASH FLOW AND LIQUIDITY

For the first quarter of 2003, Chemtrade used \$2.5 million of cash to finance operations, compared with cash flow from operations of \$1.4 million in 2002. The principal reason for the cash requirement for operations in 2003 was the build-up of working capital resulting from the addition of the SHS product line. The SHS acquisition did not include the purchase of any working capital items other than inventory, and Chemtrade has financed the resulting increase in accounts receivable and production inventories during the first quarter of 2003. Certain costs, such as freight, command terms that require payment sooner than Chemtrade's credit policy, which puts additional pressure on cash requirements.

During the quarter, \$1,598,000 of debentures were converted to 110,206 units of the Fund.

The decrease in Chemtrade's long-term debt since December 31, 2002 reflects the change in the foreign exchange rate of the U.S./Canadian dollar as the loan is denominated in U.S. dollars.

At March 31, 2003 Chemtrade's balance of cash and cash equivalents was \$10.7 million compared with \$21.3 million at December 31, 2002. As mentioned previously, the decline in cash balances reflects the build-up of working capital resulting from the sales/production of SHS, and the payment of costs associated with the acquisition.

DISTRIBUTABLE CASH AND CASH DISTRIBUTIONS

Distributable cash represents EBITDA, less expenditures on capital items, interest expense (net of interest income), current income taxes and the minority shareholders' share of income of an operating subsidiary. EBITDA and distributable cash do not have any standardized meaning prescribed by generally accepted accounting principles and therefore may not be comparable to similar measures presented by other companies.

In the first quarter of 2003 Chemtrade's distributable cash amounted to \$7.6 million, compared with \$6.3 million for the comparable period of 2002. An analysis follows (tabular amounts in millions):

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
EBITDA	\$9.7	\$7.2
Less:		
Capital expenditures	0.2	0.1
Interest ⁽¹⁾	1.7	0.3
Income taxes	0.2	0.4
Minority interest	<u>0.0</u>	<u>0.1</u>
Sub-total	\$2.1	0.9
Distributable cash	\$7.6	\$6.3

⁽¹⁾ Includes, in 2003, interest on 10% convertible debentures.

For the three-month period ended March 31, 2003 distributable cash per unit, based on 16,167,106 units outstanding at that date was \$0.47. For the three months ended March 31, 2002, based on 13,016,900 units outstanding, distributable cash per unit was \$0.49.

Distributions –

During the first quarter of 2003 and 2002 Chemtrade declared the following cash distributions:

Three Months Ended March 31, 2003

Record Date	Payment Date	Distribution Per Unit	Total (\$ millions)
January 31, 2003	February 28, 2003	\$0.11	\$1.7
February 26, 2003	February 28, 2003	0.10	1.6 ⁽¹⁾
February 28, 2003	March 31, 2003	0.11	1.8
March 31, 2003	April 30, 2003	<u>0.11</u>	<u>1.8</u>
		\$0.43	\$6.9

⁽¹⁾ Represents payment of supplemental distribution for fourth quarter of 2002.

Three Months Ended March 31, 2002

Record Date	Payment Date	Distribution Per Unit	Total (\$ millions)
January 31, 2002	February 28, 2002	\$0.09	\$1.2
February 26, 2002	February 28, 2002	0.11	1.4 ⁽¹⁾
February 28, 2002	March 29, 2002	0.09	1.2
March 29, 2002	April 30, 2002	<u>0.09</u>	<u>1.2</u>
		\$0.38	\$5.0

⁽¹⁾ Represents payment of supplemental distribution for fourth quarter of 2001.

For the first three months of 2003, Chemtrade has distributed \$0.42 per unit to unitholders, for total distributions of \$6.8 million. These distributions include both the distribution of \$0.10 per unit paid on January 31, 2003 and the supplemental distribution for the fourth quarter of 2002 of \$0.10 per unit paid in February 2003 but do not include the March 2003 distribution of \$0.11 per unit to be paid April 30, 2003.

For the first quarter of 2002, Chemtrade paid distributions of \$0.38 per unit for total distributions of \$5.0 million.

Chemtrade declared a supplemental distribution of \$0.11 per unit on April 17, 2003, payable on April 30, 2003 to unitholders of record on April 28, 2003.

RISKS AND UNCERTAINTIES

Chemtrade is one of the world's largest marketers of sulphur-based chemicals. As such Chemtrade faces various risks associated with its business. These risks include, amongst others, the loss of a portion of its customer base, the interruption of the supply of sulphur based products, price fluctuations in the products sold and/or raw materials purchased, industry over-capacity, acquisition integration and operational and product hazard risks associated with the nature of its business. In addition, Chemtrade sells a significant portion of its major products to large customers. While many of these customers are under contract, there can be no assurance that these contracts will be renewed.

As Chemtrade's business is international in nature, the Fund is exposed to foreign exchange risks related to the payment of dividends and other transactions by its foreign subsidiaries. Currently the Fund has not hedged this risk, but could do so at any time by purchasing forward contracts in the amount of the expected cash inflows. Chemtrade will continue to review this foreign exchange exposure and review its current hedging plans.

Under current accounting rules, the Fund's foreign subsidiaries are considered self-sustaining, and the effect of a change in the Canadian/U.S. dollar exchange rate on translation is recorded in the foreign currency translation adjustment account, which is a part of Unitholders' equity on the balance sheet. The change in this account in the first quarter of 2003 reflects the strengthening of the Canadian dollar compared to the U.S. dollar in that period.

Chemtrade manages the risks associated with its customer base and sales price by structuring its sulphur-based by-product supply contracts so that related risks are minimized. Generally, Chemtrade strives to reduce the risk associated with its producers by entering into contracts that are either risk shared, fee based or that match purchases with pre-arranged sales, thereby ensuring a margin on the transaction. Chemtrade also seeks to differentiate its products with customers and use its scale to obtain sale and raw materials contracts that mitigate price fluctuations.

Chemtrade manages the risks associated with its business by utilizing the following risk management program:

- Identify and quantify the effects of risks;
- Assign identified/quantified risks to a specific, accountable manager, who is responsible for managing/mitigating the risk;
- Identify a mechanism to either transfer the identified risks or otherwise to mitigate its effect; and
- Make further recommendations and review conclusions with the Board as appropriate.

As noted in the Fund's IPO Prospectus dated July 12, 2001, the Fund is aware of proceedings having been undertaken by the Department of Justice in the United States relating to the sulphuric acid market. The Fund has received assurances from the Department of Justice that an arrangement, currently in place with Marsulex, will be extended to the Fund, and will ensure that the Fund has no criminal liability in this matter as long as the Fund complies with the requirements of the Department of Justice. The Fund intends to cooperate with the Department of Justice and comply with these requirements.

Marsulex has agreed to indemnify the Fund in respect of (1) any criminal liability relating to the proceedings, and (2) any civil claims of industry participants claiming damages as a result of conduct being investigated in these proceedings, and (3) any costs relating to defending against such liability or claims, provided that the Fund and Chemtrade comply with the requirements of the arrangement with the Department of Justice. For further information on this matter, see page 56 of the Fund's IPO Prospectus.

OUTLOOK

The outlook for the sulphuric acid markets both internationally and in North America continues to be tight, while SO₂ remains in an over-supply situation. The second quarter will be challenging for Chemtrade, as two of our plants and the plants of our major North American suppliers are taking planned maintenance. Chemtrade has increased inventory levels accordingly. In addition, the renewal date for a significant labour contract at one of our major producer customers is May 31, 2003.

The SHS acquisition adds two additional business factors for Chemtrade. First, the SHS business adds seasonality to Chemtrade's operations. Traditionally, the demand for SHS is greater in the second half of the year, as newsprint and other paper requirements are stronger in the third and fourth quarters. As a result, third and fourth quarter EBITDA and distributable cash are expected to exceed those generated in the first half of the year. Secondly, Chemtrade is currently facing upward pressure on the prices of certain key raw materials for the production of SHS.

Chemtrade remains confident however, that it will generate sufficient cash to fulfill its previously announced intention to distribute cash of \$1.76 per unit in 2003.

CHEMTRADE LOGISTICS INCOME FUND

Unitholder Information

Chemtrade Logistics Inc.

Officers

Mark Davis
President & CEO

Victor Wells
Vice-President, Finance & CFO

Doug Cadwell
Vice-President, North American Business

Greg Pimento
Vice-President, Operations

Ernst Kohler
President
BCT Chemtrade Corporation

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Investor Information

Unitholders or other interested parties seeking financial information about the Fund are invited to call:

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