CLIF

Chemtrade Logistics Income Fund

2015

Annual Report

Corporate Profile

Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world. Chemtrade is one of North America's largest suppliers of sulphuric acid, spent acid processing services, inorganic coagulants for water treatment, liquid sulphur dioxide, sodium nitrite, sodium hydrosulphite and phosphorus pentasulphide. Chemtrade is a leading regional supplier of sulphur, sodium chlorate, potassium chloride, and zinc oxide. Additionally, Chemtrade provides industrial services such as processing by-products and waste streams.

Visit our website

Chemtrade's Website – **chemtradelogistics.com** – is our primary medium for communicating with our unitholders. The site is regularly updated with news releases concerning distributions, financial results and other important developments, as well as presentations made to investor conferences and our annual meeting presentation. An electronic copy of this report is available on the website.

We encourage our unitholders to visit the site regularly.

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CHEMTRADE LOGISTICS INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2015

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial condition of Chemtrade Logistics Income Fund (the “Fund”). Throughout this MD&A, the term “Chemtrade” refers to the Fund and its consolidated subsidiaries. The terms “we”, “us” or “our” similarly refers to Chemtrade. This MD&A should be read in conjunction with the audited consolidated financial statements of Chemtrade for the year ended December 31, 2015.

Chemtrade's financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Chemtrade's reporting currency is the Canadian dollar. In this MD&A, per unit amounts are calculated using the weighted average number of units outstanding for the applicable period unless otherwise indicated.

Caution Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of certain securities laws, including the *Securities Act* (Ontario). Forward-looking statements can be generally identified by the use of words such as “anticipate”, “continue”, “estimate”, “expect”, “expected”, “intend”, “may”, “will”, “project”, “plan”, “should”, “believe” and similar expressions. Specifically, forward-looking statements in this MD&A include statements respecting certain future expectations about: capital expenditures; the ability of Chemtrade to access tax losses and tax attributes; the tax characterization of planned distributions; sources, use and sufficiency of cash flows; the amount of any long-term incentive compensation; the effect of changes in the exchange rate, interest rates and the prices of key products; the adoption and timing of certain accounting rules and their anticipated effect; the effectiveness of our business model; the sustainability of the Fund’s distribution rate; and our ability to reduce leverage levels. Forward-looking statements in this MD&A describe the expectations of Chemtrade as of the date hereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements for a variety of reasons, including without limitation the risks and uncertainties detailed under the “RISK FACTORS” section of the Fund's latest Annual Information Form and the **Risks and Uncertainties** section below.

Although Chemtrade believes the expectations reflected in these forward-looking statements and the assumptions upon which they are based are reasonable, no assurance can be given that actual results will be consistent with such forward-looking statements, and they should not be unduly relied upon. With respect to the forward-looking statements contained in this MD&A, Chemtrade has made assumptions regarding: there being no significant disruptions affecting the operations of Chemtrade, whether due to labour disruptions, supply disruptions, power disruptions, transportation disruptions, damage to equipment or otherwise; the ability of Chemtrade to obtain products, raw materials, equipment, transportation, services and supplies in a timely manner to carry out its activities and at prices consistent with current levels or in line with Chemtrade’s expectations; the timely receipt of required regulatory approvals; the cost of regulatory and environmental compliance being consistent with current levels or in line with Chemtrade’s expectations; the ability of Chemtrade to successfully access tax losses and tax attributes; the ability of Chemtrade to obtain financing on acceptable terms; currency, exchange and interest rates being consistent with current levels or in line with Chemtrade's expectations; and global economic performance.

Chemtrade disclaims any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

Recent Developments and Divestitures

Acquisition of General Chemical

On January 23, 2014, Chemtrade completed the purchase of 100% of the businesses of Parsippany, New Jersey-based General Chemical Holding Company ("General Chemical") (the "General Chemical Acquisition"). Consequently, 2015 includes 12 months of results from General Chemical, whereas 2014 has only 11 months of results from this business. Additionally, $18.4 million of acquisition-related costs and associated foreign exchange losses were recorded in selling and administrative expenses for the year ended December 31, 2014.

Sale of Montreal East Business

On May 12, 2014, Chemtrade entered into a definitive agreement to sell its Montreal East business to Suncor Energy Products Inc. ("Suncor") for proceeds of $120.4 million. The transaction closed on July 17, 2014. The business provided sulphur removal and compliance services to Suncor's Montreal oil refinery and was included in the SPPC segment. Chemtrade acquired the operation in 2011 as part of its acquisition of Marsulex Inc., and realized an after-tax gain of $7.7 million on the sale in the third quarter of 2014. Chemtrade also recognized the remaining amounts receivable of $9.4 million into revenues, pursuant to an agreement with a previous customer of this business. The proceeds of the sale were used to repay long-term debt.

Comparative figures have been restated to exclude results from this business where applicable.

Acquisition of Hydor-Tech Ltd.

On January 16, 2015, Chemtrade completed the purchase of the operating assets of Hydor-Tech Ltd. ("HTL"), an Edmonton-based manufacturer of inorganic coagulants. HTL was a leading western Canadian manufacturer of polyaluminum chloride that is widely used in municipal and industrial water treatment plants. The business combination was structured as an asset acquisition for $27.6 million. The transaction was financed by drawing upon Chemtrade's syndicated senior secured credit facilities ("credit facilities"). For details on the purchase price allocation, refer to note 4 of the consolidated financial statements of Chemtrade for the year ended December 31, 2015.

Modification of Long-Term Debt

In 2015, Chemtrade amended its long-term debt agreement by extending the maturity date to October 2, 2020. All other terms and conditions of the agreement remain substantively unchanged. Chemtrade incurred $1.7 million of transaction costs relating to this amendment.

Financial Highlights

These financial highlights have been presented in accordance with IFRS.

($'000 except per unit amounts)	Three months ended December 31, 2015	Three months ended December 31, 2014 [1]	Year ended December 31, 2015	Year ended December 31, 2014 [1]	Year ended December 31, 2013 [1]
Revenue from continuing operations	$ 335,670	$ 313,274	$ 1,364,887	$ 1,203,395	$ 813,081
Net (loss) earnings	$ (80,083)	$ (10,089)	$ (47,590)	$ 21,030	$ 5,462
Net (loss) earnings from continuing operations	$ (80,083)	$ (10,089)	$ (47,590)	$ (20,819)	$ 11,311
Net (loss) earnings per unit	$ (1.16)	$ (0.16)	$ (0.69)	$ 0.35	$ 0.13
Net (loss) earnings per unit from continuing operations	$ (1.16)	$ (0.16)	$ (0.69)	$ (0.34)	$ 0.27
Diluted net (loss) earnings per unit	$ (1.16)	$ (0.16)	$ (0.69)	$ 0.35	$ 0.13
Diluted net (loss) earnings per unit from continuing operations	$ (1.16)	$ (0.16)	$ (0.69)	$ (0.34)	$ 0.27
Total assets	$ 2,413,245	$ 2,228,403	$ 2,413,245	$ 2,228,403	$ 950,687
Current portion of long-term debt	$ 3,397	$ 3,159	$ 3,397	$ 3,159	$ 2,937
Long-term debt	$ 618,254	$ 508,482	$ 618,254	$ 508,482	$ 226,992
Convertible unsecured subordinated debentures	$ 240,726	$ 264,492	$ 240,726	$ 264,492	$ 196,508
Adjusted EBITDA from continuing operations [2]	$ 51,674	$ 61,472	$ 236,954	$ 202,169	$ 119,789
Adjusted EBITDA from continuing operations per unit [2][3]	$ 0.75	$ 0.95	$ 3.44	$ 3.35	$ 2.87
Cash flows from operating activities	$ 69,017	$ 50,102	$ 161,974	$ 104,296	$ 107,844
Cash flows from operating activities per unit [3]	$ 1.00	$ 0.78	$ 2.35	$ 1.73	$ 2.59
Adjusted cash flows from operating activities [2]	$ 38,071	$ 49,752	$ 188,123	$ 170,593	$ 109,919
Adjusted cash flows from operating activities per unit [2][3]	$ 0.55	$ 0.77	$ 2.73	$ 2.83	$ 2.64
Distributable cash after maintenance capital expenditures [2]	$ 10,078	$ 24,419	$ 135,655	$ 126,593	$ 75,487
Distributable cash after maintenance capital expenditures per unit [2][3]	$ 0.15	$ 0.38	$ 1.97	$ 2.10	$ 1.81
Distributions declared	$ 20,721	$ 19,434	$ 82,700	$ 74,067	$ 50,003
Distributions declared per unit [4]	$ 0.30	$ 0.30	$ 1.20	$ 1.20	$ 1.20
Distributions paid	$ 20,719	$ 18,880	$ 82,640	$ 71,394	$ 50,003
Distributions paid per unit [4]	$ 0.30	$ 0.30	$ 1.20	$ 1.20	$ 1.20

(1) Certain comparative figures have been re-classified to conform with the current year's presentation.

(2) See **Non-IFRS Measures**.

(3) Based on weighted average number of units outstanding for the period of:	69,064,590	64,536,476	68,874,207	60,360,582	41,669,206

(4) Based on actual number of units outstanding on record date.

Non-IFRS Measures

EBITDA and Adjusted EBITDA -

Management defines EBITDA as net earnings before any deduction for net finance costs, taxes, depreciation and amortization. Adjusted EBITDA also excludes other non-cash charges such as gains and losses on the disposal and write-down of assets, and unrealized foreign exchange gains and losses. EBITDA and Adjusted EBITDA are metrics used by many investors and analysts to compare organizations on the basis of ability to generate cash from operations. Management considers Adjusted EBITDA (as defined) to be an indirect measure of operating cash flow, which is a significant indicator of the success of any business. Adjusted EBITDA is not intended to be representative of cash flow from operations or results of operations determined in accordance with IFRS or cash available for distribution.

EBITDA and Adjusted EBITDA are not recognized measures under IFRS. Chemtrade's method of calculating EBITDA and Adjusted EBITDA may differ from methods used by other income trusts or companies, and accordingly may not be comparable to similar measures presented by other organizations. A reconciliation of EBITDA and Adjusted EBITDA to net earnings from continuing operations follows:

	Three months ended		Year ended		
(\$'000)	**December 31, 2015**	**December 31, 2014 (1)**	**December 31, 2015**	**December 31, 2014 (1)**	**December 31, 2013**
Net (loss) earnings from continuing operations	$ (80,083)	$ (10,089)	$ (47,590)	$ (20,819)	$ 11,311
Add:					
Depreciation and amortization	37,445	61,037	148,083	159,751	68,600
Net finance costs	10,811	9,790	33,701	74,518	38,697
Income tax recovery	(15,009)	(12,677)	(18,006)	(34,479)	(14,433)
EBITDA from continuing operations	(46,836)	48,061	116,188	178,971	104,175
Add:					
Impairment of intangible assets	88,738	—	88,738	—	—
Loss on disposal and write-down of assets	6,557	1,500	5,883	6,084	5,980
Unrealized foreign exchange loss	3,215	11,911	26,145	17,114	9,634
Adjusted EBITDA from continuing operations	$ 51,674	$ 61,472	$ 236,954	$ 202,169	$ 119,789

(1) Certain comparative figures have been re-classified to conform with the current year's presentation.

Cash Flow -

The following table is derived from, and should be read in conjunction with, the consolidated statements of cash flows. Management believes this supplementary disclosure provides useful additional information related to the cash flows of Chemtrade including the amount of cash available for distribution to Unitholders, repayment of debt and other investing activities. Certain sub-totals presented within the cash flows table below, such as “Adjusted cash flows from operating activities”, “Distributable cash after maintenance capital expenditures” and “Distributable cash after all capital expenditures”, are not defined terms under IFRS. These sub-totals are used by Management as measures of internal performance and as a supplement to the consolidated statements of cash flows. Investors are cautioned that these measures should not be construed as an alternative to using net earnings as a measure of profitability or as an alternative to the IFRS consolidated statements of cash flows. Further, Chemtrade's method of calculating each measure may not be comparable to calculations used by other income trusts or companies bearing the same description.

	Three months ended		Year ended		
($'000)	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Cash flows from operating activities	$ 69,017	$ 50,102	$ 161,974	$ 104,296	$ 107,844
Add:					
Changes in non-cash working capital and other items	(30,946)	(350)	26,149	66,297	2,075
Adjusted cash flows from operating activities	**38,071**	**49,752**	**188,123**	**170,593**	**109,919**
Less:					
Maintenance capital expenditures	27,993	25,333	52,468	44,000	34,432
Distributable cash after maintenance capital expenditures	**10,078**	**24,419**	**135,655**	**126,593**	**75,487**
Less:					
Non-maintenance capital expenditures [1]	5,206	1,821	11,585	8,780	15,653
Distributable cash after all capital expenditures	**$ 4,872**	**$ 22,598**	**$ 124,070**	**$ 117,813**	**$ 59,834**

[1] Non-maintenance capital expenditures are: (a) pre-funded, usually as part of a significant acquisition and related financing; (b) considered to expand the capacity of Chemtrade's operations; (c) significant environmental capital expenditures that are considered to be non-recurring; or (d) capital expenditures to be reimbursed by a third party.

Consolidated Operating Results

Consolidated revenue for the fourth quarter of 2015 was $335.7 million, which was $22.4 million higher than revenue from continuing operations for the fourth quarter of 2014. On a year-to-date basis, revenue for 2015 was $1,364.9 million, which was $161.5 million higher than the revenue from continuing operations for the same period of 2014. The year-to-date revenues include 12 months of results from the General Chemical businesses acquired in 2014, whereas 2014 includes results for only 11 months. The increase in revenues in 2015 from 2014 is also due to the positive impact of the stronger U.S. dollar on U.S. dollar denominated revenue.

Chemtrade's Adjusted EBITDA for the fourth quarter was lower than the Adjusted EBITDA from continuing operations for same period of 2014 by $9.8 million. Adjusted EBITDA for the fourth quarter of 2015 was lower than the fourth quarter of 2014 primarily due to post-employment benefit plans related settlement gains of $10.2 million recorded in the fourth quarter of 2014. The positive impact of the strong U.S. dollar in the fourth quarter of 2015 was offset by lower earnings in the SPPC segment.

Chemtrade's Adjusted EBITDA for the year ended December 31, 2015 was $34.8 million higher than Adjusted EBITDA from continuing operations generated in 2014. 2015's Adjusted EBITDA benefited by approximately $27.6 million due to U.S. dollar strength relative to 2014, and by Long-Term Incentive Plan ("LTIP") expenses being $7.9 million lower than 2014. 2015 also includes 12 months of results from the General Chemical businesses, whereas 2014 included only 11 months, although this was offset by weaker results in the WSSC segment. 2014 results include $18.4 million of acquisition-related costs and associated foreign exchange losses; however, this was partially offset by post-employment benefit plans related settlement gains of $10.2 million recorded in the fourth quarter of 2014.

Net earnings for the fourth quarter and year ended December 31, 2015 were lower than net earnings from continuing operations for the comparative periods of 2014 by $70.0 million and $26.8 million, respectively. During the fourth quarter of 2015, a goodwill impairment of $88.7 million was recorded in the WSSC segment (see **Goodwill Impairment and Loss on Write-Down of Assets**). Depreciation and amortization was lower in the fourth quarter and the year ended December 31, 2015 compared with the same periods of 2014, primarily due to the accelerated amortization of certain intangible assets acquired as part of the General Chemical acquisition that had a useful life of approximately one year in 2014. There was also a lower unrealized foreign exchange loss in the fourth quarter of 2015 compared with the fourth quarter of 2014. On a year-to-date basis, lower net finance costs in 2015 were partially offset by higher unrealized foreign exchange losses and lower income tax recoveries compared with 2014. Net finance costs were lower for the year ended December 31, 2015 compared with the same period of 2014, primarily due to the fair value adjustments on the convertible unsecured subordinated debentures ("Debentures") and the write-off of previously deferred financing costs related to credit facilities that were repaid in 2014. Additionally, net finance costs included $5.7 million of transaction costs in 2014 related to the issuance of Debentures in the second quarter of 2014. Income tax recoveries in 2014 were high primarily due to the higher net taxable loss incurred during this period.

Distributable cash after maintenance capital expenditures was lower in the fourth quarter of 2015 than the fourth quarter of 2014 mainly because the fourth quarter of 2014 included $10.2 million of settlement gains resulting from changes made to certain post-employment benefit plans recorded in the fourth quarter of 2014. Additionally, maintenance capital expenditures in the fourth quarter of 2015 were $2.7 million higher than the fourth quarter of 2014.

Results of Operations by Business Segment

SPPC -

	Three months ended		Year ended	
($'000)	**December 31, 2015**	**December 31, 2014 (1)**	**December 31, 2015**	**December 31, 2014 (1)**
Revenue from continuing operations	$ 158,700	$ 154,863	$ 650,325	$ 584,426
Adjusted EBITDA from continuing operations	33,196	35,088	150,161	133,363
Gain (loss) on disposal and write-down of assets	887	(1,333)	1,561	(5,917)
EBITDA from continuing operations	34,083	33,755	151,722	127,446
Depreciation and amortization	(20,783)	(13,656)	(83,866)	(79,058)
Net finance cost	(5,556)	(8,581)	(21,854)	(34,016)
Income tax recovery	8,120	5,650	6,070	27,439
Net earnings from continuing operations	$ 15,864	$ 17,168	$ 52,072	$ 41,811

(1) Certain comparative figures have been re-classified to conform with the current year's presentation.

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

For the fourth quarter and year ended December 31, 2015, SPPC generated revenues from continuing operations which were $3.8 million and $65.9 million higher than the same periods of 2014, respectively. The increase in revenues for the fourth quarter and year ended December 31, 2015 was primarily due to the positive impact of the stronger U.S. dollar on U.S. dollar denominated revenue. This was partially offset by lower volumes of sulphuric acid in the fourth quarter of 2015 compared with the fourth quarter of 2014. On a year-to-date basis, the increased revenue in 2015 compared with 2014 was due to the inclusion of results from the General Chemical businesses for a full 12 months compared with only 11 months in 2014.

Adjusted EBITDA for the fourth quarter of 2015 was $1.9 million lower than Adjusted EBITDA from continuing operations for the same period of 2014. Adjusted EBITDA for the year ended December 31, 2015 was $16.8 million higher than Adjusted EBITDA from continuing operations for the year ended December 31, 2014. Relative to the fourth quarter of 2014 and the year ended December 31, 2014, the stronger U.S. dollar had a positive impact on Adjusted EBITDA of approximately $3.8 million and $15.9 million, respectively, in 2015. In the fourth quarter of 2015, the positive impact of the stronger U.S. dollar was more than offset by lower volumes of sulphuric acid, which was primarily due to an extended maintenance outage taken by a customer.

Net earnings for the fourth quarter and the year ended December 31, 2015 were $1.3 million lower and $10.3 million higher than net earnings from continuing operations for the comparative periods of 2014, respectively. Higher depreciation and amortization in the fourth quarter of 2015 compared with the fourth quarter of 2014 were partially offset by a higher income tax recovery and lower net finance costs for the fourth quarter of 2015 compared with the fourth quarter of 2014. Lower net finance costs for the 2015 year were partially offset by higher depreciation and amortization and a lower income tax recovery for 2015 compared with the same period of 2014. Finance costs were high in the fourth quarter and year ended December 31, 2014 due to the write-off of deferred financing costs associated with the repayment of long-term debt. Depreciation and amortization costs were lower in the fourth quarter and year ended December 31, 2014 due to purchase price allocation adjustments related to the General Chemical acquisition. For details of the finalized purchase price allocation, refer to Chemtrade's 2015 annual consolidated financial statements. The high income tax recovery for the year ended December 31, 2014 was due to higher taxable losses incurred in this period.

WSSC -

	Three months ended		Year ended	
($'000)	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Revenue	$ 118,760	$ 101,270	$ 477,141	$ 418,228
Adjusted EBITDA	27,400	26,837	121,138	117,926
Impairment of intangible assets	(88,738)	—	(88,738)	—
Loss on disposal and write-down of assets	(7,444)	(167)	(7,444)	(167)
EBITDA	(68,782)	26,670	24,956	117,759
Depreciation and amortization	(16,138)	(46,899)	(62,159)	(78,740)
Net finance costs	(2,660)	(2,237)	(9,927)	(10,294)
Income tax recovery	8,416	7,555	16,012	7,621
Net (loss) earnings	$ (79,164)	$ (14,911)	$ (31,118)	$ 36,346

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 chlorate, sodium nitrite, potassium chloride, phosphorus pentasulphide, vaccine adjuvants, and sulphides. These products are marketed primarily to North American customers.

Revenue during the fourth quarter and year ended December 31, 2015 was higher than the same periods of 2014 by $17.5 million and $58.9 million, respectively. The increase in revenue was primarily due to the positive impact of the stronger U.S. dollar in 2015 relative to 2014, partially offset by lower volumes of certain products in 2015 compared with 2014. The increase in revenues in 2015 was also due to the inclusion of results from the General Chemical businesses for a full 12 months in 2015 compared with only 11 months in 2014. Adjusted EBITDA during the fourth quarter and year ended December 31, 2015 was higher than the same periods of 2014 by $0.6 million and $3.2 million, respectively. Adjusted EBITDA benefited by approximately $2.6 million and $11.8 million due to the stronger U.S. dollar in the fourth quarter and year ended December 31, 2015, respectively; however, this was more than offset by lower margins for certain products within the segment in 2015 compared with the same periods of 2014. Net earnings for the fourth quarter and year ended December 31, 2015 were $64.3 million and $67.5 million lower than the comparative periods of 2014. The higher levels of depreciation and amortization in 2014 were primarily due to the amortization of certain intangible assets acquired as part of the General Chemical acquisition that had a useful life of approximately one year. The impairment of intangible assets and loss on write-down of assets recorded in the fourth quarter of 2015 was due to increased competitive pressures for water treatment products (see **Goodwill Impairment and Loss on Write-Down of Assets** below). The higher income tax recovery for the year ended December 31, 2015 compared with the same period of 2014 was due to the recognition of deductible temporary differences, partially offset by higher income earned in these periods.

International -

	Three months ended		Year ended	
($'000)	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Revenue	$ 58,210	$ 57,141	$ 237,421	$ 200,741
EBITDA	4,560	4,572	16,008	16,677
Depreciation and amortization	(524)	(482)	(2,058)	(1,953)
Net finance (costs) income	(2)	3	(3)	10
Income tax expense	(1,472)	(602)	(3,542)	(2,492)
Net earnings	$ 2,562	$ 3,491	$ 10,405	$ 12,242

International operations provide removal and marketing services for elemental sulphur and sulphuric acid. These products are marketed to customers globally.

During the fourth quarter and year ended December 31, 2015, revenues in this segment were $1.1 million and $36.7 million higher than the levels achieved for the comparable periods of 2014, respectively. The increase in revenues is mainly due to the positive impact of the stronger U.S. dollar. EBITDA during the fourth quarter and year ended December 31, 2015 were essentially the same as the same periods of 2014 . In general, international markets for sulphuric acid have been slightly weaker in 2015, relative to 2014. The positive impact of foreign exchange on EBITDA in the fourth quarter and year ended December 31, 2015 was approximately $0.6 million and $2.3 million, respectively, compared with the same periods of 2014.

Corporate -

	Three months ended		Year ended	
($'000)	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Cost of services	$ 13,482	$ 5,025	$ 50,353	$ 65,797
Adjusted EBITDA	(13,482)	(5,025)	(50,353)	(65,797)
Unrealized foreign exchange loss	(3,215)	(11,911)	(26,145)	(17,114)
EBITDA	(16,697)	(16,936)	(76,498)	(82,911)
Net finance (costs) income	(2,593)	1,025	(1,917)	(30,218)
Income tax (expense) recovery	(55)	74	(534)	1,911
Net loss	$ (19,345)	$ (15,837)	$ (78,949)	$ (111,218)

The Corporate segment includes the administrative costs of corporate activities such as treasury, finance, information technology, human resources, legal and risk management, and environmental, health and safety support which are not directly allocable to an operating segment.

For the fourth quarter of 2015, corporate costs, excluding unrealized foreign exchange gains and losses, net finance costs and income taxes were $8.5 million higher than the fourth quarter of 2014, which included settlement gains of $10.2 million related to changes made to certain post-employment benefit plans. For the year ended December 31, 2015, corporate costs, excluding unrealized foreign exchange gains and losses, net finance costs and income taxes were $15.4 million lower than the same period of 2014, primarily due to acquisition-related costs of $18.4 million incurred in 2014. Additionally, during third quarter of 2015, a gain of $4.1 million was realized on the settlement of litigation associated with the acquisition of Marsulex in 2011. The fair value adjustment on the LTIP in the fourth quarter and year ended December 31, 2015 was $0.7 million and $7.9 million lower than the comparative periods of 2014, respectively. The negative impact of foreign exchange on Adjusted EBITDA in the fourth quarter and year ended December 31, 2015 was approximately $0.5 million and $2.3 million, respectively, compared with the same periods of 2014.

The comments on LTIP expenses relate to the 2013-2015, 2014-2016, and 2015-2017 LTIPs. The 2013-2015, 2014-2016, and 2015-2017 LTIP payouts are payable at the beginning of 2016, 2017 and 2018, respectively. The LTIP awards have a performance based component and a restricted share unit component. The performance based component is based on total Unitholder return achieved over the three year performance period of the plan, Adjusted EBITDA growth, and total return to Chemtrade's Unitholders relative to the total return on the S&P/TSX Capped Industrial Index. The restricted share unit component of the LTIP award is a phantom plan which is payable in cash at the end of the performance period. The nature of these calculations makes it difficult to forecast the amount of LTIP expenses that will be recorded in any period, as it is based upon a valuation model which considers several variables.

In 2014, the Corporate segment included unrealized foreign exchange gains and losses on the translation of U.S. dollar denominated debt into Canadian dollars. The fluctuation in the value of the U.S. dollar relative to the Canadian dollar also resulted in offsetting unrealized foreign exchange gains and losses on the translation of U.S. dollar denominated assets in self-sustaining foreign operations that were shown 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 with its U.S. dollar denominated long-term debt. As a result, any 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 translation of the designated amount of U.S. dollar denominated debt and investment in foreign operations are now being recognized on a net basis in other comprehensive income. For the fourth quarter and year ended December 31, 2015, a foreign exchange loss of $7.2 million and $35.6 million, respectively, was recognized in other comprehensive income on the revaluation of the U.S. dollar denominated debt.

Net finance costs were $3.6 million higher and $28.3 million lower, respectively, in the fourth quarter and year ended December 31, 2015 compared with the same periods of 2014, primarily due to fair value adjustments on the Debentures. For the fourth quarter of 2015, a gain of $0.6 million was recorded relating to the fair value of the Debentures compared with a gain of $4.5 million in the fourth quarter of 2014. For the year ended December 31, 2015, a gain of $11.2 million was recorded relating to the fair value of the Debentures compared with a loss of $10.9 million in 2014. Additionally, there were $5.7 million of transaction costs recorded in 2014 related to the issuance of Debentures, as well as a $1.1 million loss related to the ineffectiveness of Chemtrade's cash flow hedges as a result of the repayment of debt from the proceeds of the Debenture offering in 2014.

There was an income tax recovery in 2014 due to an increase in deductible temporary differences.

Goodwill Impairment and Loss on Write-Down of Assets

During the fourth quarter of 2015, Chemtrade recorded an impairment loss of $88.7 million related to goodwill in the WSSC segment. Increased competitive pressures in the water treatment business was considered an indicator of impairment. Any estimated cash flows from future capital expenditures considered to expand the capacity of Chemtrade's operations are not considered when goodwill is tested for impairment.

Additionally, Chemtrade recorded a loss of $7.4 million in the fourth quarter of 2015 on the write-down of assets associated with certain production facilities that manufacture water treatment chemicals. Due to the competitive pricing pressure noted above, the cash flows associated with these specific assets had been declining and could no longer support their carrying value.

These losses were reflected in cost of sales and services on the statement of comprehensive income.

Foreign Exchange

Chemtrade has certain operating subsidiaries that use the U.S. dollar as their functional currency. As Chemtrade reports in Canadian dollars, its reported net earnings are exposed to fluctuations in the Canadian/U.S. dollar exchange rate. Chemtrade currently estimates that if the U.S. dollar strengthens by one-cent, on an unhedged basis, this would have a positive impact on annual Adjusted EBITDA and Distributable cash after maintenance capital expenditures of approximately $1.6 million and $0.8 million, respectively, and vice-versa.

To manage the volatility of foreign exchange rates, Chemtrade has entered into a series of foreign exchange contracts with its principal bankers. All foreign exchange contracts are under International Swap and Derivatives Association ("ISDA") agreements. Contracts in place at December 31, 2015 include future contracts to sell the following amounts for periods through to March 2016:

Amount *('000s)*	**Weighted average exchange rate**
US$4,365	€0.91
US$847	CHF0.99
US$41	SEK8.14
€6,017	US$1.08
$4,716	US$0.72

The purpose of these contracts is to manage foreign exchange risk on specific transactions in a foreign currency. The amount of the related derivative is recorded at fair value at the period end and is included with prepaid expenses and other assets or trade and other payables on the consolidated statements of financial position. The resultant non-cash charge or gain is included in selling and administrative expenses. The impact of this non-cash charge or gain is excluded from the computation of Adjusted EBITDA and Distributable cash after maintenance capital expenditures. See **Non-IFRS Measures** - *Cash Flow*.

Certain of Chemtrade's International and U.S. based operations use the U.S. dollar as their functional currency. On January 1, 2015, the investment in these U.S. dollar denominated foreign operations has been hedged by Chemtrade's U.S. dollar denominated credit facilities. Any gains and losses from the translation of U.S. dollar denominated borrowings on the credit facilities will be offset by the foreign currency gain or loss arising from the investment in the U.S. foreign operations. The gains and losses on the translation of the designated amount of long-term debt and investment in foreign operations are recorded in other comprehensive income.

The changes recorded in the accumulated other comprehensive income account since December 31, 2014 were a result of changes in the Canadian/U.S. dollar exchange rate between December 31, 2014 and December 31, 2015.

The rate of exchange used to translate U.S. dollar denominated balances has increased from a rate of US$1.00 = $1.16 at December 31, 2014 to US$1.00 = $1.38 at December 31, 2015. See **Risks and Uncertainties** for additional comments on foreign exchange.

Finance Income and Costs

During the fourth quarter of 2015, net finance costs were $10.8 million, compared with $9.8 million during the fourth quarter of 2014. For the year ended December 31, 2015, net finance costs were $33.7 million, compared with $74.5 million in 2014. The primary reason for the reduction in net finance costs in 2015 relative to 2014 was changes in the level of fair value adjustments recorded on the Debentures. Additionally, net finance costs were higher in 2014 due to debt extinguishment costs and transaction costs related to the issuance of Debentures recorded in 2014.

The weighted average effective annual interest rate on senior debt at December 31, 2015 was 3.40% (December 31, 2014 - 3.90%). See **Liquidity and Capital Resources** - *Financing Activities* - *Financial Instruments* for information concerning swap arrangements.

Net finance costs include the change in the fair value of Chemtrade's Debentures. The revaluation of the Debentures resulted in a gain of $0.6 million and $11.2 million, respectively, for the fourth quarter and year ended ended December 31, 2015 compared with a gain of $4.5 million and a loss of $10.9 million, respectively, for the fourth quarter and year ended December 31, 2014.

During the fourth quarter and year ended December 31, 2015, Chemtrade recorded accretion expense of $0.6 million and $2.1 million, respectively, due to the amortization of transaction costs related to Chemtrade's borrowings. In the fourth quarter and year ended December 31, 2014, Chemtrade recorded accretion expense of $0.6 million and $2.1 million, respectively. See **Liquidity and Capital Resources -** *Financing Activities*.

Income Taxes

The Fund is a mutual fund trust and a specified investment flow-through trust ("SIFT") for income tax purposes. The Fund is subject to current income taxes at the top marginal tax rate applicable to individuals of approximately 49.5% on all taxable income not distributed to Unitholders. The Fund 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. The Fund is not 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 the Fund and its subsidiaries, Chemtrade expects that its income distributed to Unitholders will not be subject to SIFT tax.

Taxable income distributed by the Fund to its Unitholders is considered taxable income of those Unitholders.

For the fourth quarter and year ended December 31, 2015, current income tax expense was $3.3 million and $8.2 million, respectively. This compares with a current income tax expense of $0.6 million and $4.3 million for the same periods of 2014, respectively. For the fourth quarter and year ended December 31, 2015, there was deferred income tax recovery of $18.3 million and $26.2 million, respectively. For the fourth quarter and year ended December 31, 2014, there was a deferred income tax recovery of $13.2 million and $38.7 million, respectively. For the fourth quarter of 2015, the increase in deferred tax recovery compared with the fourth quarter of 2014 is primarily due to the recognition of deductible temporary differences and an increase in non-capital losses. Income tax recovery was high for the year ended December 31, 2014 due to the higher net taxable loss incurred during this period.

The effective tax rate for the fourth quarter and year ended December 31, 2015 differs from the statutory tax rate primarily due to the deduction of taxable income distributed to Unitholders and due to income earned in jurisdictions with different effective income tax rates. Additionally, there was goodwill impairment of $88.7 million recognized in the fourth quarter of 2015 that was not deductible for tax purposes.

The net increase in deferred tax assets of $10.3 million at December 31, 2015 relative to December 31, 2014 is due to an increase in non-capital losses in certain jurisdictions.

The net increase in deferred tax liabilities of $31.7 million at December 31, 2015 relative to December 31, 2014 is primarily due to the impact of foreign exchange as the U.S. dollar strengthened relative to the Canadian dollar in 2015, partially offset by the recognition of deductible temporary differences.

The Fund does not record deferred taxes related to its deductible temporary differences or those of its flow-through subsidiaries as these differences primarily relate to investments in corporate subsidiaries and are expected to reverse without tax consequences to the Fund.

Excess Cash Flows and Net Earnings Over Distributions Paid

The following table presents excess cash flows from operating activities and net earnings over distributions paid for the three months and year ended December 31, 2015 and for the years ended December 31, 2014 and December 31, 2013.

($'000)	Three months ended December 31, 2015	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Cash flows from operating activities	$ 69,017	$ 161,974	$ 104,296	$ 107,844
Net (loss) earnings	(80,083)	(47,590)	21,030	5,462
Distributions paid during period	20,719	82,640	71,394	50,003
Excess of cash flows from operating activities over cash distributions paid	48,298	79,334	32,902	57,841
Shortfall of net earnings over cash distributions paid	(100,802)	(130,230)	(50,364)	(44,541)

Chemtrade considers the amount of cash generated by the business in determining the amount of distributions available for payment to its Unitholders. In general, Chemtrade does not take into account quarterly working capital fluctuations as these tend to be temporary in nature. Chemtrade does not generally consider net earnings in setting the level of distributions as this is a non-cash metric and is not reflective of the level of cash flow that Chemtrade can generate. This divergence is particularly relevant for Chemtrade as it has a relatively high level of depreciation and amortization expenses, foreign exchange gains and losses, and deferred tax expenses and recoveries. In the fourth quarter of 2015, Chemtrade also recorded an $88.7 million impairment of intangible assets which does not impact cash flows.

Distributions -

Distributions to Unitholders for the three months and year ended December 31, 2015 were declared as follows:

Record Date	Payment Date	Distribution Per Unit	Total ($'000)
Three months ended December 31:			
October 30, 2015	November 30, 2015	$ 0.10	$ 6,907
November 30, 2015	December 31, 2015	0.10	6,907
December 31, 2015	January 29, 2016	0.10	6,907
Sub-Total		$ 0.30	$ 20,721
Three months ended September 30, 2015		$ 0.30	$ 20,716
Three months ended June 30, 2015		$ 0.30	$ 20,697
Three months ended March 31, 2015		$ 0.30	$ 20,566
Total for the year ended December 31, 2015		$ 1.20	$ 82,700

Distributions to Unitholders for the three months and year ended December 31, 2014 were declared as follows:

Record Date	Payment Date	Distribution Per Unit	Total ($'000)
Three months ended December 31:			
October 31, 2014	November 28, 2014	$ 0.10	$ 6,288
November 28, 2014	December 31, 2014	0.10	6,299
December 31, 2014	January 30, 2015	0.10	6,847
Sub-Total		$ 0.30	$ 19,434
Three months ended September 30, 2014		$ 0.30	$ 18,589
Three months ended June 30, 2014		$ 0.30	$ 18,045
Three months ended March 31, 2014		$ 0.30	$ 17,999
Total for the year ended December 31, 2014		$ 1.20	$ 74,067

Treatment of Chemtrade's distributions for Canadian Income Tax purposes for 2014 and 2015 is as follows:

	Other Income	Dividends (1)	Foreign Non-Business Income	Total
2014	20.9%	13.8%	65.3%	100%
2015 (2)	18.3%	17.3%	64.4%	100%

(1) These dividends are not considered to be eligible dividends for Canadian resident Unitholders and therefore not eligible for the enhanced tax credit.

(2) Represents anticipated tax characterization of planned distributions. The actual tax treatment of 2015 distributions will be determined by February 28, 2016.

Liquidity and Capital Resources

The Fund's distributions to Unitholders are sourced entirely from its investments in operating subsidiary companies. The Fund's investments are financed by trust units held by Unitholders, the credit facilities, and Debentures. The cash flow of Chemtrade is required to fund cash distributions to Unitholders, capital requirements, interest, general corporate purposes and other legal obligations.

Cash Flow from Operating Activities

Cash flow from operating activities for the fourth quarter of 2015 was an inflow of $69.0 million, an increase of $18.9 million from the inflow generated during the fourth quarter of 2014. The increase in cash flow from operating activities in the fourth quarter of 2015 compared with the fourth quarter of 2014 is primarily due to fluctuations in working capital. Cash flow from operating activities for the year ended December 31, 2015 was an inflow of $162.0 million compared with an inflow of $104.3 million during the year ended December 31, 2014. The improvement in cash flow from operating activities for the year ended December 31, 2015 compared with the same period in 2014 is primarily due to increased operating cash flows from the General Chemical businesses and lower acquisition-related costs, partially offset by higher income taxes paid.

Investing Activities

On January 16, 2015, Chemtrade completed the purchase of the operating assets of HTL. This transaction was financed through the credit facilities. See **Recent Developments and Divestitures** for details.

On January 23, 2014, Chemtrade completed the purchase of 100% of the businesses of General Chemical. Refer to Chemtrade's 2014 annual consolidated financial statements and **Recent Developments and Divestitures** for details.

On July 17, 2014, Chemtrade sold its Montreal East business to Suncor for $120.4 million. The proceeds of the sale were used to pay down the credit facilities. See **Recent Developments and Divestitures** for details.

Capital expenditures were $33.2 million in the fourth quarter of 2015, compared with $27.2 million in the fourth quarter of 2014. These amounts include $28.0 million in the fourth quarter of 2015 and $25.3 million in the fourth quarter of 2014 for maintenance capital requirements. Investment in capital expenditures was $64.1 million for the year ended December 31, 2015, compared with $52.8 million in the year ended December 31, 2014. These amounts include $52.5 million for the year ended December 31, 2015 and $44.0 million for the year ended December 31, 2014 for maintenance capital requirements. Chemtrade intends to continue upgrading its manufacturing assets and expects to incur approximately $50.0 million of maintenance capital expenditures in 2016.

Non-maintenance capital expenditures were $5.2 million during the fourth quarter of 2015 compared with $1.8 million during the fourth quarter of 2014. Investment in non-maintenance capital expenditures was $11.6 million during the year ended December 31, 2015 compared with $8.8 million during the year ended December 31, 2014. Non-maintenance capital expenditures are: (i) pre-funded, usually as part of a significant acquisition and related financing; (ii) considered to expand or improve the capacity of Chemtrade's operations; (iii) significant environmental capital expenditures that are considered to be non-recurring; or (iv) capital expenditures to be reimbursed by a third party.

Financing Activities

During the first quarter of 2014, Chemtrade entered into new credit facilities. These comprised of a $657.7 million (US$600.0 million) five year term loan and a $438.4 million (US$400.0 million) revolving credit facility. Total amount drawn on January 23, 2014 from the credit facilities to finance the General Chemical Acquisition and to repay Chemtrade's former credit facilities was $833.0 million. Costs related to the new credit facilities amounted to $12.1 million in 2014. These costs were deferred and are being amortized to finance costs in comprehensive income using the effective interest method.

During the first quarter of 2014, Chemtrade issued 18,170,000 units for gross proceeds of $345.2 million. This included 2,370,000 units issued pursuant to the exercise in full of the underwriters' over-allotment option. Issuance costs in relation to the equity offering amounted to $14.9 million.

During the second quarter of 2014, Chemtrade issued an aggregate $126.5 million principal amount of Debentures. Chemtrade incurred transaction costs of $5.7 million, which included the underwriters' fee and other expenses of the offering. The net proceeds of the issuance were used to pay down the credit facilities.

During the third quarter of 2014, Chemtrade sold its Montreal East business to Suncor for proceeds of $120.4 million, subject to certain adjustments. The proceeds of the sale were used to repay long-term debt.

During the fourth quarter of 2014, Chemtrade completed an equity offering of 5,405,000 units for total proceeds of $115.1 million. Issuance costs in relation to the equity offering amounted to $5.0 million. Proceeds from the offering were used to repay long-term debt.

In 2015, Chemtrade modified the terms of its credit facilities to extend the maturity to October 2020. Chemtrade incurred $1.7 million of costs related to the amendment. These costs have been deferred and are being amortized to finance costs in comprehensive income using the effective interest method.

There was a net decrease in the revolving portion of the credit facilities of $20.1 million and $75.0 million, respectively, in the fourth quarter of 2015 and 2014. During the year ended December 31, 2015 there was a net increase in the revolving portion of the credit facilities of $12.5 million compared to a net decrease of $330.9 million during the year ended December 31, 2014. Additionally, $75.7 million of the term portion of the credit facilities was repaid in 2014. As previously mentioned, the repayments on the credit facilities in 2014 were made using the proceeds of the Debenture and equity offerings and the sale of the Montreal East business.

Distributions to Unitholders during the three months and year ended December 31, 2015 were higher than the same periods of 2014. This is mainly due to the new issuance of units during the fourth quarter of 2014 while the distribution per unit remained the same. For additional information on cash distributions, see **Non-IFRS Measures** - *Cash Flow* and **Excess Cash Flows and Net Earnings Over Distributions Paid.**

Financial Instruments -

In March 2014, Chemtrade entered into swap arrangements with its principal bankers, which fix the LIBOR components of its interest rates on US$325.0 million of its outstanding long-term debt until January 2019. These swaps have been formally designated as hedges at the date of inception. All changes in the fair value of the swap arrangements have been recorded in other comprehensive income in the consolidated statements of comprehensive income.

During the first quarter of 2015, Chemtrade hedged its investment in foreign operations that use the U.S. dollar as their functional currency with its U.S. dollar denominated long-term debt. Any 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 translation of the designated amount of U.S. dollar denominated debt and investment in foreign operations are being recognized in other comprehensive income.

Cash Balances -

At December 31, 2015, Chemtrade had net cash balances of $8.0 million and working capital of $15.5 million. Comparable figures for December 31, 2014 were $11.2 million and a working capital deficit of $15.4 million, respectively. The increase in working capital from December 31, 2014 to December 31, 2015 is primarily due to a reduction in income taxes payable. Chemtrade defines working capital to exclude cash, distributions payable and current portion of long-term debt. Cash generated by Chemtrade will be used to fund cash distributions to Unitholders, capital requirements, interest, general corporate purposes and other legal obligations.

Future Liquidity -

The future liquidity of Chemtrade is primarily dependent on cash flows of its operating subsidiaries. These cash flows will be used to finance ongoing expenditures, including maintenance capital, distributions to Unitholders and normal course financial commitments. Cash flows are sensitive to changes in volume, sales prices and input costs and any changes in these may impact future liquidity. Management believes that cash flows from operating activities will be sufficient for Chemtrade to meet future obligations and commitments that arise in the normal course of business activities. In addition, Chemtrade has revolving credit facilities which can be used for general corporate purposes, including to fund capital expenditures. See *Capital Resources* below for more details.

Capital Resources -

At December 31, 2015, Chemtrade had credit facilities of approximately US$932.0 million, consisting of a term loan of US$432.0 million, and a revolving credit facility of US$500.0 million. These credit facilities are due in October 2020 (see **Recent Developments and Divestitures** for more details). At December 31, 2015, Chemtrade had US$432.0 million of its term loan outstanding, had drawn $15.8 million on the revolving credit facility, and committed a total of $24.9 million of its revolving credit facility towards standby letters of credit.

At December 31, 2015, Chemtrade had a long-term loan of $15.2 million related to its facilities located at Syncrude's Mildred Lake oil sands facility in Alberta. The loan is secured by the assets at this facility. The loan bears interest at a fixed rate of 7.3% per annum with monthly principal repayments due until December 2019.

At December 31, 2015, Chemtrade had three series of Debentures outstanding with an aggregate par value of $235.2 million (market value of $240.7 million) and maturity dates ranging from March 31, 2017 to June 30, 2021.

Debt Covenants -

As at December 31, 2015, Chemtrade was compliant with all debt covenants contained in its credit agreements.

Summary of Quarterly Results

($ millions)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014 (1)
Revenue from continuing operations	$ 335.7	$ 364.4	$ 338.8	$ 326.0	$ 313.3	$ 314.0	$ 310.1	$ 266.1
Cost of sales and services	(393.1)	(316.4)	(293.7)	(278.3)	(300.5)	(268.2)	(267.9)	(231.6)
Gross profit	(57.4)	48.0	45.0	47.8	12.7	45.8	42.2	34.5
Selling and administrative expenses:								
Unrealized foreign exchange (loss) gain	(3.2)	(13.3)	1.4	(11.0)	(11.9)	(19.6)	14.2	0.1
LTIP (expense) recovery	(2.4)	0.8	(2.2)	(2.6)	(3.1)	(2.6)	(2.3)	(6.3)
Other	(21.3)	(17.6)	(20.9)	(23.1)	(10.7)	(19.4)	(18.4)	(36.2)
Total selling and administrative expenses	(26.9)	(30.1)	(21.7)	(36.7)	(25.7)	(41.6)	(6.4)	(42.4)
Operating income (loss)	(84.3)	17.9	23.4	11.1	(13.0)	4.2	35.8	(7.8)
Net finance costs:								
Mark-to-market on Debentures	0.6	13.6	5.3	(8.4)	4.5	(1.2)	(0.8)	(13.4)
Debt extinguishment costs	—	—	—	—	(0.4)	(1.2)	(1.4)	(4.3)
Other	(11.4)	(11.4)	(10.8)	(11.3)	(13.9)	(12.3)	(20.1)	(10.1)
Total net finance (costs) income	(10.8)	2.2	(5.5)	(19.7)	(9.8)	(14.7)	(22.2)	(27.8)
Income tax recovery (expense)	15.0	(1.7)	5.1	(0.4)	12.7	4.6	4.6	12.6
Net earnings (loss) from continuing operations	$ (80.1)	$ 18.5	$ 23.0	$ (9.0)	$ (10.1)	$ (5.9)	$ 18.2	$ (23.0)
Net earnings (loss) from discontinued operations	$ —	$ —	$ —	$ —	$ —	$ 17.7	$ 22.7	$ 1.4
Net earnings (loss)	$ (80.1)	$ 18.5	$ 23.0	$ (9.0)	$ (10.1)	$ 11.8	$ 40.9	$ (21.6)

(1) Certain comparative figures have been re-classified to conform with the current year's presentation.

In general, seasonality has had a limited impact on financial results. Below are some of the key items that had a significant impact on financial results over the last eight quarters.

Revenue and Gross Profit

The four quarters of 2015 include the positive impact of the strengthening U.S. dollar relative to the Canadian dollar. Gross profit was lower in the fourth quarter of 2014 due to the amortization of certain intangible assets acquired as part of the General Chemical Acquisition that had a useful life of approximately one year. Gross profit was lower in the fourth quarter of 2015 due to the impairment loss on goodwill and write-down of certain assets (see **Goodwill Impairment and Loss on Write-Down of Assets**).

Selling and Administrative Expenses

In 2014, selling and administrative expenses include unrealized foreign exchange gains and losses resulting from the translation of the U.S. dollar denominated borrowings on a portion of the credit facilities. The amount recognized in a quarter depends upon changes in the U.S. dollar exchange rate in that quarter. Chemtrade also has non-Canadian operating subsidiaries that use the U.S. dollar as their functional currency. Any gains or losses arising from the translation of the assets and liabilities of these foreign subsidiaries are recorded in other comprehensive income. Beginning in the first quarter of 2015, Chemtrade hedged its investment in U.S. foreign subsidiaries with its U.S. dollar denominated borrowings. As a result, the translation of the U.S. dollar denominated borrowings are being recognized in other comprehensive income.

The change in fair value of Chemtrade's LTIP obligation is also included in selling and administrative expenses. The amount of the expense recorded in any quarter depends on changes in the various factors used in arriving at the fair value of the obligation.

Other selling and administrative expenses were high during the first quarter of 2014 due to the expenses related to the acquisition of General Chemical and other merger and acquisition activities. Expenses during the fourth quarter of 2014 were low as they include settlement gains of $10.2 million associated with changes made to certain of Chemtrade's post-employment benefit plans. Expenses during the third quarter of 2015 were low as they included a $4.1 million gain on settlement of litigation related to the acquisition of Marsulex in 2011.

Net Finance Costs

Net finance costs include changes in the fair value of Chemtrade's Debentures. The amount recorded in any quarter related to the fair value adjustments on the Debentures fluctuates depending upon the market value of the Debentures at the end of the period.

2014 includes debt extinguishment costs resulting from the repayment of the former credit facilities. In the second quarter of 2014, finance costs include $5.4 million of transaction costs related to the issuance of Debentures, as well as a $1.4 million loss related to the ineffectiveness of Chemtrade's cash flow hedges as a result of the repayment of long-term debt under the credit facilities.

Income Taxes

Income tax recoveries were high in the first and fourth quarters of 2014, and in the fourth quarter of 2015 primarily due to higher net losses incurred during these quarters.

Discontinued Operations

Discontinued operations represents the Montreal East business which was sold in the third quarter of 2014. The higher net earnings in the second quarter of 2014 was primarily due to a high tax recovery resulting from a change in management’s estimate of when certain deferred tax liabilities will reverse due to such assets being held for sale. The higher net earnings in the third quarter of 2014 was primarily due to the recognition of $9.4 million of accounts receivable into revenues upon sale of the Montreal East business pursuant to an agreement with a previous customer of this business. Additionally, an after tax gain of $7.7 million was realized upon sale of the business.

Outstanding Securities of the Fund

As at February 17, 2016 and December 31, 2015, the following common units and securities convertible into units were issued and outstanding:

	February 17, 2016		December 31, 2015	
	Convertible Securities	Units	Convertible Securities	Units
Common units outstanding		**69,069,226**		**69,069,226**
6.0% Debentures [(1)]	**29,006**	**1,812,875**	**29,006**	**1,812,875**
5.75% Debentures [(2)]	**79,647**	**3,982,350**	**79,647**	**3,982,350**
5.25% Debentures [(3)]	**126,500**	**4,517,857**	**126,500**	**4,517,857**
Units outstanding and issuable upon conversion of Debentures		**79,382,308**		**79,382,308**

(1) Convertible at $16.00 per unit

(2) Convertible at $20.00 per unit

(3) Convertible at $28.00 per unit

Contractual Obligations

Information concerning contractual obligations at December 31, 2015 is shown below:

Contractual Obligations *($'000)*	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$ 628,908	$ 3,397	$ 7,584	$ 617,927	$ —
Debentures	235,153	—	108,653	—	126,500
Operating leases	117,941	36,624	50,946	18,148	12,223
Interest on long-term debt	84,863	21,287	41,784	21,792	—
Interest on Debentures	52,441	12,961	22,877	13,282	3,321
Total contractual obligations	$ 1,119,306	$ 74,269	$ 231,844	$ 671,149	$ 142,044

Related parties

Key management personnel compensation

Key management personnel is comprised of trustees and the senior leadership team of Chemtrade. Trustees receive compensation in the form of an annual retainer. In addition to their salaries, Chemtrade also provides non-cash benefits to the senior leadership team. One such benefit is the contribution to a post-employment defined contribution plan on their behalf. These plans for the senior leadership team are identical to the plans offered to all employees in the same jurisdiction.

The Annual Incentive Compensation ("Annual IC") plan entitles the senior leadership team to annual cash awards based on (i) Chemtrade's success in achieving financial objectives (financial achievement is weighted at 65% of the total Annual IC award for 2015); and (ii) their individual success in accomplishing personal objectives (weighted at 35% of the total Annual IC award for 2015) as set out in their objectives for the fiscal year.

The LTIP as described in Chemtrade's annual consolidated financial statements is designed to align the interests of the participants with the interests of Unitholders. It is a cash plan where payment is triggered upon the successful achievement of pre-defined performance criteria. Each year the Compensation and Corporate Governance Committee determines the performance period over which performance will be measured, and the annual LTIP awards granted since 2006 have been based on a three-year performance period. All the LTIP awards granted vest at the end of the three-year period. The value of this compensation is re-measured at each reporting period based upon changes in the fair value of the awards.

Certain members of the senior leadership team are subject to a mutual term of notice upon termination of employment without cause; they are entitled to termination benefits of 12 to 24 months' gross salary, depending on the number of years completed as an executive officer.

Chemtrade has in place a deferred unit compensation plan for its trustees. Under this plan, trustees may elect to receive any part of their compensation in the form of deferred units of Chemtrade. As at December 31, 2015, the market value of these deferred units, which is included in trade and other payables was $3.4 million compared to $3.3 million in 2014.

The key management personnel compensation expense, which is recorded in comprehensive income, is as follows:

		2015		2014
Short-term compensation	**$**	**7,182**	$	7,074
LTIP		**4,992**		11,460
	$	**12,174**	$	18,534

Risks and Uncertainties

Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world. Chemtrade is one of North America's largest suppliers of sulphuric acid, inorganic coagulants for water treatment, liquid sulphur dioxide, sodium nitrite, sodium hydrosulphite and phosphorus pentasulphide. Chemtrade is a leading processor of spent acid as well as a leading regional supplier of sulphur, sodium chlorate, potassium chloride and zinc oxide. Additionally, Chemtrade provides industrial services such as processing hydrogen sulphide and other by-products and waste streams. Chemtrade faces various risks associated with its business. These risks include, amongst others, a general reduction in demand for its products, the loss of a portion of its customer base, the interruption of the supply of products or raw materials, price fluctuations in the products sold and/or raw materials purchased, industry capacity, acquisition integration and operational, transportation and product hazard risks associated with the nature of its business. Chemtrade imports key raw materials and products from overseas and as such has additional risks associated with the sourcing activity. Chemtrade makes extensive use of the railway system to transport material within North America. Certain locations are serviced by a sole carrier and thus a disruption in service or changes to the regulatory environment relating to transportation could have a significant negative impact on results. 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, it is exposed to foreign exchange risks related to the payment of dividends and other transactions by its foreign subsidiaries. For a more detailed discussion of Chemtrade's risks, please refer to the "RISK FACTORS" section of the most recently filed Annual Information Form.

Chemtrade manages the risks associated with its customer base and sales prices by seeking to obtain contractual protection to mitigate these risks. Chemtrade also seeks to differentiate its products and services with customers to mitigate price fluctuations and uses its scale to obtain beneficial raw material contracts.

Chemtrade's Board of Trustees periodically reviews a framework identifying the principal risks of Chemtrade's business, and ensures the implementation of appropriate systems to manage these risks. The Audit Committee reviews major operations and financial risks, the systems implemented to monitor those risks and the strategies in place to manage those risks. In addition, Chemtrade maintains an extensive insurance program which includes general liability and environmental coverage.

Reliance on Customers and Successful Contract Re-negotiations -

A material portion of Chemtrade's earnings are dependent on the production rates of certain key customers, particularly Vale Canada Limited ("Vale"), Syncrude Canada Ltd, Fibrant LLC, Tesoro Refining and Marketing Company, and Chevron Corporation.

In January 2013, Vale announced that it plans to move to a single furnace operation at its Copper Cliff, Ontario smelter, which would reduce the amount of by-product acid that Chemtrade receives from Vale. Chemtrade has been advised by Vale that the transition to a single furnace operation will not take place until mid-2017, and that total acid production in 2016 will be similar to production levels in recent years.

Chemtrade enters into contracts of varying lengths with customers and certain producers of by-products. Although some of these contracts are renewable (or renew automatically unless notice of termination is given), there can be no assurance that such contracts will be renewed (or that notice of termination will not be given). The failure of Chemtrade to renew those contracts could materially adversely affect results of its operations.

Credit Risk -

Credit risk arises from the non-performance by counter-parties of contractual financial obligations. Chemtrade manages credit risk for trade and other receivables through established credit monitoring activities. Chemtrade does not have a significant concentration of credit risk with any single counter-party or group of counter-parties. The primary counter-parties related to the foreign exchange forward contracts, commodity price contracts and interest rate swaps carry investment grade ratings. Chemtrade's maximum exposure to credit risk at the reporting date is the carrying value of its receivables and derivative assets.

Operating Risks -

Chemtrade's revenues are dependent on the continued operation of its various manufacturing facilities. The occurrence of significant operational problems may have a material adverse effect on Chemtrade's business, results of operations and financial condition, including increased capital expenditures.

Risks of Acquisitions and the Failure to Integrate Acquired Businesses -

As part of its long-term strategy, Chemtrade has grown by acquisition and intends to acquire additional complementary businesses where such transactions are economically and strategically justified. However, there can be no assurance that Chemtrade will continue to identify attractive acquisition candidates in the future, or that it will succeed at effectively managing the integration of acquired businesses. If the expected synergies from such transactions (either present or future) do not materialize or Chemtrade fails to successfully integrate such new businesses into its existing businesses, Chemtrade's results from the acquired operations could be adversely affected.

Capital Expenditures -

Chemtrade's management provides projections of the expected level of capital expenditures related to its manufacturing operations. There is a risk that actual capital expenditures may differ from these projections. Additionally, there is a risk of ineffective capital utilization in the execution of these capital projects.

Exchange Rates -

Chemtrade is exposed to fluctuations in the exchange rate of the U.S. dollar relative to the Canadian dollar, as a portion of Chemtrade's Distributable cash after maintenance capital expenditures is earned in U.S. dollars. Chemtrade currently estimates that if the U.S. dollar strengthens by one-cent, on an unhedged basis, this would have a positive impact on annual Adjusted EBITDA and Distributable cash after maintenance capital expenditures of approximately $1.6 million and $0.8 million, respectively, and vice-versa.

Chemtrade also currently estimates that if the U.S. dollar strengthens by one-cent, on an unhedged basis, this would have a positive impact on the translation of net earnings of approximately $0.4 million per annum and vice-versa. If the U.S. dollar strengthens by one-cent, on an unhedged basis, this would also have a negative impact of approximately $1.6 million on Chemtrade's net earnings because of its U.S. dollar denominated term debt and vice-versa.

Pension and Other Post-Retirement Employee Benefit Obligations -

Chemtrade sponsors defined benefit pension plans for qualifying employees in Canada and in the United States. Chemtrade‘s accounting estimates regarding the amount and timing of future funding obligations for defined benefit pension plans are based upon various assumptions, including the discount rate, compensation increase rates, mortality rates, retirement patterns and turnover rates. The actual cash funding obligations for the defined benefit pension plans are determined by valuations prepared by the actuaries for the plans and the amount and timing of the cash funding obligations so determined can be influenced by funding requirements that are established in governing legislation (e.g., in the United States by the Employee Retirement Income and Security Act of 1974, the Pension Protection Act, and Congressional Acts; and in Canada by provincial pension standards legislation) or by requirements of government bodies that regulate the pension plans. Any additional cash contributions that Chemtrade is required to make may adversely affect Chemtrade‘s results of operations, financial position and liquidity. Under pension law in the United States, if the sponsor of the Chemtrade defined benefit pension plans does not fulfill its contribution obligations, those obligations may become obligations of Chemtrade.

Chemtrade provides post-retirement benefits for qualifying retirees in Canada and in the United States. Estimates of the amount and timing of future obligations for post-retirement benefits are based upon various assumptions, including mortality rates and the rate of increase for health-care costs. If future trends differ from assumptions used, the amounts Chemtrade is obligated to contribute may increase. The post-retirement benefit plans are unfunded, and any future cash contributions needed to satisfy the benefit obligations under the plans may adversely affect Chemtrade‘s results of operation, financial position and liquidity.

Leverage Risk -

Chemtrade's degree of leverage could have adverse consequences for Chemtrade, including limiting Chemtrade's ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; restricting Chemtrade's flexibility and discretion to operate its business; limiting Chemtrade's ability to declare distributions; having to dedicate a portion of Chemtrade's cash flows from operations to the payment of interest on its existing indebtedness and not having such cash flows available for other purposes, including operations, capital expenditures and future business opportunities; exposing Chemtrade to increased interest expense on borrowings at variable rates; limiting Chemtrade's ability to adjust to changing market conditions; placing Chemtrade at a competitive disadvantage compared to its competitors that have less debt; making Chemtrade vulnerable in a downturn in general economic conditions; and making Chemtrade unable to make capital expenditures that are important to its ongoing operations, growth and strategies.

Environmental -

Chemtrade handles certain materials that can have a significant impact on the environment. As a result, Chemtrade is exposed to the risk of costs associated with environmental clean-up and compliance with environmental laws and regulations, as well as exposure to claims from others who have suffered a loss as a result of an environmental occurrence.

Certain of Chemtrade's sites are currently subject to a number of environmental claims. Environmental liabilities are based on current interpretations of applicable environmental laws and regulations when it is probable that a liability has been incurred and the amount of such liability can be reasonably estimated. The actual amount paid in respect of any such environmental liabilities may be materially greater than the amount recorded. Chemtrade may also be subject to further environmental liabilities of which management is not currently aware that may have a material impact on the business or financial condition of Chemtrade.

Interest Rates -

Chemtrade has a credit facility with term debt and operating lines of credit which bear variable rates of interest. On an unhedged basis, a change in interest rates of 1% per annum would have an impact of approximately $6.1 million per annum.

Sulphuric Acid Pricing -

A change in sulphuric acid pricing, net of freight, of $1 per tonne would have an impact on annual revenues in North America of approximately $1.9 million. In any specific period, the exact impact would depend upon the volume that is subject to sales contracts where pricing has been fixed for a period of time. The magnitude of realized price changes also depends upon regional market dynamics. It is difficult to reliably estimate the impact of price changes on earnings as this depends upon the volume subject to risk-sharing supply contracts and changes in sulphur costs for manufactured sulphuric acid. These factors lessen the impact of price changes on earnings relative to revenue.

Sulphur Costs -

Chemtrade uses sulphur in the manufacturing of several of its products, including sulphuric acid. At current operating levels, an increase of $1 per tonne would have an impact of approximately $0.4 million per annum on cost of sales. It is important to note that a change in the cost of sulphur is likely to lead to a change in the price for sulphuric acid as this is a key input cost in the manufacturing of sulphuric acid. Thus, the net impact on earnings of changes in sulphur costs would depend upon changes in sulphuric acid pricing. Increasingly, the pricing of sulphuric acid is being adjusted for changes in sulphur costs and consequently future changes in the cost of sulphur are expected to be offset by changes in sulphuric acid pricing.

Other Input Costs -

There are several other large input costs, such as aluminum hydrate, bauxite, natural gas, zinc, salt and electricity, but in most cases there are contractual arrangements with customers, or other offsets within the business, which mitigate the exposure to changes in these costs.

Labour Relations -

Chemtrade has several collective bargaining agreements. Chemtrade's operations could be disrupted if new collective bargaining agreements are not concluded prior to their expiry dates.

Critical Judgements and Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key Sources of Estimation Uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes to the audited consolidated financial statements of Chemtrade for the year ended December 31, 2015:

(i) Intangible assets - When determining the value in use of goodwill and intangible assets during impairment testing, Chemtrade uses the following critical estimates: the timing of forecasted earnings; future selling prices and margins; future sales volumes; maintenance and other capital expenditures; and discount rates.

(ii) Income taxes - Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that the deductions, tax credits and tax losses can be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

In the normal course of operations, judgement is required in assessing tax interpretations, regulations and legislation and in determining the provision for income taxes, deferred tax assets and liabilities, and the timing of reversals. To the extent that a recognition or de-recognition of a deferred tax asset is required, current period earnings or other comprehensive income will be affected.

IFRS Standards and Interpretations Not Yet Adopted

On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The standard introduces additional changes relating to financial liabilities. The final standard also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment, and new general hedge accounting requirements. Chemtrade does not intend to early adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of IFRS 9 has not yet been determined.

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers.* The new standard is effective for annual periods beginning on or after January 1, 2018. The standard can be applied retrospectively, or using a cumulative catch-up approach. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced which may affect the amount and/or timing of revenue recognized. Chemtrade intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On January 13, 2016 the IASB issued IFRS 16 *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. Chemtrade intends to adopt

IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

Accounting Standards Adopted in the Current Year

In November 2013, the IASB issued amendments to pension accounting under IAS 19, Employee Benefits. Chemtrade adopted these amendments on January 1, 2015. The amendments introduce a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When employee contributions are eligible for the practical expedient, a company is permitted (but not required) to recognize them as a reduction of the service cost in the period in which the related service is rendered. The amendments had no material impact on Chemtrade's financial statements.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Chemtrade maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that the Fund publicly files is recorded, processed, summarized and reported within a timely manner and that such information is accumulated and communicated to Chemtrade's Management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure. The Chief Executive Officer and the Chief Financial Officer have evaluated Chemtrade's disclosure controls procedures as of December 31, 2015 through inquiry and review. The Chief Executive Officer and the Chief Financial Officer have concluded that, as at December 31, 2015, Chemtrade's disclosure control procedures were effective.

Chemtrade also maintains a system of internal controls over financial reporting designed under the supervision of Chemtrade's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Chemtrade's Management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting and evaluating its effectiveness. Management has used The Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) framework (2013) to evaluate the effectiveness of Chemtrade's internal control over financial reporting as of December 31, 2015. Based on this evaluation, Management has concluded that as at December 31, 2015, Chemtrade's internal controls over financial reporting were effective. There have been no changes to the design of internal controls over financial reporting that occurred during the quarter ended December 31, 2015 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

Outlook

We remain confident that our portfolio of businesses, business model and our strong balance sheet will allow us to comfortably sustain our distributions and increase our financial flexibility by reducing leverage levels.

Other

Additional information concerning Chemtrade, including the Annual Information Form, is filed on SEDAR and can be accessed at www.sedar.com.

February 18, 2016

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Chemtrade Logistics Income Fund (the "Fund") and all the information in this annual report are the responsibility of the management of the Fund. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and where appropriate include management's best estimates and judgements. Management has reviewed the financial information presented throughout this report and has ensured it is consistent with the consolidated financial statements.

Management has developed and maintains a system of internal control over financial reporting. These controls are designed to provide reasonable assurance that assets are safeguarded, transactions are accurately recorded and financial information is timely and reliable.

The Trustees of the Fund are responsible for ensuring that management fulfills its financial reporting responsibilities and are ultimately responsible for reviewing and approving the consolidated financial statements. The Trustees carry out this responsibility principally through the Audit Committee. The Audit Committee is comprised entirely of independent Trustees.

The Audit Committee meets periodically with management and the external auditors to discuss internal controls over financial reporting, policies and procedures, and financial reporting issues. Acting on the recommendation of the Audit Committee, the Trustees approve the consolidated financial statements. KPMG LLP, an independent firm of Chartered Accountants, has been appointed by the Unitholders to express an independent professional opinion on tthe fairness of the consolidated financial statements. KPMG LLP has full and free access to the Audit Committee.

Mark Davis	Rohit Bhardwaj
President & Chief Executive Officer	Vice-President, Finance & CFO

Toronto, Canada
February 18, 2016

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INDEPENDENT AUDITORS' REPORT

To the Unitholders' of Chemtrade Logistics Income Fund

We have audited the accompanying consolidated financial statements of Chemtrade Logistics Income Fund, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of comprehensive income, changes in unitholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Chemtrade Logistics Income Fund as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
February 18, 2016

CHEMTRADE LOGISTICS INCOME FUND

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

	Notes		December 31, 2015		December 31, 2014
ASSETS					(note 30)
Current assets					
Cash and cash equivalents		**$**	**7,992**	$	11,165
Trade and other receivables	**6**		**176,818**		162,175
Inventories	**7**		**64,288**		59,809
Prepaid expenses and other assets			**18,692**		9,625
Total current assets			**267,790**		242,774
Non-current assets					
Property, plant and equipment	**8**		**925,357**		825,994
Other assets	**9**		**8,303**		7,699
Intangible assets	**10, 30**		**1,191,568**		1,142,021
Deferred tax assets	**25**		**20,227**		9,915
Total non-current assets			**2,145,455**		1,985,629
Total assets		**$**	**2,413,245**	$	2,228,403
LIABILITIES AND UNITHOLDERS' EQUITY					
Current liabilities					
Trade and other payables	**11**	**$**	**222,477**	$	201,419
Distributions payable	**17**		**6,907**		6,847
Provisions	**12**		**7,088**		7,040
Income taxes payable	**25**		**14,736**		38,550
Current portion of long-term debt	**13**		**3,397**		3,159
Total current liabilities			**254,605**		257,015
Non-current liabilities					
Long-term debt	**13**		**618,254**		508,482
Convertible unsecured subordinated debentures	**14**		**240,726**		264,492
Other long-term liabilities	**15**		**21,392**		17,805
Employee benefits	**16**		**92,771**		84,200
Provisions	**12**		**59,903**		53,092
Deferred tax liabilities	**25, 30**		**244,826**		213,084
Total non-current liabilities			**1,277,872**		1,141,155
Total liabilities			**1,532,477**		1,398,170
Unitholders' equity					
Units	**17**		**1,046,922**		1,034,308
Contributed surplus			**9,720**		9,720
Deficit			**(433,136)**		(302,905)
Accumulated other comprehensive income			**257,262**		89,110
Total unitholders' equity			**880,768**		830,233
Total liabilities and unitholders' equity		**$**	**2,413,245**	$	2,228,403

The accompanying notes on pages 39 to 103 are an integral part of these consolidated financial statements.

On behalf of the Board of Trustees

Lorie Waisberg　　Lucio Di Clemente

CHEMTRADE LOGISTICS INCOME FUND

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

	Notes	Year ended December 31, 2015	2014
Revenue	20	$ 1,364,887	$ 1,203,395
Cost of sales and services	23	(1,281,486)	(1,068,127)
Gross profit		83,401	135,268
Selling and administrative expenses	21	(115,296)	(116,048)
Operating (loss) income		(31,895)	19,220
Finance income	24	11,214	164
Finance costs	24	(44,915)	(74,682)
Loss before income tax		(65,596)	(55,298)
Income tax (expense) recovery	25		
Current		(8,154)	(4,250)
Deferred		26,160	38,729
		18,006	34,479
Net loss from continuing operations		(47,590)	(20,819)
Net earnings from discontinued operations	5	—	41,849
Net (loss) earnings		$ (47,590)	$ 21,030
Other comprehensive (loss) income			
Items that may subsequently be reclassified to earnings:			
Loss on net investment hedge of foreign operations	26	(35,643)	—
Foreign currency translation differences for foreign operations, net of tax expense of $10,602 (2014 - $4,130)		205,183	70,071
Effective portion of change in the fair value of cash flow hedges, net of tax recovery of $497 (2014 - $497)		(1,388)	(1,319)
Ineffective portion of change in the fair value of cash flow hedges transferred to earnings, net of tax expense of $nil (2014 - $360)		—	1,007
Items that will not be reclassified to earnings:			
Defined benefit plan adjustments net of tax expense of $391 (2014 - net of tax recovery of $5,119)		59	(9,742)
Other comprehensive income		168,211	60,017
Total comprehensive income		$ 120,621	$ 81,047
Net (loss) earnings per unit	17		
Basic net (loss) earnings per unit		$ (0.69)	$ 0.35
Diluted net (loss) earnings per unit		$ (0.69)	$ 0.35
Net loss per unit from continuing operations			
Basic net loss per unit		$ (0.69)	$ (0.34)
Diluted net loss per unit		$ (0.69)	$ (0.34)

The accompanying notes on pages 39 to 103 are an integral part of these consolidated financial statements.

CHEMTRADE LOGISTICS INCOME FUND

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

	Units	Contributed surplus	Deficit	Cumulative translation account*	Unrealized losses on cash flow and net investment hedges*	Total unitholders' equity
Balance at January 1, 2014	**$ 519,474**	**$ 9,720**	**$ (240,126)**	**$ 21,347**	**$ (1,996)**	**$ 308,419**
Net earnings	—	—	21,030	—	—	21,030
Other comprehensive (loss) income	—	—	(9,742)	70,071	(312)	60,017
Distributions	—	—	(74,067)	—	—	(74,067)
Issuance of units	514,834	—	—	—	—	514,834
Balance at December 31, 2014	**$1,034,308**	**$ 9,720**	**$ (302,905)**	**$ 91,418**	**$ (2,308)**	**$ 830,233**
Net loss	—	—	(47,590)	—	—	(47,590)
Other comprehensive income (loss)	—	—	59	205,183	(37,031)	168,211
Distributions	—	—	(82,700)	—	—	(82,700)
Issuance of units	12,614	—	—	—	—	12,614
Balance at December 31, 2015	**$1,046,922**	**$ 9,720**	**$ (433,136)**	**$ 296,601**	**$ (39,339)**	**$ 880,768**

*Accumulated other comprehensive income.

The accompanying notes on pages 39 to 103 are an integral part of these consolidated financial statements.

CHEMTRADE LOGISTICS INCOME FUND

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

	Notes	Year ended December 31, 2015	2014
Cash flows from operating activities:			
Net (loss) earnings		$ **(47,590)**	$ 21,030
Adjustments for:			
Depreciation and amortization	**22**	**148,083**	163,371
Loss (gain) on disposal and write-down of assets		**5,883**	(3,633)
Impairment of intangible assets	**23**	**88,738**	—
Income tax recovery		**(18,006)**	(51,158)
Net interest costs	**24**	**37,490**	47,911
Accretion expense	**24**	**4,223**	4,225
Net pension interest	**24**	**3,187**	3,095
Debt extinguishment costs including realized foreign exchange loss		**—**	17,202
Change in fair value of convertible unsecured subordinated debentures	**24**	**(11,199)**	10,890
Gain on settlement of pensions		**—**	(10,168)
Ineffective change in the fair value of cash flow hedges	**24**	**—**	1,087
Unrealized foreign exchange loss		**26,145**	17,114
		236,954	220,966
Increase in working capital		**(9,345)**	(59,639)
Interest paid		**(37,829)**	(42,686)
Interest received		**15**	164
Income taxes paid		**(27,821)**	(14,509)
Net cash flows from operating activities		**161,974**	104,296
Cash flows from investing activities:			
(Increase) decrease in restricted cash		**(141)**	421
Additions to property, plant and equipment	**8**	**(64,053)**	(52,780)
(Increase) decrease in other assets		**(960)**	393
Proceeds from discontinued operations	**5**	**—**	120,388
Acquisition (net of cash acquired)	**4**	**(27,645)**	(894,989)
Net cash flows used in investing activities		**(92,799)**	(826,567)
Cash flows from financing activities:			
Distributions to unitholders	**17**	**(82,640)**	(71,394)
Issuance of convertible debentures	**14**	**—**	126,500
Transaction costs related to the issuance of convertible debentures	**14**	**—**	(5,697)
Issuance of units	**17**	**—**	460,356
Share issuance costs		**—**	(19,735)
Repayment of term debt	**13**	**(3,159)**	(75,672)
Increase in term debt		**—**	657,660
Net change in revolving credit facility	**13**	**12,452**	(330,902)
Increase (decrease) in other long-term liabilities		**1,983**	(5,462)
Financing transaction costs	**13**	**(1,697)**	(12,111)
Net cash flows (used in) from financing activities		**(73,061)**	723,543
(Decrease) increase in cash and cash equivalents		**(3,886)**	1,272
Cash and cash equivalents, beginning of the year		**11,165**	9,621
Effect of exchange rates on cash held in foreign currencies		**713**	272
Cash and cash equivalents, end of the year		$ **7,992**	$ 11,165

The accompanying notes on pages 39 to 103 are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION:

Chemtrade Logistics Income Fund ("Chemtrade") is a publicly listed Income Trust formed in Ontario, Canada and its units are listed on the Toronto Stock Exchange ("TSX"). 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"), International ("Intl") and Corporate ("Corp"). For additional information regarding Chemtrade's business segments, see note 28.

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 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements were authorized for issue by the Board of Trustees ("Board") on February 18, 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statement 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;

2. BASIS OF PREPARATION (continued):

- 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 consolidated financial statements are presented in thousands of Canadian dollars, except for net earnings per unit information and per tonne information which is presented in Canadian dollars.

(d) Critical judgements and sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

(i) Intangible assets (note 10):

When determining the value in use of goodwill and intangible assets during impairment testing, Chemtrade uses the following critical estimates: the timing of forecasted earnings; future selling prices and margins; future sales volumes; maintenance and other capital expenditures; and discount rates.

2. BASIS OF PREPARATION (continued):

(ii) Income taxes (note 25):

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that the deductions, tax credits and tax losses can be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

In the normal course of operations, judgement is required in assessing tax interpretations, regulations and legislation and in determining the provision for income taxes, deferred tax assets and liabilities, and the timing of reversals. To the extent that a recognition or de-recognition of a deferred tax asset is required, current period earnings or other comprehensive income will be affected.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently by Chemtrade's entities to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of Chemtrade and its controlled subsidiaries. Control is achieved when Chemtrade has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(i) Business combinations:

Chemtrade measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the difference is negative, a bargain purchase gain is recognized immediately in comprehensive income.

Transaction costs, other than those associated with the issue of debt or equity securities, that Chemtrade incurs in connection with a business combination are expensed as incurred.

(ii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Chemtrade and its subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on re-translation are recognized in earnings, except for differences arising on the re-translation of qualifying cash flow hedges and net investment hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency gains and losses are reported on a net basis within selling and administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(ii) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and in accumulated other comprehensive income in unitholders' equity.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income and in the cumulative translation account in unitholders' equity.

(iii) Hedge of a net investment in foreign operations:

Chemtrade applies hedge accounting to foreign currency differences arising between the functional currency of its foreign operations that use the U.S. dollar and Chemtrade's functional currency, Canadian dollars.

To the extent that the hedge is effective, foreign currency differences arising on the translation of Chemtrade's U.S. dollar denominated long-term debt, which is designated as the hedge of the net investment in foreign operations that use the U.S. dollar, are recognized in other comprehensive income and in accumulated other comprehensive income in unitholders' equity.

(c) Inventories

Finished goods inventory is valued at the lower of average cost and net realizable value. Average cost includes all costs of purchase, costs of conversion and other costs incurred to bring inventories to their present location and condition. Costs of conversion include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads is based on normal production capacity. Raw material inventory and operating supplies are recorded at the lower of cost determined on a first-in, first-out basis, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(d) Property, plant and equipment

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and net accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within cost of sales and selling and administrative expenses in comprehensive income.

(ii) Subsequent costs:

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Chemtrade, and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in comprehensive income as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(iii) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its expected residual value.

Depreciation is recognized in comprehensive income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods of plant and equipment are as follows:

- Building 5 - 40 years
- Equipment 5 - 30 years
- Furniture and other 3 - 10 years

Facilities and equipment under construction do not begin to be depreciated until substantially complete and ready for productive use.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(e) Intangible assets

(i) Goodwill:

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to Chemtrade's cash generating units (“CGUs”) that are expected to benefit from the synergies of the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(ii) Other intangible assets:

Other intangible assets include the estimated fair value, based on discounted cash flows, at the date of acquisition of long-term customer and vendor relationships.

(iii) Amortization of intangibles:

Amortization of intangible assets, excluding goodwill, is calculated over the estimated fair value upon recognition of the asset less its residual value.

Amortization is recognized in comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The estimated useful lives for the current and comparative periods are as follows:

- Customer and vendor relationships 10 - 16 years
- Other 5 - 10 years

(f) Impairment

(i) Trade and other receivables:

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in comprehensive income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that Chemtrade will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible. Any subsequent reversal of an impairment loss is recognized in comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(ii) Goodwill:

At the end of each reporting period, Chemtrade reviews the carrying amounts of its CGUs to determine whether there is an indication that those assets are impaired. If such an indication exists, Chemtrade will perform an impairment test.

Goodwill is not amortized, however Chemtrade performs an annual test for goodwill impairment in the fourth quarter of each fiscal year.

Valuation techniques

The recoverable value of each CGU is based on the higher of its value in use and its fair value less costs to sell. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

If the recoverable value of the CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable value. An impairment loss is recognized immediately in comprehensive income. Any impairment loss on goodwill that is recognized cannot be reversed.

Value in use approach

The value in use approach is predicated upon the value of the future cash flows that a business will generate going forward. The discounted cash flow method is used which involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risks associated with the business or asset and the time value of money. This approach requires assumptions about revenue, operating margins, capital expenditures, tax rates, growth rates and discount rates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

The following is a description of significant assumptions in obtaining the value in use.

Growth

The assumptions are based on Chemtrade's internal budget which is approved by the Board. Chemtrade projects revenue, operating margins and cash flows for a period of five years, and applies a perpetual long-term growth rate thereafter. In arriving at its forecasts, Chemtrade considers past experience, economic trends such as GDP growth and inflation as well as industry and market trends. The projections also take into account the expected impact from new product initiatives, customer retention and integration programs, and the maturity of the markets in which each business operates.

Discount rate

Chemtrade assumes a pre-tax discount rate in order to calculate the present value of its projected cash flows. The discount rate represents a weighted average cost of capital (“WACC”). The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate.

Determination of the WACC requires separate analysis of the cost of equity and debt, and considers a risk premium based on an assessment of risks related to the projected cash flow of each CGU.

Fair value less costs to sell approach

Fair value less costs to sell is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The appropriate market price is usually based on a multiplier based on earnings before interest, taxes, depreciation and amortization.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(iii) Other non-financial assets carried at amortized cost:

If there is objective evidence that an impairment loss on a non-financial asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and its recoverable value. The carrying amount of the non-financial asset is then reduced by the amount of the impairment and the loss is recognized in comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the non-financial asset does not exceed the amortized cost had the impairment not been recognized.

(g) Employee benefits

(i) Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in comprehensive income in the periods during which services are rendered by employees.

(ii) Defined benefit plans:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Chemtrade's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality bonds that have maturity dates approximating the terms of Chemtrade's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Chemtrade recognizes all actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) arising from defined benefit plans immediately in other comprehensive income, and reports them in deficit. Depending on the plan, expenses such as plan amendments, current service costs, administration costs, and interest costs are recorded in either cost of sales or selling and administrative expenses within comprehensive income.

(iii) Multi-employer plans:

Chemtrade participates in multi-employer pension plans, which are accounted for as either defined benefit plans or defined contribution plans depending on their attributes. Chemtrade does not administer these plans but rather the administration and the investment of these assets are controlled by a board of trustees consisting of union and employer representatives. Chemtrade's responsibility to make contributions to these plans is established pursuant to its collective agreements.

(iv) Share-based compensation:

Chemtrade operates a Long-Term Incentive Plan ("LTIP") which grants cash awards based on certain criteria. These awards are accounted for as liabilities with the value of these liabilities being re-measured at each reporting period, based upon changes in the fair value of the awards. Any gains or losses on re-measurement are recorded in selling and administrative expenses, provided that the compensation cost accrued during the performance period is not adjusted below zero.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(h) Revenue recognition

(i) Sale of products:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

(ii) Processing services:

Revenue earned on processing services is recognized when the services have been rendered in accordance with contractual terms. Monies received in advance of services provided is recorded as deferred revenue in other long-term liabilities.

(iii) Other:

Revenue on the sale of certain commodities within the Intl segment is recorded on a net basis. Revenue is recognized when selling prices have been fixed or are determinable, significant risks and rewards of ownership have been transferred to the buyer, and collection is reasonably assured.

(i) Provisions

A provision is recognized if, as a result of a past event, Chemtrade has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(i) Onerous contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by Chemtrade from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, Chemtrade considers whether an impairment loss on the assets associated with that contract needs to be recognized, and if appropriate recognizes such loss.

(ii) Site restoration:

Chemtrade recognizes provisions for statutory, contractual, constructive or legal obligations associated with site restoration in respect of Chemtrade's plants.

The fair value of estimated asset retirement obligations is recognized when identified and a reasonable estimate of fair value can be made. The asset retirement cost, equal to the estimated fair value of the asset retirement obligation, is capitalized as part of the cost of the related long-lived asset. The asset retirement cost is depreciated over the asset's estimated useful life and included in cost of sales and services. Increases in the asset retirement obligation resulting from the passage of time are recorded as accretion of the asset retirement obligation.

(iii) Environmental liabilities:

A provision for environmental liabilities is recorded based on current interpretation of environmental laws and regulations when it is probable that a liability has been incurred and the amount of such a liability can be reliably estimated. Changes to this provision are recorded as an expense in the period they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(j) Financial instruments

(i) Non-derivative financial assets:

Chemtrade initially recognizes loans and receivables at fair value on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized at fair value on the trade date at which Chemtrade becomes a party to the contractual provisions of the instrument.

Chemtrade de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when Chemtrade has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Chemtrade's only non-derivative financial assets are loans and receivables and cash and cash equivalents. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any net impairment losses. Loans and receivables comprise trade and other receivables and a note receivable.

Cash is composed of cash at banks and on hand. Cash equivalents are highly liquid investments having original terms to maturity of 90 days or less when acquired and are valued at fair value. Other assets include restricted cash, which is restricted for reimbursement of significant non-routine maintenance costs at one of Chemtrade's facilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(ii) Non-derivative financial liabilities:

Chemtrade initially recognizes long-term debt and convertible unsecured subordinated debentures at fair value on the date that they are originated. All other financial liabilities are recognized initially at fair value on the trade date at which Chemtrade becomes a party to the contractual provisions of the instrument.

Chemtrade de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when Chemtrade has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Chemtrade's non-derivative financial liabilities include trade and other payables, distributions payable, income taxes payable, long-term debt and convertible unsecured subordinated debentures. Such financial liabilities, other than convertible unsecured subordinated debentures, are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The convertible unsecured subordinated debentures are recognized initially at fair value. Transaction costs related to the convertible unsecured subordinated debentures are expensed as incurred. Subsequent to initial recognition, the convertible unsecured subordinated debentures are measured at fair value at each period end date with the changes recorded in comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(iii) Units:

Units are classified as equity. Incremental costs directly attributable to the issue of units are recognized as a deduction from equity, net of any tax effects. Distributions thereon are recognized as distributions within equity.

When units recognized as equity are re-purchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity.

(iv) Derivative financial instruments:

Chemtrade holds derivative financial instruments to mitigate its foreign currency, commodity, and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in comprehensive income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized immediately in comprehensive income, except for derivatives designated as cash flow hedges as noted below.

(v) Hedging:

On initial designation of the hedge, Chemtrade formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. Chemtrade makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a forecast transaction to be considered a cash flow hedge, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in comprehensive income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect earnings, the effective portion of changes in the fair value of the derivative is recognized in accumulated other comprehensive income. The amount recognized in other comprehensive income is removed and included in earnings in the same period as the hedged cash flows affect earnings under the same line item in the consolidated statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in earnings.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in unrealized gains/losses on cash flow hedges in equity remains there until the forecast transaction affects earnings. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in earnings. In other cases the amount recognized in other comprehensive income is transferred to earnings in the same period that the hedged item affects earnings.

(k) Lease payments

Payments made under operating leases are recognized in comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(l) Finance income and finance costs

Finance income is comprised of interest income on funds invested, changes in the fair value of financial assets and liabilities at fair value through profit or loss, and gains on hedging instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in comprehensive income, using the effective interest method.

Finance costs are comprised of interest expense on borrowings, transaction costs and related accretion, pension interest, accretion of provisions, changes in the fair value of financial liabilities at fair value through profit or loss and losses on the ineffective portion of hedging instruments that are recognized in comprehensive income. Borrowing costs that are not directly attributable to the construction or production of a qualifying asset are recognized in comprehensive income using the effective interest method.

(m) Income tax

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits; and

- taxable temporary differences arising on the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

In determining the amount of current and deferred tax, Chemtrade takes into account the impact of uncertain tax provisions and whether additional taxes and interest may be due. Chemtrade believes that its accruals for tax liabilities are adequate for all tax years subject to audit based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes Chemtrade to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Earnings per unit

Chemtrade presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the earnings attributable to Unitholders of Chemtrade by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the earnings attributable to Unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units, which currently consist of convertible unsecured subordinated debentures.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(o) Segment reporting

An operating segment is a component of Chemtrade that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Chemtrade's other components. All operating segments' operating results are reviewed regularly by Chemtrade's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily Chemtrade's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditures are the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill, excluding acquisitions for the segment.

(p) Standards and interpretations not yet adopted

On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The standard introduces additional changes relating to financial liabilities. The final standard also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment, and new general hedge accounting requirements. Chemtrade does not intend to early adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of IFRS 9 has not yet been determined.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers.* The new standard is effective for annual periods beginning on or after January 1, 2018. The standard can be applied retrospectively, or using a cumulative catch-up approach. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced which may affect the amount and/or timing of revenue recognized. Chemtrade intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On January 13, 2016 the IASB issued IFRS 16 *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. Chemtrade intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

(q) Accounting standards adopted in the current year

In November 2013, the IASB issued amendments to pension accounting under IAS 19, Employee Benefits. Chemtrade adopted these amendments on January 1, 2015. The amendments introduce a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When employee contributions are eligible for the practical expedient, a company is permitted (but not required) to recognize them as a reduction of the service cost in the period in which the related service is rendered. The amendments had no material impact on Chemtrade's financial statements.

4. ACQUISITIONS:

(a) General Chemical

On January 23, 2014, Chemtrade completed the purchase of 100% of the businesses of Parsippany, New Jersey-based General Chemical Holding Company ("General Chemical") for $941,494 (US$858,948) in cash. The transaction was structured as a merger in accordance with the laws of the State of Delaware pursuant to which Chemtrade acquired all of the outstanding shares of ASP GT Holding Corp., General Chemical's parent company, from certain funds controlled by American Securities LLC, a private equity firm.

General Chemical was a North American manufacturer of a broad portfolio of inorganic chemical products with three business units: Water Treatment Chemicals, Sulphuric Acid and Specialty Chemicals. The business operated 45 facilities across the United States and Canada, and employed approximately 540 people. General Chemical served a diverse customer base in a variety of end markets including municipal water treatment, general industrial production, pulp and paper, food and beverage, agriculture, and pharmaceuticals.

The business combination was structured as a share acquisition for total consideration of $941,494. The transaction was financed through a combination of an underwritten equity offering and syndicated senior secured credit facilities. On January 23, 2014, Chemtrade completed an equity offering of 18,170,000 units for total gross proceeds of $345,230. This included 2,370,000 units issued pursuant to the exercise in full of the underwriters' over-allotment option. Issuance costs in relation to the equity offering of $14,898 are reflected in Unitholders' equity. The senior secured credit facilities comprised of a $657,660 (US$600,000) five year term loan and $438,440 (US$400,000) revolving credit facility. Total amount drawn on January 23, 2014 from the credit facilities to finance the acquisition and to repay Chemtrade's former credit facilities was $832,985. Previously deferred debt issuance costs of $4,337 related to the repaid credit facilities have been recognized in comprehensive income. Costs related to the credit facilities of $12,111 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.

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

4. ACQUISITIONS (continued):

The aggregate consideration for this acquisition was allocated as follows:

		January 23, 2014
Cash	**$**	**941,494**

		As at December 31, 2014
		(note 30)
Working capital deficit (including cash acquired of $46,505 (US$42,428))	$	(15,066)
Property, plant and equipment		470,730
Other assets		800
Intangible assets [1]		835,663
Other long-term liabilities		(7,164)
Employee benefits		(74,636)
Provisions		(52,541)
Deferred tax liability		(216,292)
Consideration — Cash	**$**	**941,494**

[1] Includes goodwill of $577,148.

Goodwill is comprised of the value of expected synergies arising from the acquisition, the expertise and reputation of the assembled workforce acquired, and the geographic location of the acquiree. None of the goodwill recognized is deductible for tax purposes.

Directly attributable acquisition-related costs are $17,382, of which $14,897 were expensed in 2014, and the remainder were expensed in 2013. These are included in selling and administrative expenses in comprehensive income.

4. ACQUISITIONS (continued):

(i) Pro forma information:

The following pro forma revenue and earnings are prepared in accordance with IFRS as if the General Chemical Acquisition had occurred at January 1, 2014. 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 expense on the new credit facilities.
- To remove Chemtrade and General Chemical acquisition costs, including severance costs.
- To consider the effect of taxes on all the above-listed adjustments.

	Year ended December 31, 2014		
	Actual	**Adjustment**	**Pro Forma**
Revenue	$ 1,203,395	$ 21,758	$ 1,225,153
Net Earnings	21,030	9,622	30,652

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

4. ACQUISITIONS (continued):

(b) Hydor-Tech

On January 16, 2015, Chemtrade completed the purchase of the operating assets of Hydor-Tech Ltd. ("HTL"), an Edmonton-based manufacturer of inorganic coagulants. HTL was a leading western Canadian manufacturer of polyaluminum chloride that is widely used in municipal and industrial water treatment plants. The business combination was structured as an asset acquisition for $27,645. The transaction was financed by drawing upon the syndicated senior secured credit facilities ("credit facilities").

The aggregate consideration for this acquisition was allocated as follows:

		January 16, 2015
Cash	**$**	**27,645**

		As at December 31, 2015
Net working capital	$	1,045
Property, plant and equipment		11,000
Intangible assets (1)		15,600
Consideration — Cash	**$**	**27,645**

(1) Balance represents goodwill

Adjustments have been made to the purchase price allocation disclosed as a subsequent event in the prior year which have been reflected in the table above. These adjustments primarily related to a decrease in net working capital. The purchase price allocation for this acquisition has been finalized.

Goodwill is comprised of the value of expected synergies arising from the acquisition, the expertise and reputation of the assembled workforce acquired, and the geographic location of the acquiree.

The amount of revenue and earnings attributable to HTL since acquisition have been included in the consolidated statement of comprehensive income and is included in the WSSC business segment.

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

5. DISCONTINUED OPERATIONS:

On May 12, 2014, Chemtrade entered into a definitive agreement to sell its Montreal East business to Suncor Energy Products Inc. ("Suncor") for proceeds of $120,388. The transaction, which was subject to relevant regulatory approvals, closed on July 17, 2014. The business provided sulphur removal and compliance services to Suncor's Montreal oil refinery and is included in the SPPC segment. Chemtrade acquired the operation in 2011 as part of its acquisition of Marsulex Inc., and realized a gain of $7,722 after taxes upon the sale of the business. Chemtrade recognized the remaining amounts receivable of $9,396 into revenues pursuant to an agreement with a previous customer of this business. The proceeds of the sale were used to repay long-term debt in 2014.

(a) Results of discontinued operations:

	Year ended December 31, 2014	
Revenue	$	26,539
Cost of sales and services		(10,468)
Gross profit		16,071
Selling and administrative expenses		(618)
Income before tax		15,453
Deferred income tax recovery		18,674
Results of operating activities, net of tax	$	34,127
Gain on sale of discontinued operations		9,717
Deferred income tax on gain on sale of discontinued operations		(1,995)
Net earnings from discontinued operations	$	41,849
Basic and diluted net earnings per unit from discontinued operations	$	0.69

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

5. DISCONTINUED OPERATIONS (continued):

(b) Cash flows from discontinued operations:

		Year ended December 31, 2014
Net cash flows from operating activities	$	405
Net cash flows from investing activities		119,941
Net cash flows used in financing activities		(223)
Net cash flows for the year	$	120,123

(c) Effect of disposal on financial position:

		As at July 17, 2014
Inventories		(367)
Prepaid expenses and other assets		(120)
Property, plant and equipment		(83,785)
Intangible assets		(28,901)
Trade and other payables		1,833
Other long-term liabilities		651
Provisions		18
Net assets and liabilities disposed	**$**	**(110,671)**
Consideration received, in cash		120,388
Net cash inflow	**$**	**120,388**

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

6. TRADE AND OTHER RECEIVABLES:

		2015		2014
Trade and other receivables	$	**178,136**	$	164,064
Less: allowance for doubtful accounts		**(1,318)**		(1,889)
Net trade and other receivables	$	**176,818**	$	162,175

As disclosed in note 26, Chemtrade is exposed to normal credit and currency risks with respect to its accounts receivable. At December 31, 2015, 92.6% (2014 - 93.5%) of accounts receivable are less than 30 days past due, and less than 1% (2014 - less than 1%) of accounts receivable is greater than 120 days past due that is not provided for.

While Chemtrade evaluates a customer's credit worthiness before credit is extended, provisions for potential credit losses are also maintained. The change in allowance for doubtful accounts was as follows:

		2015		2014
Balance at beginning of year	$	**1,889**	$	1,621
Adjustments made during the year		**789**		373
Write-offs		**(1,360)**		(105)
Balance at end of year	$	**1,318**	$	1,889

7. INVENTORIES:

Chemtrade's inventories are as follows:

		2015		2014
Raw materials	$	**27,630**	$	31,914
Finished goods		**28,101**		21,167
Operating supplies		**8,557**		6,728
	$	**64,288**	$	59,809

The amount of inventories recognized as an expense during the year ended December 31, 2015 is $742,609 (2014 - $671,808).

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

8. PROPERTY, PLANT AND EQUIPMENT:

Chemtrade's property, plant and equipment are as follows:

	Land	Plant and equipment	Facilities and equipment under construction	Total
Cost				
Balance at January 1, 2014	$ 13,404	$ 655,871	$ 31,909	$ 701,184
Acquisition (note 4)	31,276	424,739	14,715	470,730
Additions	14	—	52,766	52,780
Transfers	—	70,461	(70,461)	—
Disposals (note 5)	(2,260)	(106,916)	(874)	(110,050)
Asset retirement	—	(4,026)	—	(4,026)
Translation	2,041	56,549	2,980	61,570
Balance at December 31, 2014	$ 44,475	$ 1,096,678	$ 31,035	$ 1,172,188
Acquisition (note 4)	—	11,000	—	11,000
Additions	—	—	64,053	64,053
Transfers	—	63,714	(63,714)	—
Asset retirement	—	(24,320)	—	(24,320)
Translation	9,076	184,505	10,636	204,217
Balance at December 31, 2015	$ 53,551	$ 1,331,577	$ 42,010	$ 1,427,138
Accumulated depreciation				
Balance at January 1, 2014	$ —	$ (274,633)	$ —	$ (274,633)
Current year depreciation	—	(80,238)	—	(80,238)
Disposals (note 5)	—	26,265	—	26,265
Asset retirement	—	1,759	—	1,759
Translation	—	(18,909)	—	(18,909)
Depreciation allocated to inventory	—	(438)	—	(438)
Balance at December 31, 2014	$ —	$ (346,194)	$ —	$ (346,194)
Current year depreciation	—	(93,355)	—	(93,355)
Asset retirement	—	15,694	—	15,694
Translation	—	(77,143)	—	(77,143)
Depreciation allocated to inventory	—	(783)	—	(783)
Balance at December 31, 2015	$ —	$ (501,781)	$ —	$ (501,781)
Net carrying amount				
December 31, 2014	$ 44,475	$ 750,484	$ 31,035	$ 825,994
December 31, 2015	$ 53,551	$ 829,796	$ 42,010	$ 925,357

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

9. OTHER ASSETS:

Chemtrade's other assets are as follows:

	2015	2014
Restricted cash	**$ 873**	$ 732
Note receivable	**1,291**	1,829
Deferred rent expense	**2,489**	2,112
Long-term receivable	**—**	2,019
Deferred charges	**3,488**	—
Other	**162**	1,007
	$ 8,303	$ 7,699

10. INTANGIBLE ASSETS:

Chemtrade's intangible assets and goodwill are as follows:

	Goodwill	Customer Relationships	Vendor Relationships	Other	Total
Cost					
Balance at January 1, 2014	$ 193,656	$ 354,842	$ 9,189	$ —	$ 557,687
Acquisition (note 4 and 30)	577,148	208,202	—	50,313	835,663
Disposals	(22,780)	(14,173)	—	—	(36,953)
Translation	40,312	24,241	(391)	2,936	67,098
Balance at December 31, 2014	$ 788,336	$ 573,112	$ 8,798	$ 53,249	$ 1,423,495
Acquisition (note 4)	15,600	—	—	—	15,600
Impairment	(88,738)	—	—	—	(88,738)
Assets fully amortized	—	(167,418)	(9,419)	(830)	(177,667)
Translation	131,923	70,566	621	10,411	213,521
Balance at December 31, 2015	$ 847,121	$ 476,260	$ —	$ 62,830	$ 1,386,211
Accumulated Amortization					
Balance at January 1, 2014	$ —	$ (183,525)	$ (7,902)	$ —	$ (191,427)
Disposals	—	4,334	—	—	4,334
Current year amortization	—	(76,924)	(918)	(5,291)	(83,133)
Translation	—	(11,019)	276	(505)	(11,248)
Balance at December 31, 2014	$ —	$ (267,134)	$ (8,544)	$ (5,796)	$ (281,474)
Assets fully amortized	—	167,418	9,419	830	$ 177,667
Current year amortization	—	(48,527)	(287)	(5,914)	(54,728)
Translation	—	(34,856)	(588)	(664)	(36,108)
Balance at December 31, 2015	$ —	$ (183,099)	$ —	$ (11,544)	$ (194,643)
Net carrying amount					
December 31, 2014	$ 788,336	$ 305,978	$ 254	$ 47,453	$ 1,142,021
December 31, 2015	$ 847,121	$ 293,161	$ —	$ 51,286	$ 1,191,568

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

10. INTANGIBLE ASSETS (continued):

Impairment testing for cash-generating units containing goodwill

Chemtrade performed its annual test for goodwill impairment in the fourth quarter of 2015 in accordance with its policy described in note 3. The recoverable amount of all CGUs exceeded their carrying values, except for the water treatment CGU in WSSC, where the carrying value of the goodwill allocated to the water treatment CGU exceeded the recoverable amount of $403,858 and an impairment loss of $88,738 was recognized. In Chemtrade's case, the recoverable amount is based on the value in use approach. The impairment loss was fully allocated to goodwill and included in cost of sales and services. Increased competitive pressures and lower sales volumes for water treatment products in the WSSC CGUs were considered indicators of impairment.

The carrying value of goodwill for the SPPC CGUs is $308,934 (2014 - $275,959), for WSSC CGUs is $508,170 (2014 - $486,852) and for the Intl CGU is $30,017 (2014 - $25,525). Following the impairment recognized in the water treatment CGU, the recoverable amount was equal to the carrying value. Therefore, any adverse movement in a key assumption would lead to further impairment.

The key assumptions used in performing the impairment test for all CGU's were as follows:

	2015
Discount rate	11.51%
Growth rate for forecast period	2.5% - 4.0%
Perpetual growth rate	2.5%
Time period	5 years

11. TRADE AND OTHER PAYABLES:

Chemtrade's payables are as follows:

		2015		2014
Trade payables	**$**	**144,645**	$	129,300
Derivative instruments (note 26)		**408**		791
Non-trade payables and accrued expenses		**77,424**		71,328
	$	**222,477**	$	201,419

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

12. PROVISIONS:

	Current		Non-Current		
	Onerous Contracts	Environmental Liability	Site Restoration	Environmental Liability	Total
Balance at January 1, 2014	$ —	$ —	$ 4,204	$ —	$ 4,204
Acquisition (note 4)	—	2,088	—	50,453	52,541
Additions	162	—	—	—	162
Adjustments made during the year	—	6,766	(18)	(6,766)	(18)
Accretion	—	—	280	1,893	2,173
Payments	—	(2,089)	—	—	(2,089)
Translation	—	113	329	2,717	3,159
Balance at December 31, 2014	$ 162	$ 6,878	$ 4,795	$ 48,297	$ 60,132
Additions	495	—	—	864	1,359
Adjustments made during the year	—	3,651	—	(3,651)	—
Accretion	—	—	168	1,919	2,087
Payments	(674)	(4,022)	(2,639)	—	(7,335)
Translation	17	581	579	9,571	10,748
Balance at December 31, 2015	$ —	$ 7,088	$ 2,903	$ 57,000	$ 66,991

(a) Onerous contracts

Onerous contracts relate to customer/supplier contracts with terms that are unfavourable to Chemtrade. Management has made estimates for provisions of losses relating to these contracts and has accrued for them accordingly.

(b) Site restoration

Chemtrade has estimated a retirement obligation for its plants and has accrued for this obligation. Site restoration is expected to occur on dates ranging from 2020 to 2045.

(c) Environmental liability

Chemtrade has estimated a provision for its environmental liability in association with its acquisition of General Chemical. Expenditures are expected to occur on dates ranging from 2016 to 2045.

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

13. LONG-TERM DEBT:

		2015		2014
Term bank debt				
US$432,000 (2014 - US$432,000)	**$**	**597,888**	$	501,164
Revolving credit facility				
US$2,755 (2014 - US$434)		**3,813**		504
Canadian dollar denominated		**12,000**		—
Less: Transaction costs		**(6,909)**		(8,393)
Long-term debt (note (a))	**$**	**606,792**	$	493,275
Long-term loan - Fort McMurray facility (note (b))		**14,859**		18,366
	$	**621,651**	$	511,641
Less: Current portion		**(3,397)**		(3,159)
Long-term debt	**$**	**618,254**	$	508,482

(a) Long-term debt

At December 31, 2015, Chemtrade had senior credit facilities of approximately US$932,000, consisting of a term loan of US$432,000, and a revolving credit facility of US$500,000. At December 31, 2015, Chemtrade had drawn $15,813 (December 31, 2014 - $504) on the revolving credit facility and had committed a total of $24,925 (December 31, 2014 - $25,639) 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. At December 31, 2015, the weighted average effective interest rate of the facilities is 3.3% (December 31, 2014 - 3.8%).

In 2015, Chemtrade amended its long-term debt agreement by extending the maturity date of the credit facilities to October 2, 2020. All other terms and conditions of the agreement remain substantively unchanged. Chemtrade incurred $1,697 of transaction costs related to this amendment. These costs have been deferred and are being amortized to finance costs in comprehensive income using the effective interest method.

13. LONG-TERM DEBT (continued):

Chemtrade is subject to certain covenants with respect to its credit facilities, which include a Net Debt to EBITDA ratio (as both terms are defined in the credit agreement) and an interest coverage ratio. Chemtrade monitors these ratios and reports them to its lenders on a quarterly basis. As at December 31, 2015, Chemtrade was in compliance with the covenants.

(b) 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.

14. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES:

In 2010, Chemtrade issued $90,000 principal amount of convertible unsecured subordinated debentures. These convertible unsecured subordinated debentures bear interest at a rate of 6% per annum and are convertible, at the option of the holder, into units of Chemtrade at any time prior to the maturity date of March 31, 2017 and may be redeemed by Chemtrade in certain circumstances. At December 31, 2015, the principal amount of these debentures is $29,006.

In 2011, Chemtrade issued $80,000 of convertible unsecured subordinated debentures which bear an interest rate of 5.75% per annum and are convertible, at the option of the holder, into units of Chemtrade at any time prior to the maturity date of December 31, 2018 and may be redeemed by Chemtrade in certain circumstances. At December 31, 2015, the principal amount of these debentures is $79,647.

During the second quarter of 2014, Chemtrade issued $110,000 principal amount of convertible unsecured subordinated debentures. As allowed under provisions of the agreement to issue the convertible unsecured subordinated debentures, the underwriters purchased an additional $16,500 principal amount of the convertible unsecured subordinated debentures, increasing the aggregate gross proceeds of the public offering to $126,500. Chemtrade incurred transaction costs of $5,697 in 2014, which include the underwriters' fee and other costs related to the offering. These convertible unsecured subordinated debentures bear interest at a rate of 5.25% per annum and are convertible, at the option of the holder, into units of Chemtrade at any time prior to the maturity date of June 30, 2021, and may be redeemed by Chemtrade in certain circumstances. At December 31, 2015, the principal amount of these debentures is $126,500.

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

14. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (continued):

Chemtrade has designated all of its convertible unsecured subordinated debentures as financial liabilities at fair value through profit or loss. At December 31, 2015, the fair value of the convertible unsecured subordinated debentures was $240,726 (December 31, 2014 - $264,492). For the year ended December 31, 2015, there were net finance costs of $1,937, related to these convertible unsecured subordinated debentures (2014 - $29,130), which included a gain of $11,199 (2014 - loss of $10,890), due to the change in fair value of the convertible unsecured subordinated debentures, transaction costs of $nil (2014 - $5,697), and interest expense of $13,136 (2014 - $12,543).

15. OTHER LONG-TERM LIABILITIES:

Chemtrade's other long-term liabilities are as follows:

		2015		2014
Deferred revenue	**$**	**399**	$	680
Long-term portion of LTIP liability (note 18)		**7,053**		8,753
Interest rate swap liability (note 26)		**5,012**		2,757
Reserve for self-insurance		**4,152**		3,480
Lease obligations		**1,935**		51
Other		**2,841**		2,084
	$	**21,392**	$	17,805

16. EMPLOYEE BENEFITS:

Chemtrade provides certain health care and pension benefits for certain SPPC, WSSC and Intl employees upon retirement.

Generally, under the SPPC, WSSC and Intl pension plans, Chemtrade provides retirement benefits based on an employee's years of service and average annual earnings over a period of time prior to retirement. Chemtrade is responsible for meeting its statutory obligations for funding of the pension plans.

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

16. EMPLOYEE BENEFITS (continued):

Certain WSSC hourly employees participate in the Pulp and Paper Industry Pension Trust Fund, a multi-employer, defined contribution pension plan. The plan is funded by employer and employee contributions. The employer-related expense under this plan in 2015 was $209 (2014 - $199).

Chemtrade also provides other employee future benefits, including health and dental care benefits and life insurance, for retired employees.

Short-term employee benefits for current employees, such as salaries, paid absences, bonuses and other benefits, are accounted for on an accrual basis over the period in which the employees provide the related services. In 2015, $114,020 (2014 - $101,946) of short-term employee benefits were recognized in cost of sales and services, and $13,378 (2014 - $8,120) were recognized in selling and administration expenses.

Chemtrade expects $7,187 in contributions to be paid to its defined benefits plans in 2016.

		2015		2014
Present value of unfunded obligations	**$**	**12,869**	$	10,748
Present value of funded obligations		**307,280**		283,619
Total present value of obligations		**320,149**		294,367
Fair value of plan assets		**(227,378)**		(210,167)
Recognized liability for defined benefit obligations	**$**	**92,771**	$	84,200

		2015		2014
Components of net periodic benefit cost				
Current service cost	**$**	**1,207**	$	1,258
Net interest cost		**3,187**		3,095
Administration costs		**647**		1,639
Gain on curtailment		**(887)**		(6,380)
Plan settlements		**—**		(3,788)
Net periodic benefit cost recognized	**$**	**4,154**	$	(4,176)

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

16. EMPLOYEE BENEFITS (continued):

	2015	2014
Net periodic benefit cost allocation		
Cost of sales	**$ 253**	$ 340
Selling and administrative expenses	**714**	(7,611)
Net finance costs	**3,187**	3,095
Net periodic benefit cost recognized	**$ 4,154**	$ (4,176)

	2015	2014
Other comprehensive income		
Return on plan assets, excluding interest income	**$ 16,835**	$ (5,781)
Actuarial losses (gains)	**(17,285)**	20,642
(Gain) loss recognized in OCI during the year	**$ (450)**	$ 14,861

	2015	2014
Weighted average assumptions		
Discount rate	**4.13%**	3.76%
Ultimate other medical trend rate	**4.50%**	4.50%
Salary escalation	**1.83%**	1.84%

	2015	2014
Change in accrued benefit obligation		
Accrued benefit obligation at beginning of year	**$ 294,367**	$ 34,073
Acquisition (note 4)	**—**	268,221
Current service cost	**1,207**	1,258
Interest cost	**11,843**	12,276
Contributions	**555**	793
Benefits paid	**(20,467)**	(33,945)
Gain on curtailment	**(887)**	(6,380)
Plan settlements	**—**	(17,059)
Foreign exchange	**50,816**	14,488
Actuarial gain from changes in demographic assumptions	**(5,246)**	(64)
Actuarial (gain) loss from changes in financial assumptions	**(12,039)**	20,434
Actuarial loss from experience adjustments	**—**	272
Accrued benefit obligation at end of year	**$ 320,149**	$ 294,367

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

16. EMPLOYEE BENEFITS (continued):

	2015	2014
Change in plan assets		
Plan assets at beginning of year	**$ 210,167**	$ 22,658
Acquisition (note 4)	**—**	193,585
Administration fee	**(647)**	(1,639)
Interest income	**8,656**	9,181
Contributions	**9,252**	17,802
Benefits paid	**(20,467)**	(33,945)
Foreign exchange	**37,252**	10,015
Plan settlements	**—**	(13,271)
Return on plan assets, excluding interest income	**(16,835)**	5,781
Plan assets at end of year	**$ 227,378**	$ 210,167

During 2014, the settlement and curtailment gains of $10,168 were a result of the termination of a pension plan, lump-sum pension payouts for certain terminated vested pension plan participants and the curtailment of benefits under certain US post-employment benefit plans.

The asset mix in the plan is approximately 41.5% bonds (2014 - 46.1%), approximately 48.1% equity securities (2014 - 46.4%) and approximately 10.4% other investments (2014 - 7.5%).

Assumed discount rates and health care cost trend rates have an effect on the amounts recognized in comprehensive income. A one percentage point change in assumed rates, holding other assumptions constant, would affect the defined benefit obligation as follows:

	Defined benefit obligation	
	One percentage point increase	**One percentage point decrease**
Discount rate	**$ (32,923)**	**$ 39,483**

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

17. 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:

	2015				**2014**			
	Number of Units		**Amount**		Number of Units		Amount	
Units								
Balance – January 1	**68,470,630**	**$**	**1,034,308**		41,674,219	$	519,474	
Issued for cash (note 4)	**—**		**—**		23,575,000		460,356	
Issuance costs (net of taxes) (note 4)	**—**		**—**		—		(14,927)	
Conversion of unsecured subordinated convertible debentures	**598,596**		**12,614**		3,221,411		69,405	
Balance – December 31	**69,069,226**	**$**	**1,046,922**		68,470,630	$	1,034,308	

(b) Contributed surplus

Chemtrade's contributed surplus relates to the re-purchase of units under a normal course issuer bid.

(c) Accumulated other comprehensive income ("AOCI")

AOCI is comprised of the following separate components of equity:

Cumulative translation account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Unrealized gains/losses on cash flow and net investment hedges

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The reserve also comprises the cumulative foreign currency differences arising on the translation of Chemtrade's U.S. dollar denominated long-term debt, which is designated as the hedge of the net investment in foreign operations that use the U.S. dollar.

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

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

(d) Distributions

Distributions paid for the year ended December 31, 2015 were $82,640 (2014 - $71,394) or $1.20 per unit (2014 - $1.20 per unit). All of Chemtrade's distributions are discretionary and subject to Board approval.

Subsequent to year end, Chemtrade declared distributions of $6,907 or $0.10 per unit payable on February 29, 2016.

(e) Net earnings per unit and earnings per unit from continuing operations

Net earnings per unit have 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, diluted net earnings per unit, earnings per unit from continuing operations and diluted earnings per unit from continuing operations:

(i) Earnings per unit:

		2015		2014
Numerator				
Net (loss) earnings	**$**	**(47,590)**	$	21,030
Net interest and fair value adjustment on convertible unsecured subordinated debentures [1]		**—**		—
Diluted net (loss) earnings	**$**	**(47,590)**	$	21,030

[1] For the years ended December 31, 2015 and 2014, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net earnings per unit would be anti-dilutive.

	2015	2014
Denominator		
Weighted average number of units	**68,874,207**	60,360,582
Weighted average convertible unsecured subordinated debenture dilutive units [1]	**—**	—
Weighted average number of diluted units	**68,874,207**	60,360,582

[1] For the years ended December 31. 2015 and 2014, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net earnings per unit would be anti-dilutive.

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

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

(ii) Earnings per unit from continuing operations:

		2015	2014
Numerator			
Net loss from continuing operations	$	**(47,590)**	$ (20,819)
Net finance costs on convertible unsecured subordinated debentures [1]		—	—
Diluted net loss from continuing operations	$	**(47,590)**	$ (20,819)

[1] For the years ended December 31, 2015 and 2014, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net earnings per unit from continuing operations would be anti-dilutive.

	2015	2014
Denominator		
Weighted average number of units	**68,874,207**	60,360,582
Weighted average convertible unsecured subordinated debenture dilutive units [1]	—	—
Weighted average number of diluted units	**68,874,207**	60,360,582

[1] For the years ended December 31, 2015 and 2014, the potential conversion of the convertible unsecured subordinated debentures has not been included as the effect on net earnings per unit from continuing operations would be anti-dilutive.

18. SHARE-BASED PAYMENTS:

Chemtrade operates a Long-Term Incentive Plan ("LTIP"), which grants cash awards based on certain criteria. The 2013-2015, 2014-2016, and 2015-2017 LTIP awards have a performance based component and a restricted share unit component. 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. Total Unitholder return consists of changes in unit price and distributions paid to Unitholders. The restricted share unit component of the LTIP award is a phantom plan which is payable in cash at the end of the performance period.

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

18. SHARE-BASED PAYMENTS (continued):

As at December 31, 2015, a liability of $15,156 (December 31, 2014 - $19,899) has been recorded, of which $8,103 (December 31, 2014 - $11,146) is included in trade and other payables and $7,053 (December 31, 2014 - $8,753) is included in other long-term liabilities. For the year ended December 31, 2015, Chemtrade recorded an expense of $6,333 (2014 - $14,234) 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.

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

	December 31, 2015	December 31, 2014
Chemtrade units:		
Average base price	$19.22	$17.34
Period-end unit price	$17.86	$20.70
Average expected volatility	20.53%	14.50%
Index units:		
Average base price	$201.85	$183.08
Period-end unit price	$215.82	$248.22
Average expected volatility	14.78%	14.02%
Average risk free interest rate	0.46%	0.96%
Average expected remaining term	1.50 years	1.50 years

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

19. COMMITMENTS AND CONTINGENCIES:

(a) Operating leases

Chemtrade enters into operating leases in the ordinary course of business, primarily for real property and equipment. Payments for these leases are contractual obligations as scheduled per each agreement. Operating lease payments in 2015 were $39,036 (2014 - $35,956). The future aggregate minimum lease payments for base rent amounts under non-cancellable operating leases are as follows:

2016	$	36,624
2017		29,303
2018		21,643
2019		11,667
2020		6,481
2021 and thereafter		12,223
	$	117,941

Chemtrade has recorded deferred rent expense of $2,489 (2014 - $2,112) in other assets.

(b) Environmental clean-up costs

Chemtrade's operations are subject to numerous laws, regulations and guidelines relating to air emissions, water discharges, solid and hazardous wastes, transportation and handling of hazardous substances and employee health and safety in Canada, the United States and other foreign countries where they operate. These environmental regulations are continually changing and are generally becoming more restrictive.

When Chemtrade acquired General Chemical, it conducted environmental assessments prior to the purchase of the sites as a basis to, among other things, verify the appropriateness of estimates for remediation costs. Chemtrade owns a number of sites as a result of the acquisitions of certain other businesses. Subject to certain limitations, Chemtrade has been indemnified by certain of the vendors for any remediation costs or environmental actions that may arise as a result of conditions existing at the time of acquisition of these sites and consequently Chemtrade has not accrued any amount in this respect.

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

19. COMMITMENTS AND CONTINGENCIES (continued):

(c) Other claims

Chemtrade is involved in certain claims arising from the ordinary course and conduct of its business which, in the opinion of management, will not have a material impact upon the financial position of Chemtrade. Chemtrade has received indemnities from certain vendors with respect to claims arising prior to the related acquisitions.

20. REVENUE:

The revenues for Chemtrade are as follows:

	2015	2014
Sales of products and other	**$ 1,206,176**	$ 1,065,592
Processing services	**158,711**	137,803
	$ 1,364,887	$ 1,203,395

21. SELLING AND ADMINISTRATIVE EXPENSES:

The components of selling and administrative expenses are as follows:

	2015	2014
Wages, salaries and benefits, including bonuses	**$ 55,175**	$ 52,916
Share-based payments (note 18)	**6,333**	14,234
Other selling, general and administrative expenses	**26,843**	31,090
Unrealized foreign exchange loss	**26,145**	17,114
Depreciation	**800**	694
	$ 115,296	$ 116,048

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

22. DEPRECIATION AND AMORTIZATION:

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

	Year ended December 31, 2015	2014
Cost of sales and services:		
Depreciation expense	**$ 92,555**	$ 79,544
Amortization expense	**54,728**	83,133
Selling and administrative expenses:		
Depreciation expense	**800**	694
Total depreciation and amortization expense	**$ 148,083**	$ 163,371

For the year ended December 31, 2014, there was depreciation and amortization expense related to discontinued operations of $3,620.

23. GOODWILL IMPAIRMENT AND LOSS ON WRITE-DOWN OF ASSETS:

During the fourth quarter of 2015, Chemtrade recorded an impairment loss of $88,738 related to goodwill in the WSSC segment. Increased competitive pressures in the water treatment business was considered an indicator of impairment. Any estimated cash flows from future capital expenditures considered to expand the capacity of Chemtrade's operations are not considered when goodwill is tested for impairment.

Additionally, Chemtrade recorded a loss of $7,444 in the fourth quarter of 2015 on the write-down of assets associated with certain production facilities that manufacture water treatment chemicals. Due to the competitive pricing pressure noted above, the cash flows associated with these specific assets had been declining and could no longer support their carrying value.

These losses were reflected in cost of sales and services on the statement of comprehensive income.

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

24. FINANCE INCOME AND COSTS:

The components of finance income and costs are as follows:

	2015	2014
Interest revenue	$ 15	$ 164
Change in the fair value of convertible debentures (note 14)	11,199	—
Finance income	**$ 11,214**	$ 164
Interest expense on long-term debt	$ 24,369	$ 29,837
Debt extinguishment costs	—	7,308
Interest expense on convertible debentures (note 14)	13,136	12,543
Transaction costs on issuance of convertible debentures (note 14)	—	5,697
Change in the fair value of convertible debentures (note 14)	—	10,890
Accretion expense on financing transaction costs	2,136	2,053
Accretion of provisions	2,087	2,172
Ineffectiveness of cash flow hedges (note 26)	—	1,087
Pension interest	3,187	3,095
Finance costs	**$ 44,915**	$ 74,682

25. 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 49.53% 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, it expects that its income distributed to Unitholders will not be subject to SIFT tax.

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

25. INCOME TAXES (continued):

(a) Current tax expense

		2015		2014
Tax expense recognized in net earnings	**$**	**(8,154)**	$	(4,250)
Current tax expense	**$**	**(8,154)**	$	(4,250)
Deferred tax recovery:				
Origination and reversal of temporary differences		**26,160**		38,729
Deferred tax recovery	**$**	**26,160**	$	38,729
Total tax recovery excluding tax on sale of discontinued operation	**$**	**18,006**	$	34,479
Tax recovery from discontinued operation (excluding gain on sale)		**—**		18,674
Tax expense on gain on sale of discontinued operation		**—**		(1,995)
Total tax recovery	**$**	**18,006**	$	51,158

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

25. INCOME TAXES (continued):

(b) Reconciliation of the effective tax rate

The provision for income taxes in comprehensive income represents an effective rate different than the Canadian corporate statutory rate of 26.35% (2014 - 26.14%). The differences are as follows:

		2015		2014
Net loss before income tax	$	**(65,596)**	$	(30,128)
Computed income tax recovery at Canadian statutory rate		**17,285**		7,875
Difference resulting from:				
Income of trust taxed directly to unitholders		**33,647**		31,536
Difference in substantially enacted tax rate		**(17,763)**		(12,233)
International income tax rate differences		**14,294**		13,728
(Non-recognition) of deferred tax assets		**(2,024)**		(13,636)
Difference between capital gain tax rate and full statutory rate		**4**		584
Foreign exchange		**71**		—
Recognition of previously unrecognized deferred tax assets		**146**		3,393
Reversal of deferred tax liabilities on sale of discontinued operation		**—**		19,799
Impairment of intangible assets		**(30,624)**		—
Other		**2,970**		112
Total income tax recovery	$	**18,006**	$	51,158

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

25. INCOME TAXES (continued):

(c) Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

		2015		2014
Deferred tax assets:				
Other assets	**$**	**80,300**	$	24,473
Losses available for carryforward		**84,101**		66,343
Long-term debt and deferred interest		**32,196**		33,857
Other long-term liabilities and employee benefits		**38,435**		35,434
	$	**235,032**	$	160,107
Reclassification to deferred tax liabilities		**(214,805)**		(150,192)
Total deferred tax assets	**$**	**20,227**	$	9,915
Deferred tax liabilities:				
Property, plant and equipment	**$**	**239,322**	$	218,070
Intangible assets		**127,157**		127,239
Other liabilities (note 30)		**93,152**		17,967
		459,631		363,276
Reclassification from deferred tax assets		**(214,805)**		(150,192)
Total deferred tax liabilities	**$**	**244,826**	$	213,084

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

25. INCOME TAXES (continued):

(d) Movement in deferred tax balances

Movement in deferred tax balances during the year are as follows:

	Balance, January 1, 2015	Recognized in net earnings	Foreign exchange impact	Recognized in other comprehensive income	Recognized directly in equity	Acquired in business combination	Balance December 31, 2015
Property, plant and equipment	$ (218,070)	$ 16,637	$ (37,889)	$ —	$ —	$ —	$ (239,322)
Intangible assets	(127,239)	18,090	(18,008)	—	—	—	(127,157)
Net other assets and liabilities	6,506	(14,571)	5,815	(10,602)	—	—	(12,852)
Losses available for carryforward	66,343	9,987	7,771	—	—	—	84,101
Long-term debt and deferred interest	33,857	(1,732)	71	—	—	—	32,196
Other long-term liabilities and employee benefits	35,434	(2,251)	5,146	106	—	—	38,435
	$ (203,169)	$ 26,160	$ (37,094)	$ (10,496)	$ —	$ —	$ (224,599)

	Balance, January 1, 2014	Recognized in net earnings	Foreign exchange impact	Recognized in other comprehensive income	Recognized directly in equity	Acquired in business combination (note 30)	Balance December 31, 2014
Property, plant and equipment	$ (75,271)	$ 26,855	$ (9,152)	$ —	$ —	$ (160,502)	$ (218,070)
Intangible assets	(35,714)	15,517	(5,774)	—	—	(101,268)	(127,239)
Net other assets and liabilities	(13,578)	5,203	1,778	(4,130)	—	17,233	6,506
Losses available for carryforward	68,383	(2,040)	—	—	—	—	66,343
Long-term debt and deferred interest	9,839	19,047	—	—	4,971	—	33,857
Other long-term liabilities and employee benefits	9,497	(9,174)	1,610	5,256	—	28,245	35,434
	$ (36,844)	$ 55,408	$ (11,538)	$ 1,126	$ 4,971	$ (216,292)	$ (203,169)

25. INCOME TAXES (continued):

(e) Unrecognized deferred tax assets

During the year, Chemtrade did not recognize $2,024 (2014 - $12,635) of deferred tax assets as management did not believe that it is probable that the deductible temporary differences giving rise to the deferred tax asset will be utilized.

(f) Unrecognized deferred tax liabilities

As at December 31, 2015, Chemtrade had unrecognized deferred tax liabilities arising from taxable temporary differences of $190,615 (2014 - $134,941) relating to an investment in a subsidiary that was not recognized because Chemtrade controls whether the liability would be incurred and it was satisfied that it would not be incurred in the foreseeable future. Chemtrade has taxable temporary differences relating to certain subsidiaries that it expects will reverse in the foreseeable future without the incidence of tax and has accordingly not provided for deferred income taxes with respect to these investments.

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

26. FINANCIAL INSTRUMENTS:

(a) Categories of financial assets and liabilities

The carrying values of Chemtrade's financial instruments are as follows:

		2015		2014
Assets carried at fair value				
Derivative instruments	**$**	**170**	$	432
Assets carried at amortized cost				
Cash and cash equivalents		**7,992**		11,165
Trade and other receivables		**176,818**		162,175
Restricted cash (note 9)		**873**		732
Note receivable (note 9)		**1,291**		1,829
Long-term receivable (note 9)		**—**		2,019
Liabilities carried at fair value				
Derivative instruments (note 11)		**408**		791
Convertible unsecured subordinated debentures (note 14)		**240,726**		264,492
LTIP liability (note 18)		**15,156**		19,899
Interest rate swap liability		**5,012**		3,127
Liabilities carried at amortized cost				
Trade and other payables		**213,966**		189,482
Distributions payable		**6,907**		6,847
Current portion of long-term debt		**3,397**		3,159
Long-term debt		**618,254**		508,482

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

26. FINANCIAL INSTRUMENTS (continued):

(b) Derivatives and hedging

		December 31, 2015 Fair Value			December 31, 2014 Fair Value	
	Notional Amount	**Asset**	**Liability**	Notional Amount	Asset	Liability
Derivatives designated in a formal hedging relationship						
Interest rate swaps	**US$ 325,000**	**$ —**	**$ 5,012**	US$ 375,000	$ —	$ 3,127
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts [1]	**$ —**	**$ 8**	**$ 246**	$ —	$ 43	$ 402
Commodity forward contracts [2]	**N/A**	**162**	**162**	N/A	389	389
Total		**$ 170**	**$ 5,420**		$ 432	$ 3,918

[1] See below for notional amounts.
[2] Includes commitments to buy and sell commodities and commodity forward contracts related to those commitments.

On December 31, 2015, 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 year ended December 31, 2015, a foreign exchange loss of $35,643 on the revaluation of the U.S. dollar denominated debt related to this hedging strategy was recognized in other comprehensive income.

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

26. FINANCIAL INSTRUMENTS (continued):

Chemtrade has entered into foreign exchange contracts to manage some of its exposure 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 December 31, 2015 include future contracts to sell the following amounts for periods through to March 2016:

Amount	Weighted average exchange rate
US$4,365	€0.91
US$847	CHF0.99
US$41	SEK8.14
€6,017	US$1.08
$4,716	US$0.72

Chemtrade's Intl business segment has commitments to buy and sell commodities and has entered into commodity forward contracts to manage its exposure to commodity price changes.

The commitments to buy and sell commodities are treated as derivatives and are measured at fair value. The commodity forward contracts are derivatives and are measured at fair value.

(c) 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 receivable, 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.

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

26. FINANCIAL INSTRUMENTS (continued):

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.

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 following is a summary of the fair value hierarchy levels of Chemtrade's financial instruments:

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Instruments designated as fair value through profit and loss				
Foreign exchange contracts	$ —	$ (238)	$ —	$ (238)
Convertible unsecured subordinated debentures	(240,726)	—	—	(240,726)
Instruments designated as fair value through other comprehensive income				
Interest rate swaps	—	(5,012)	—	(5,012)
Total	**$ (240,726)**	**$ (5,250)**	**$ —**	**$ (245,976)**

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

26. FINANCIAL INSTRUMENTS (continued):

2014	Level 1	Level 2	Level 3	Total
Instruments designated as fair value through profit and loss				
Foreign exchange contracts	$ —	$ (359)	$ —	$ (359)
Convertible unsecured subordinated debentures	(264,492)	—	—	(264,492)
Instruments designated as fair value through other comprehensive income				
Interest rate swaps	—	(3,127)	—	(3,127)
Total	**$ (264,492)**	**$ (3,486)**	**$ —**	**$ (267,978)**

The fair value of the foreign exchange contracts is the difference between the forward exchange rate and the contract rate. The fair value of the interest rate swap arrangements is the difference between the forward interest rates and the contract rates discounted. 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.

The convertible unsecured subordinated debentures are classified within Level 1 because the convertible unsecured subordinated debentures actively trade on the TSX and the fair value is based on the quoted prices on the TSX.

(d) Risks associated with financial instruments

(i) Credit risk

Credit risk arises from the non-performance by counter-parties of contractual financial obligations. Chemtrade manages credit risk for trade and other receivables through established credit monitoring activities. Chemtrade does not have a significant concentration of credit risk with any single counter-party. The primary counter-parties related to the foreign exchange forward contracts, commodity price contracts and interest rate swaps carry investment grade ratings. Chemtrade's maximum exposure to credit risk at the reporting date is the carrying value of its receivables and derivative assets.

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

26. FINANCIAL INSTRUMENTS (continued):

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Chemtrade manages liquidity risk by maintaining adequate cash and cash equivalent balances, and by appropriately utilizing its lines of credit. Chemtrade continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

Chemtrade's financial liabilities recorded in trade and other payables, including derivatives, non-trade payables and accrued expenses, and distributions payable are generally due within one year. The undiscounted cash flow requirements for long-term financial liabilities as at December 31, 2015 are as follows:

	Carrying Value	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt (note 13)	$ 621,651	$ 628,908	$ 3,397	$ 7,584	$ 617,927	$ —
Interest on long-term debt	—	84,863	21,287	41,784	21,792	—
Convertible unsecured subordinated debentures (note 14)	240,726	235,153	—	108,653	—	126,500
Interest on convertible unsecured subordinated debentures	—	52,441	12,961	22,877	13,282	3,321
Total	**$ 862,377**	**$ 1,001,365**	**$ 37,645**	**$ 180,898**	**$ 653,001**	**$ 129,821**

26. FINANCIAL INSTRUMENTS (continued):

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. Chemtrade's market risks are as follows:

(a) *Currency risk*

Chemtrade is exposed to fluctuations in the exchange rate of the US dollar relative to the Canadian dollar as a portion of Chemtrade's earnings are in US dollars, with earnings positively affected when the US dollar strengthens relative to the Canadian dollar. At December 31, 2015, on an unhedged basis, Chemtrade estimates that a one-cent change in the exchange rate would have an impact on the translation of net earnings of approximately $400 per annum. At December 31, 2015, on an unhedged basis, a one-cent change in the exchange rate would also have an impact of approximately $1,600 on Chemtrade's net earnings because of the translation of its US dollar denominated long-term debt.

(b) *Interest rate risk*

Chemtrade has a credit facility with long-term debt and operating lines of credit which bear variable rates of interest. As at December 31, 2015, on an unhedged basis, a change in interest rates of 1% per annum would have an impact of approximately $6,100 on Chemtrade's net earnings per annum. As at December 31, 2015, Chemtrade had fixed interest rates on 73.9% of its senior debt until January 2019.

(c) *Other price risks*

Sulphuric acid pricing -

At December 31, 2015, a change in sulphuric acid pricing, net of freight, of $1 per tonne, would have an impact on annual revenues in North America of approximately $1,900. In any specific period, the exact impact would depend upon the volume that is subject to sales contracts where pricing has been fixed for a period of time. The magnitude of realized price changes also depends upon regional market dynamics. It is difficult to reliably estimate the impact of price changes on earnings as this depends upon the volume subject to risk-sharing supply contracts and changes in sulphur costs for manufactured sulphuric acid. These factors lessen the impact of price changes on earnings relative to revenue.

26. FINANCIAL INSTRUMENTS (continued):

Sulphur costs -

Chemtrade uses sulphur in the manufacturing of several of its products, including sulphuric acid. At operating levels as at December 31, 2015, an increase of $1 per tonne would have an impact of approximately $400 per annum on cost of sales. It is important to note that a change in the cost of sulphur is likely to lead to a change in the price for sulphuric acid as this is a key input cost in the manufacturing of sulphuric acid. Thus, the net impact on earnings of changes in sulphur costs would depend upon changes in sulphuric acid pricing. Increasingly, the pricing of sulphuric acid is being adjusted for changes in sulphur costs and consequently future changes in the cost of sulphur are expected to be offset by changes in sulphuric acid pricing.

27. CAPITAL MANAGEMENT:

Chemtrade's objective when managing its capital is to safeguard Chemtrade's assets and its ability to continue as a going concern, to meet external capital requirements related to its credit facilities, and to maximize the growth of its business and the returns to its Unitholders. Chemtrade's capital structure is comprised of units, convertible unsecured subordinated debentures and long-term debt. The long-term bank debt does not require payment until October 2020. The convertible unsecured subordinated debentures mature on dates ranging from March 2017 to June 2021.

Chemtrade intends to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, Chemtrade may purchase units for cancellation, issue new units, raise debt (secured, unsecured, convertible and/or other types of available debt instruments) or refinance existing debt with different characteristics.

Chemtrade utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by the Board. Budgets are updated if there are significant changes in fundamental underlying assumptions during a period.

Chemtrade is subject to certain covenants on its credit facilities, which include a Net Debt to EBITDA ratio (as both terms are defined in the credit agreement) and an interest coverage ratio. Chemtrade monitors these ratios and reports them to its lenders on a quarterly basis. As at December 31, 2015 and December 31, 2014, Chemtrade was in compliance with the above covenants.

There were no changes in Chemtrade's approach to managing capital during the year.

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

28. BUSINESS SEGMENTS:

Chemtrade operates in four reportable segments: SPPC, WSSC, Intl and Corp. 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, liquid sulphur dioxide, sodium hydrosulphite, elemental sulphur, 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 chlorate, sodium nitrite, potassium chloride, phosphorus pentasulphide, vaccine adjuvants, and sulphides. These products are marketed primarily to North American customers.

Intl provides removal and marketing services for elemental sulphur and sulphuric acid. These products are marketed to customers in Europe, the Mediterranean, North Africa, Central and South America, North America, as well as in the Pacific region.

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.

Year ended December 31, 2015

	SPPC	WSSC	Intl	Corp	Total
Revenue	$ 650,325	$ 477,141	$ 237,421	$ —	**$ 1,364,887**
Inter-segment revenues	31,433	97	—	—	**31,530**
Operating income (loss)	67,856	(37,203)	13,950	(76,498)	**(31,895)**
Net finance costs	(21,854)	(9,927)	(3)	(1,917)	**(33,701)**
Income tax recovery (expense)	6,070	16,012	(3,542)	(534)	**18,006**
Net earnings (loss)	52,072	(31,118)	10,405	(78,949)	**(47,590)**
Capital expenditures	32,705	28,716	357	2,275	**64,053**
Depreciation and amortization	83,866	62,159	2,058	—	**148,083**
(Gain) loss on disposal and write-down of assets	(1,561)	7,444	—	—	**5,883**
Impairment of intangible assets	—	88,738	—	—	**88,738**

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

28. BUSINESS SEGMENTS (continued):

Year ended December 31, 2014

	SPPC	WSSC	Intl	Corp	Total
Revenue	$ 584,426	$ 418,228	$ 200,741	$ —	**$ 1,203,395**
Inter-segment revenues	18,460	151	—	—	**18,611**
Operating income (loss)	48,388	39,019	14,724	(82,911)	**19,220**
Net finance (costs) income	(34,016)	(10,294)	10	(30,218)	**(74,518)**
Income tax recovery (expense)	27,439	7,621	(2,492)	1,911	**34,479**
Earnings from discontinued operations	41,849	—	—	—	**41,849**
Net earnings (loss)	83,660	36,346	12,242	(111,218)	**21,030**
Capital expenditures	31,875	18,798	680	1,427	**52,780**
Depreciation and amortization	82,678	78,740	1,953	—	**163,371**
(Gain) loss on disposal and write-down of assets	(3,800)	167	—	—	**(3,633)**

December 31, 2015

	SPPC	WSSC	Intl	Corp	Total
Total assets	$ 1,185,190	$ 1,148,259	$ 76,905	$ 2,891	**$ 2,413,245**
Total liabilities	462,395	784,343	34,076	251,663	**1,532,477**
Intangible assets	512,785	648,766	30,017	—	**1,191,568**

December 31, 2014

(note 30)	SPPC	WSSC	Intl	Corp	Total
Total assets	$ 1,100,407	$ 1,053,694	$ 70,892	$ 3,410	**$ 2,228,403**
Total liabilities	454,758	636,207	31,558	275,647	**1,398,170**
Intangible assets	476,137	640,111	25,773	—	**1,142,021**

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

28. BUSINESS SEGMENTS (continued):

Geographic segments:

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

Revenue

	Year ended December 31, 2015	2014
Canada	**$ 258,763**	$ 255,842
United States	**868,703**	746,812
Europe	**237,421**	200,741
	$ 1,364,887	$ 1,203,395

Property, plant and equipment, and intangible assets

	December 31, 2015	December 31, 2014
		(note 30)
Canada	**$ 444,718**	$ 423,160
United States	**1,635,534**	1,512,613
Europe	**36,673**	32,242
	$ 2,116,925	$ 1,968,015

29. RELATED PARTIES:

Key management personnel compensation

Key management personnel is comprised of trustees and the senior leadership team of Chemtrade. Trustees receive compensation in the form of an annual retainer. In addition to their salaries, Chemtrade also provides non-cash benefits to the senior leadership team. One such benefit is the contribution to a post-employment defined contribution plan on their behalf. These plans for the senior leadership team are identical to the plans offered to all employees in the same jurisdiction.

The Annual Incentive Compensation (“Annual IC”) plan entitles the senior leadership team to annual cash awards based on (i) Chemtrade's success in achieving financial objectives (financial achievement is weighted at 65% of the total Annual IC award for 2015); and (ii) their individual success in accomplishing personal objectives (weighted at 35% of the total Annual IC award for 2015) as set out in their objectives for the fiscal year.

The LTIP as described in note 18 is designed to align the interests of the participants with the interests of Unitholders. It is a cash plan where payment is triggered upon the successful achievement of pre-defined performance criteria. Each year the Compensation and Corporate Governance Committee determines the performance period over which performance will be measured, and the annual LTIP awards granted since 2006 have been based on a three-year performance period. All the LTIP awards granted vest at the end of the three-year period. The value of this compensation is re-measured at each reporting period based upon changes in the fair value of the awards.

Certain members of the senior leadership team are subject to a mutual term of notice upon termination of employment without cause; they are entitled to termination benefits of 12 to 24 months' gross salary, depending on the number of years completed as an executive officer.

Chemtrade has in place a deferred unit compensation plan for its trustees. Under this plan, trustees may elect to receive any part of their compensation in the form of deferred units of Chemtrade. As at December 31, 2015, the market value of these deferred units, which is included in trade and other payables was $3,421 (2014 - $3,281).

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

29. RELATED PARTIES (continued):

The key management personnel compensation expense, which is recorded in comprehensive income, is as follows:

		2015		2014
Short-term compensation	$	**7,182**	$	7,074
LTIP		**4,992**		11,460
	$	**12,174**	$	18,534

30. COMPARATIVE FIGURES:

The comparative figures for December 31, 2014 were adjusted by $5,654 to reduce deferred tax liabilities and intangible assets that were initially recognized upon the acquisition of General Chemical (see note 4) in the statement of financial position. The change in classification has no impact on comprehensive income or cash flows.

Unitholder Information

Trustees

Executive Officers

Mark Davis
President & CEO

Rohit Bhardwaj
Vice-President, Finance & CFO

Leon Aarts
Group Vice-President

Tab McCullough
Group Vice-President

Michael St. Pierre
Group Vice-President

Dan Dietz
Vice-President

Susan Paré
Corporate Secretary

Head Office

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Toronto, Ontario, Canada
M2H 3N5

Stock Exchange Listing
The Toronto Stock Exchange
Stock symbol: CHE.UN

Transfer Agent and Registrar

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M5J 2Y1

Telephone:
Toll Free 1-800-564-6253

Email:
service@computershare.com

Website:
computershare.com

Investor Information

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

Rohit Bhardwaj
Vice-President, Finance & CFO
(416) 496-5856

Annual Meeting

The Annual Meeting of Unitholders will be held on May 12, 2016 at 10:00 a.m. at the Gallery, TSX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto

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2015