UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian $ millions)	**June 30, 2018**	December 31, 2017 (Restated - Note 1)	January 1, 2017 (Restated - Note 1)
ASSETS			
Current assets			
Cash and cash equivalents	**$ 300**	$ 458	$ 593
Accounts receivable	**979**	934	814
Unbilled work in progress	**203**	162	177
Inventories	**1,968**	1,708	1,597
Other assets	**313**	269	214
Total current assets	**3,763**	3,531	3,395
Property, plant, and equipment	**592**	572	606
Rental equipment	**463**	385	363
Goodwill	**120**	119	118
Intangible assets	**141**	117	71
Distribution network	**100**	100	100
Investments in joint ventures and associate	**99**	92	88
Other assets	**179**	153	152
Total assets	**$ 5,457**	$ 5,069	$ 4,893
LIABILITIES			
Current liabilities			
Short-term debt	**$ 213**	$ 18	$ 2
Accounts payable and accruals	**1,116**	1,160	946
Deferred revenue	**355**	296	233
Provisions	**42**	35	47
Other liabilities	**16**	36	7
Total current liabilities	**1,742**	1,545	1,235
Long-term debt	**1,330**	1,296	1,487
Net post-employment obligation	**83**	78	84
Other liabilities	**183**	176	172
Total liabilities	**$ 3,338**	$ 3,095	$ 2,978
SHAREHOLDERS' EQUITY			
Share capital	**$ 585**	$ 580	$ 573
Contributed surplus	**—**	—	2
Accumulated other comprehensive income	**238**	195	243
Retained earnings	**1,296**	1,199	1,097
Total shareholders' equity	**2,119**	1,974	1,915
Total liabilities and shareholders' equity	**$ 5,457**	$ 5,069	$ 4,893

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME

(Canadian $ millions, except share and per share amounts)	3 months ended June 30 2018	3 months ended June 30 2017 (Restated Note 1)	6 months ended June 30 2018	6 months ended June 30 2017 (Restated Note 1)
Revenue				
New equipment	**$ 623**	$ 556	**$ 1,207**	$ 981
Used equipment	**78**	96	**174**	169
Equipment rental	**57**	54	**107**	105
Product support	**968**	874	**1,904**	1,723
Other	**3**	4	**7**	7
Total revenue	**1,729**	1,584	**3,399**	2,985
Cost of sales	**(1,263)**	(1,162)	**(2,493)**	(2,170)
Gross profit	**466**	422	**906**	815
Selling, general, and administrative expenses	**(345)**	(331)	**(673)**	(638)
Equity earnings of joint ventures and associate	**5**	5	**6**	4
Other income (Note 4)	**—**	1	**—**	2
Earnings before finance costs and income taxes	**126**	97	**239**	183
Finance costs (Note 5)	**(18)**	(23)	**(36)**	(45)
Income before provision for income taxes	**108**	74	**203**	138
Provision for income taxes	**(27)**	(19)	**(51)**	(36)
Net income	**$ 81**	$ 55	**$ 152**	$ 102
Earnings per share (Note 3)				
Basic	**$ 0.48**	$ 0.33	**$ 0.90**	$ 0.61
Diluted	**$ 0.48**	$ 0.33	**$ 0.90**	$ 0.61
Weighted average number of shares outstanding				
Basic	**168,410,113**	168,090,761	**168,377,884**	168,112,969
Diluted	**169,124,130**	168,324,870	**169,150,039**	168,348,652

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Canadian $ millions)	3 months ended June 30 2018	3 months ended June 30 2017 (Restated Note 1)	6 months ended June 30 2018	6 months ended June 30 2017 (Restated Note 1)
Net income	**$ 81**	$ 55	**$ 152**	$ 102
Other comprehensive income (loss), net of income tax				
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustments	**14**	(32)	**76**	(39)
Share of foreign currency translation adjustments of joint ventures and associate	**(1)**	—	**(1)**	(3)
(Loss) gain on net investment hedges	**(9)**	16	**(34)**	21
Impact of foreign currency translation and net investment hedges, net of income tax	**4**	(16)	**41**	(21)
Gain (loss) on cash flow hedges	**1**	(4)	**—**	(4)
Loss on cash flow hedges, reclassified to net income	**—**	—	**1**	—
Income tax recovery on cash flow hedges	**—**	2	**—**	2
Impact of cash flow hedges, net of income tax	**1**	(2)	**1**	(2)
Items that will not be subsequently reclassified to net income:				
Actuarial gain (Note 7)	**20**	15	**30**	23
Income tax expense on actuarial gain	**(4)**	(3)	**(5)**	(4)
Actuarial gain, net of income tax	**16**	12	**25**	19
Total comprehensive income	**$ 102**	$ 49	**$ 219**	$ 98

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Canadian $ millions, except number of shares)	Share Capital: Number of shares	Share Capital: Amount	Contributed Surplus	Accumulated Other Comprehensive Income: Impact of Foreign Currency Translation and Net Investment Hedges	Accumulated Other Comprehensive Income: Impact of Cash Flow Hedges (Restated Note 1)	Retained Earnings (Restated Note 1)	Total Shareholders' Equity (Restated Note 1)
Balance, January 1, 2017	168,167,202	$ 573	$ 2	$ 243	$ —	$ 1,097	$ 1,915
Net income	—	—	—	—	—	102	102
Other comprehensive (loss) income	—	—	—	(21)	(2)	19	(4)
Total comprehensive (loss) income	—	—	—	(21)	(2)	121	98
Issued on exercise of share options	20,062	1	(1)	—	—	—	—
Share option expense	—	—	2	—	—	—	2
Hedging gain transferred to balance sheet	—	—	—	—	(1)	—	(1)
Repurchase of common shares	(89,900)	—	(2)	—	—	—	(2)
Dividends on common shares	—	—	—	—	—	(61)	(61)
Balance, June 30, 2017	168,097,364	$ 574	$ 1	$ 222	$ (3)	$ 1,157	$ 1,951
Balance, January 1, 2018	**168,266,582**	**$ 580**	**$ —**	**$ 195**	**$ —**	**$ 1,199**	**$ 1,974**
Net income	**—**	**—**	**—**	**—**	**—**	**152**	**152**
Other comprehensive income	**—**	**—**	**—**	**41**	**1**	**25**	**67**
Total comprehensive income	**—**	**—**	**—**	**41**	**1**	**177**	**219**
Issued on exercise of share options	**231,979**	**6**	**(1)**	**—**	**—**	**(5)**	**—**
Share option expense	**—**	**—**	**1**	**—**	**—**	**—**	**1**
Hedging loss transferred to balance sheet	**—**	**—**	**—**	**—**	**1**	**—**	**1**
Repurchase of common shares	**(314,693)**	**(1)**	**—**	**—**	**—**	**(9)**	**(10)**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(66)**	**(66)**
Balance, June 30, 2018	**168,183,868**	**$ 585**	**$ —**	**$ 236**	**$ 2**	**$ 1,296**	**$ 2,119**

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Canadian $ millions)	3 months ended June 30 **2018**	3 months ended June 30 2017 (Restated Note 1)	6 months ended June 30 **2018**	6 months ended June 30 2017 (Restated Note 1)
OPERATING ACTIVITIES				
Net income	**$ 81**	$ 55	**$ 152**	$ 102
Adjusting for:				
Depreciation and amortization	**45**	48	**89**	93
Gain on sale of rental equipment and property, plant, and equipment	**—**	—	**(3)**	—
Equity earnings of joint ventures and associate	**(5)**	(5)	**(6)**	(4)
Share-based payment expense	**11**	10	**16**	10
Provision for income taxes	**27**	19	**51**	36
Finance costs	**18**	23	**36**	45
Net benefit cost of post-employment benefit plans (Note 7)	**7**	4	**11**	8
Other	**—**	—	**—**	(1)
Changes in operating assets and liabilities (Note 8)	**(43)**	(174)	**(372)**	(312)
Additions to rental equipment	**(114)**	(90)	**(180)**	(151)
Proceeds on disposal of rental equipment	**30**	49	**62**	78
Interest paid	**(20)**	(29)	**(35)**	(40)
Income tax paid	**(19)**	(22)	**(45)**	(34)
Cash flow provided by (used in) operating activities	**18**	(112)	**(224)**	(170)
INVESTING ACTIVITIES				
Additions to property, plant, and equipment and intangible assets	**(46)**	(20)	**(78)**	(39)
Proceeds on disposal of property, plant, and equipment	**—**	1	**11**	2
Proceeds on disposal of investment (Note 4)	**—**	7	**—**	7
Advances to and investment in joint ventures and associate	**(1)**	(2)	**(1)**	(5)
Cash flow used in investing activities	**(47)**	(14)	**(68)**	(35)
FINANCING ACTIVITIES				
Increase in short-term debt (Note 8)	**44**	86	**194**	100
Decrease in finance liabilities (Note 8)	**(1)**	(2)	**(2)**	(4)
Repurchase of common shares	**(9)**	—	**(9)**	(2)
Dividends paid	**(34)**	(30)	**(66)**	(61)
Cash flow provided by financing activities	**—**	54	**117**	33
Effect of currency translation on cash balances	**4**	(6)	**17**	(10)
Decrease in cash and cash equivalents	**(25)**	(78)	**(158)**	(182)
Cash and cash equivalents, beginning of period	**325**	489	**458**	593
Cash and cash equivalents, end of period (Note 8)	**$ 300**	$ 411	**$ 300**	$ 411

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

1. Significant Accounting Policies, Key Assumptions, and Significant Judgments

These unaudited interim condensed consolidated financial statements (“Interim Statements”) of Finning International Inc. and its subsidiaries (together, “Finning” or the “Company”) have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting,* as issued by the International Accounting Standard Board (IASB). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) have been omitted or condensed, and therefore these Interim Statements should be read in conjunction with the December 31, 2017 audited annual consolidated financial statements and the notes to such financial statements.

These Interim Statements are based on the IFRS issued and effective as of August 8, 2018, the date these Interim Statements were authorized for issuance by the Company’s Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policies disclosed below:

(a) New Accounting Standards, Interpretations, and Amendments to Standards

The Company has adopted the following new accounting standards and interpretation:

- IFRS 15, *Revenue from Contracts with Customers* (effective date January 1, 2018) requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 supersedes existing standards and interpretations, including IAS 18, *Revenue* and IAS 11, *Construction Contracts.* Additionally, IFRS 15 significantly increases disclosures related to revenue recognition.

  Management evaluated the new standard, completed its assessment, and determined that the new standard has the following impact on the timing and pattern of revenue recognition:

  - Revenue for sales of new equipment, used equipment, and parts remains unchanged.
  - Revenue for complex power and energy systems projects and servicing of equipment is recognized over time in a pattern that reflects the measure of progress. While the total amount of revenue recognized under IFRS 15 does not change materially, the timing of revenue recognized can differ to reflect the measure of progress or allocation of the transaction price.
  - Revenue for non-complex power and energy systems projects is recognized at points in time as the performance obligations are satisfied (upon delivery of the equipment to the customer or commissioning of the power system project).
  - Revenue for rental equipment is excluded from the scope of the new revenue standard and therefore remains unchanged upon adoption of IFRS 15.

  The Company applied some of the practical expedients available under IFRS 15 such as, the Company did not restate financial statements for any contracts completed prior to January 1, 2017 and management used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods. Also, modifications of contracts prior to January 1, 2017 were appropriately assessed and reflected in the identified performance obligations, estimated transaction price, and allocation of the transaction price to those performance obligations. Management applied the new standard retrospectively to each reporting period presented.

  The impact of IFRS 15 on the comparative periods in the consolidated financial statements is shown in the tables on pages 9 – 11.

The Company's accounting policy for Revenue is as follows:

Revenue Recognition

Revenue is recognized when or as the Company transfers control of goods or services to a customer at the amount the Company expects to be entitled.

Revenue is recognized when control of the goods is transferred to the customer at a point-in-time for the following revenue streams:

- Revenue from sales of new and used equipment (except for complex power and energy systems) is presented as new equipment revenue and used equipment revenue, respectively. Revenue is recognized when control passes to the customer, which is generally at the time of shipment of the equipment to the customer or when commissioning of equipment is complete. Revenue is recorded at the estimated amount of consideration the Company is expected to be entitled, including any non-cash consideration when used equipment is accepted for trade-in value.
- Revenue from sales of parts inventory is presented as product support revenue and recognized when control of the part is transferred to the customer, which is generally upon shipment to the customer or when the customer collects their purchase from one of the Company's locations. Revenue from the sales of parts inventory is initially recorded at the estimated amount of consideration the Company is expected to be entitled. If applicable, management recognizes an obligation for items such as refunds, incentives, and discounts with a corresponding reduction in product support revenue. The value of the obligation is estimated based on the terms of the contract, customary business practices, and historical experience.

Revenue is recognized in a manner that best reflects the Company's performance over-time for the following revenue streams:

- Revenue from sales of complex power and energy systems involving the design, installation, and assembly of power and energy systems is presented as new equipment revenue and estimated as the amount of consideration to which the Company is expected to be entitled. Revenue is recognized on a percentage of completion basis proportionate to the work that has been completed and is based on associated costs incurred.
- Revenue from sales of parts and labour when servicing equipment both under and not under a long-term contract is presented as product support revenue. For sale of parts through servicing of equipment, revenue is recognized as the service work is performed based on parts list price and standard billing labour rates. Product support is also offered to customers in the form of long-term contracts. For these contracts, revenue is recognized on a basis proportionate to the service work that has been performed based on associated costs incurred. For certain long-term product support contracts where flat-rate labour or a monthly subscription service is provided, the Company recognizes revenue for labour on a straight-line basis. Revenue from product support under long-term contracts is estimated based on the number and types of services expected to be performed using the pricing terms set out in the contract.
- Revenue from equipment rentals and operating leases is presented as equipment rental revenue and in accordance with the terms of the relevant agreement with the customer, either recognized evenly over the term of that agreement or on a usage basis such as the number of hours that the equipment is used.

Periodically, revenue from customers under long-term contracts may be recognized in advance of billing the customer. To the extent the Company has a right to receive consideration for the good or service transferred to the customer, the Company recognizes a contract asset. Similarly, amounts may be received from customers under long-term contracts in advance of the work being performed and the Company recognizes a contract liability. These amounts are recorded on the consolidated statement of financial position as Unbilled Work in Progress and Deferred Revenue, respectively.

If it is expected that the unavoidable costs required to satisfy the remaining performance obligations of a revenue contract will exceed its expected economic benefits, the Company recognizes an onerous provision with a corresponding loss in the consolidated statement of net income.

- IFRS 9, *Financial Instruments* (IFRS 9) (effective January 1, 2018) introduced new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and hedge accounting. The Company applied this standard retrospectively. Under the new standard, management utilizes a provision matrix, permitted under the simplified approach, to estimate expected credit losses for trade and other receivables and unbilled work in progress. There is no adjustment on transition for this change in methodology from incurred credit losses under the previous standard IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39).

  Management elected to apply the hedge accounting requirements of IFRS 9 to its existing hedging relationships. As a result, cash flow hedges of certain highly probable forecast transactions did not meet the requirements under IFRS 9, therefore any effective portion of such hedges previously recognized in other comprehensive income was restated to the consolidated statement of net income in the comparative period.

  Under IAS 39, if a hedged forecast transaction subsequently resulted in the recognition of a non-financial asset or non-financial liability, the Company reclassified that amount and included it directly in the initial cost of the asset or the liability with an offsetting entry in other comprehensive income, referred to as a basis adjustment. Upon adoption of IFRS 9, the Company is required to remove the basis adjustment related to non-financial instruments directly from accumulated other comprehensive income as it is not considered a reclassification adjustment and therefore will no longer impact other comprehensive income.

  The impact of IFRS 9 on the comparative periods in the consolidated financial statements is shown in the tables on pages 9 – 11.

  The Company's accounting policy for Financial Instruments is as follows:

  Financial Assets

  Classification and measurement

  Cash and cash equivalents, accounts receivable, unbilled work in progress, supplier claims receivable, instalment and other notes receivable, and Value Added Tax receivable are classified as amortized cost and measured using the effective interest method.

  Financial assets classified as amortized cost are assessed for impairment at the end of each reporting period and a loss allowance is measured by estimating the lifetime expected credit losses. Certain categories of financial assets, such as trade receivables, that are considered not to be impaired individually are also assessed for impairment on a collective basis. Estimates of expected credit losses take into account the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of net income. At the point when the Company is satisfied that no recovery of the amount owing is possible, the amount is considered not recoverable and the financial asset is written off.

  Derivative assets are classified as fair value through profit or loss and are recorded on the consolidated statement of financial position at fair value. Changes in fair value are recognized in the consolidated statement of net income except for changes in fair value related to derivative assets which are effectively designated as hedging instruments which are recognized in other comprehensive income.

  Financial Liabilities

  Classification and measurement

  Short-term and long-term debt and accounts payable are classified as amortized cost and are measured using the effective interest method.

  Derivative liabilities are classified as fair value through profit or loss and are recorded on the consolidated statement of financial position at fair value. Changes in fair value are recognized in the consolidated statement of net income except for changes in fair value related to derivative liabilities which are effectively designated as hedging instruments which are recognized in other comprehensive income.

Hedging

Hedges

The Company utilizes derivative financial instruments and foreign currency debt in order to manage its foreign currency and interest rate exposure. The Company uses derivative financial instruments only in connection with managing related risk positions and does not use them for trading or speculative purposes.

The Company determines whether to formally designate, for accounting purposes, eligible hedging relationships between hedging instruments and hedged items. This process includes linking derivatives to specific risks from assets or liabilities on the statement of financial position, specific firm commitments, or forecasted transactions. For hedges designated as such for accounting purposes, at inception, the Company documents the hedging relationship, its risk management objective and strategy for undertaking the hedge, and how the Company will assess whether the Company meets the hedge effectiveness requirements. When derivative instruments have been designated as a hedge and are highly effective in offsetting the identified hedged risk, hedge accounting is applied to the derivative instruments. The ineffective portion of hedging gains and losses of highly effective hedges is reported in the consolidated statement of net income.

Gains and losses relating to derivative financial instruments that are not designated as hedges for accounting purposes are recorded in the consolidated statement of income as selling, general, and administrative expenses or finance costs, as appropriate.

Cash Flow Hedges

The Company uses foreign exchange forward contracts and, at times, may use options to hedge the currency risk associated with certain foreign currency purchase commitments, payroll, and associated accounts payable and accounts receivable for periods up to two years in advance. The effective portion of hedging gains and losses associated with these cash flow hedges is recorded, net of tax, in other comprehensive income and recognized in earnings in the same period as the hedged item. For cash flow hedges of non-financial items, these gains and losses are included in the initial carrying cost of the hedged asset or hedged liability. The gain or loss relating to any ineffective portion is recognized immediately in the consolidated statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss recorded in other comprehensive income at that time remains in accumulated other comprehensive income until the originally hedged transaction affects net income. When a forecasted transaction is no longer expected to occur, the accumulated gain or loss that was reported in other comprehensive income is immediately recorded in the consolidated statement of income.

Net Investment Hedges

The Company uses foreign currency debt to hedge foreign currency gains and losses on its long-term net investments in foreign operations. The effective portion of the gain or loss of such instruments associated with the hedged risk is recorded in other comprehensive income. These gains or losses are recognized in the consolidated statement of net income upon the disposal of a foreign operation, a disposal that involves loss of control of a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation.

The impact of IFRS 15 on the statements of financial position for January 1, 2017 is presented below.
IFRS 9 did not impact the statements of financial position for January 1, 2017.

January 1, 2017 ($ millions)	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
Accounts receivable	$ 869	$ (55)	$ —	$ 814
Unbilled work in progress	$ 101	$ 76	$ —	$ 177
Inventories	$ 1,601	$ (4)	$ —	$ 1,597
Other assets (non-current)	$ 186	$ (34)	$ —	$ 152
Total assets	$ 4,910	$ (17)	$ —	$ 4,893
Deferred revenue	$ 231	$ 2	$ —	$ 233
Other liabilities (non-current)	$ 205	$ (33)	$ —	$ 172
Total liabilities	$ 3,009	$ (31)	$ —	$ 2,978
Retained earnings	$ 1,083	$ 14	$ —	$ 1,097
Shareholders' equity	$ 1,901	$ 14	$ —	$ 1,915

The impact of IFRS 15 and IFRS 9 on the statement of financial position for December 31, 2017 is as follows:

December 31, 2017 ($ millions)	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
Accounts receivable	$ 957	$ (23)	$ —	$ 934
Unbilled work in progress	$ 124	$ 38	$ —	$ 162
Inventories	$ 1,705	$ 3	$ —	$ 1,708
Other assets (non-current)	$ 194	$ (41)	$ —	$ 153
Total assets	$ 5,092	$ (23)	$ —	$ 5,069
Deferred revenue	$ 291	$ 5	$ —	$ 296
Other liabilities (non-current)	$ 215	$ (39)	$ —	$ 176
Total liabilities	$ 3,129	$ (34)	$ —	$ 3,095
Accumulated other comprehensive income	$ 193	$ —	$ 2	$ 195
Retained earnings	$ 1,190	$ 11	$ (2)	$ 1,199
Shareholders' equity	$ 1,963	$ 11	$ —	$ 1,974

The impact of IFRS 15 and IFRS 9 on the statements of net income and comprehensive income for the three and six months ended June 30, 2017 and year ended December 31, 2017 is as follows:

For 3 months ended June 30, 2017 ($ millions)	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
New equipment revenue	$ 550	$ 6	$ —	$ 556
Product support revenue	$ 877	$ (3)	$ —	$ 874
Total revenue	$ 1,581	$ 3	$ —	$ 1,584
Cost of sales	$ (1,159)	$ (3)	$ —	$ (1,162)
Gross profit	$ 422	$ —	$ —	$ 422
Selling, general, and administrative expenses	$ (330)	$ —	$ (1)	$ (331)
Earnings before finance costs and income taxes	$ 98	$ —	$ (1)	$ 97
Net income	$ 56	$ —	$ (1)	$ 55
Other comprehensive income	$ (8)	$ —	$ 2	$ (6)
Comprehensive income	$ 48	$ —	$ 1	$ 49

For 6 months ended June 30, 2017 ($ millions)	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
New equipment revenue	$ 973	$ 8	$ —	$ 981
Product support revenue	$ 1,729	$ (6)	$ —	$ 1,723
Total revenue	$ 2,983	$ 2	$ —	$ 2,985
Cost of sales	$ (2,168)	$ (2)	$ —	$ (2,170)
Gross profit	$ 815	$ —	$ —	$ 815
Selling, general, and administrative expenses	$ (637)	$ —	$ (1)	$ (638)
Earnings before finance costs and income taxes	$ 184	$ —	$ (1)	$ 183
Net income	$ 103	$ —	$ (1)	$ 102
Other comprehensive income	$ (6)	$ —	$ 2	$ (4)
Comprehensive income	$ 97	$ —	$ 1	$ 98

For year ended December 31, 2017 ($ millions)	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
New equipment revenue	$ 2,169	$ 6	$ —	$ 2,175
Product support revenue	$ 3,496	$ (15)	$ —	$ 3,481
Total revenue	$ 6,265	$ (9)	$ —	$ 6,256
Cost of sales	$ (4,608)	$ 6	$ —	$ (4,602)
Gross profit	$ 1,657	$ (3)	$ —	$ 1,654
Selling, general, and administrative expenses	$ (1,267)	$ —	$ (4)	$ (1,271)
Earnings before finance costs and income taxes	$ 399	$ (3)	$ (4)	$ 392
Provision for income taxes	$ (78)	$ —	$ 2	$ (76)
Net income	$ 221	$ (3)	$ (2)	$ 216
Other comprehensive income	$ (35)	$ —	$ (1)	$ (36)
Comprehensive income	$ 186	$ (3)	$ (3)	$ 180

The impact on basic and diluted EPS for the three and six months ended June 30, 2017, and year ended December 31, 2017 is as follows:

For the 3 months ended June 30, 2017	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
Basic and Diluted EPS	$ 0.34	$ —	$ (0.01)	$ 0.33

For the 6 months ended June 30, 2017	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
Basic EPS	$ 0.62	$ —	$ (0.01)	$ 0.61
Diluted EPS	$ 0.61	$ —	$ —	$ 0.61

For year ended December 31, 2017	Previously reported	Adjustments for IFRS 15	Adjustments for IFRS 9	Restated
Basic and Diluted EPS	$ 1.31	$ (0.01)	$ (0.02)	$ 1.28

- IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (effective January 1, 2018) clarifies the appropriate exchange rate to use on initial recognition of an asset, expense or income when advance consideration is paid or received in a foreign currency. This IFRIC clarifies the exchange rate used to translate deposits made on inventory purchases or advances received for equipment sales denominated in a foreign currency. Management elected to apply this interpretation prospectively to all in-scope assets, expenses, and income recognized on or after January 1, 2018. The future impact on the initial measurement of inventory and revenue will depend on movements in exchange rates.

(b) Future Accounting Pronouncements

The Company has not applied the following new standard and amendment to standard that have been issued but are not yet effective:

- IFRS 16, *Leases* (effective January 1, 2019) introduces new requirements for the classification and measurement of leases. Management is currently assessing the impact of the new standard but expects IFRS 16 will result in materially higher non-current assets and non-current liabilities recorded on the consolidated statement of financial position. Also, management expects lower selling, general, and administrative expense and higher finance costs under this new standard due to lower operating lease expense partially offset by higher depreciation expense and higher interest expense, respectively. IFRS 16 allows policy options for full or modified retrospective application. At this time, the Company is assessing which transition approach it will apply.
- IFRIC 23, *Uncertainty over Income Tax Treatments* (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. Management is currently assessing the impact of the new interpretation.

2. Segmented Information

The Company's revenue, results, and other segment information is as follows:

3 months ended June 30, 2018 ($ millions)		**Canada**		**South America**		**UK & Ireland**		**Other**		**Consolidated**
Revenue										
New equipment	**$**	**308**	**$**	**145**	**$**	**170**	**$**	**—**	**$**	**623**
Used equipment		**52**		**9**		**17**		**—**		**78**
Equipment rental		**33**		**15**		**9**		**—**		**57**
Product support		**513**		**381**		**74**		**—**		**968**
Other		**1**		**1**		**1**		**—**		**3**
Total revenue from external sources	**$**	**907**	**$**	**551**	**$**	**271**	**$**	**—**	**$**	**1,729**
Operating costs		**(813)**		**(489)**		**(250)**		**(11)**		**(1,563)**
Depreciation and amortization		**(22)**		**(15)**		**(7)**		**(1)**		**(45)**
Equity earnings of joint ventures and associate		**5**		**—**		**—**		**—**		**5**
Earnings (loss) before finance costs and income taxes	**$**	**77**	**$**	**47**	**$**	**14**	**$**	**(12)**	**$**	**126**
Finance costs										**(18)**
Provision for income taxes										**(27)**
Net income									**$**	**81**
Invested capital [(1)]	**$**	**1,840**	**$**	**1,172**	**$**	**372**	**$**	**(22)**	**$**	**3,362**
Capital and rental equipment [(2)]	**$**	**612**	**$**	**413**	**$**	**151**	**$**	**20**	**$**	**1,196**
Gross capital expenditures [(2)(3)]	**$**	**21**	**$**	**17**	**$**	**2**	**$**	**7**	**$**	**47**
Gross rental asset expenditures [(3)]	**$**	**78**	**$**	**15**	**$**	**21**	**$**	**—**	**$**	**114**

3 months ended June 30, 2017 ($ millions) (Restated - Note 1)		Canada		South America		UK & Ireland		Other		Consolidated
Revenue										
New equipment	$	240	$	139	$	177	$	—	$	556
Used equipment		62		14		20		—		96
Equipment rental		33		13		8		—		54
Product support		454		349		71		—		874
Other		1		1		2		—		4
Total revenue from external sources	$	790	$	516	$	278	$	—	$	1,584
Operating costs		(715)		(459)		(258)	$	(13)	$	(1,445)
Depreciation and amortization		(26)		(15)		(7)		—		(48)
Equity earnings (loss) of joint ventures and associate		6		—		—		(1)		5
Other income		—		—		—		1		1
Earnings (loss) before finance costs and income taxes	$	55	$	42	$	13	$	(13)	$	97
Finance costs										(23)
Provision for income taxes										(19)
Net income									$	55
Invested capital [(1)]	$	1,764	$	1,047	$	307	$	(10)	$	3,108
Capital and rental equipment [(2)]	$	584	$	344	$	119	$	5	$	1,052
Gross capital expenditures [(2)(3)]	$	8	$	9	$	2	$	1	$	20
Gross rental asset expenditures [(3)]	$	67	$	17	$	6	$	—	$	90

(1) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash.

(2) Capital includes property, plant and equipment and intangible assets

(3) Includes finance leases and borrowing costs capitalized and excludes additions through business acquisitions

The Company's revenue, results, and other segment information is as follows:

6 months ended June 30, 2018 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue					
New equipment	**$ 576**	**$ 298**	**$ 333**	**$ —**	**$ 1,207**
Used equipment	**108**	**32**	**34**	**—**	**174**
Equipment rental	**63**	**27**	**17**	**—**	**107**
Product support	**1,011**	**744**	**149**	**—**	**1,904**
Other	**1**	**2**	**4**	**—**	**7**
Revenue from external sources	**$ 1,759**	**$ 1,103**	**$ 537**	**$ —**	**$ 3,399**
Operating costs	**(1,577)**	**(980)**	**(499)**	**(21)**	**(3,077)**
Depreciation and amortization	**(44)**	**(30)**	**(14)**	**(1)**	**(89)**
Equity earnings (loss) of joint ventures and associate	**10**	**—**	**—**	**(4)**	**6**
Earnings (loss) before finance costs and income taxes	**$ 148**	**$ 93**	**$ 24**	**$ (26)**	**$ 239**
Finance costs					**(36)**
Provision for income taxes					**(51)**
Net income					**$ 152**
Invested capital [(1)]	**$ 1,840**	**$ 1,172**	**$ 372**	**$ (22)**	**$ 3,362**
Capital and rental equipment [(2)]	**$ 612**	**$ 413**	**$ 151**	**$ 20**	**$ 1,196**
Gross capital expenditures [(2)(3)]	**$ 28**	**$ 36**	**$ 4**	**$ 11**	**$ 79**
Gross rental asset expenditures [(3)]	**$ 122**	**$ 30**	**$ 28**	**$ —**	**$ 180**

6 months ended June 30, 2017 ($ millions) (Restated - Note 1)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue					
New equipment	$ 405	$ 281	$ 295	$ —	$ 981
Used equipment	108	26	35	—	169
Equipment rental	64	26	15	—	105
Product support	902	684	137	—	1,723
Other	1	2	4	—	7
Revenue from external sources	$ 1,480	$ 1,019	$ 486	$ —	$ 2,985
Operating costs	(1,337)	(903)	(453)	(22)	(2,715)
Depreciation and amortization	(50)	(30)	(13)	—	(93)
Equity earnings (loss) of joint venture and associate	8	—	—	(4)	4
Other income (Note 4)	—	—	—	2	2
Earnings (loss) before finance costs and income taxes	$ 101	$ 86	$ 20	$ (24)	$ 183
Finance costs					(45)
Provision for income taxes					(36)
Net income					$ 102
Invested capital [(1)]	$ 1,764	$ 1,047	$ 307	$ (10)	$ 3,108
Capital and rental equipment [(2)]	$ 584	$ 344	$ 119	$ 5	$ 1,052
Gross capital expenditures [(2)(3)]	$ 13	$ 21	$ 3	$ 2	$ 39
Gross rental asset expenditures [(3)]	$ 120	$ 22	$ 9	$ —	$ 151

(1) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term and long-term debt net of cash.
(2) Capital includes property, plant and equipment and intangible assets
(3) Includes finance leases and borrowing costs capitalized and excludes additions through business acquisitions

3. Earnings Per Share

($ millions, except share and per share amounts) 2018	3 months ended June 30 Income	Shares	Per Share	6 months ended June 30 Income	Shares	Per Share
Basic Earnings per share (EPS):						
Net income, weighted average shares outstanding, EPS	**$ 81**	**168,410,113**	**$ 0.48**	**$ 152**	**168,377,884**	**$ 0.90**
Effect of dilutive securities: share options	**—**	**714,017**	**—**	**—**	**772,155**	**—**
Diluted EPS:						
Net income and assumed conversions	**$ 81**	**169,124,130**	**$ 0.48**	**$ 152**	**169,150,039**	**$ 0.90**
2017 (Restated - Note 1)						
Basic EPS:						
Net income, weighted average shares outstanding, EPS	$ 55	168,090,761	$ 0.33	$ 102	168,112,969	$ 0.61
Effect of dilutive securities: share options	—	234,109	—	—	235,683	—
Diluted EPS:						
Net income and assumed conversions	$ 55	168,324,870	$ 0.33	$ 102	168,348,652	$ 0.61

Share options granted to employees that are anti-dilutive are excluded from the weighted average number of ordinary shares for the purpose of calculating diluted earnings per share. Anti-dilutive share options related to the three and six months ended June 30, 2018 were not significant (2017: 1.5 million and 1.4 million, respectively).

4. Other Income

($ millions)	3 months ended June 30 **2018**	2017	6 months ended June 30 **2018**	2017
Gain on investment (a)	**$ —**	$ 1	**$ —**	$ 2
Total other income	**$ —**	$ 1	**$ —**	$ 2

(a) The Company recognized a gain upon the disposal of its investment in IronPlanet Holdings, Inc in the second quarter of 2017.

5. Short-term Debt and Finance Costs

At June 30, 2018, short-term debt includes $170 million drawn on the Company's syndicated committed credit facility and local bank borrowings in the Company's Ireland operations of $23 million and Argentina operations of $20 million. At December 31, 2017, short-term debt represented local bank borrowings in the Company's Argentina operations of $18 million.

Finance costs as shown on the interim condensed consolidated statements of net income comprise the following elements:

($ millions)	3 months ended June 30 **2018**	2017	6 months ended June 30 **2018**	2017
Interest on short-term debt	**$ 3**	$ 1	**$ 6**	$ 2
Interest on long-term debt	**12**	17	**25**	34
Interest on debt securities	**15**	18	**31**	36
Other finance related expenses	**3**	5	**5**	9
Finance costs	**$ 18**	$ 23	**$ 36**	$ 45

6. SHARE-BASED PAYMENTS

The Company has a number of share-based compensation plans in the form of share options and other share-based payment plans noted below.

Share Options

Details of the share option plans are as follows:

6 months ended	June 30, 2018 Options		June 30, 2018 Weighted Average	June 30, 2017 Options		June 30, 2017 Weighted Average
Options outstanding, beginning of period	**3,864,338**	**$**	**25.45**	4,563,871	$	25.20
Granted	**349,509**	**$**	**33.68**	434,806	$	26.79
Exercised [(1)]	**(969,280)**	**$**	**25.94**	(146,999)	$	23.09
Forfeited	**(1,667)**	**$**	**25.44**	(97,118)	$	27.56
Expired	**(2,350)**	**$**	**28.29**	—	$	—
Options outstanding, end of period	**3,240,550**	**$**	**26.18**	4,754,560	$	25.36
Options exercisable, end of period	**2,411,823**	**$**	**25.32**	3,488,081	$	25.50

(1) Under the Stock Option Plan, exercises generally utilize the cashless method, whereby the actual number of shares issued is based on the premium between the fair value at the time of exercise and the grant value, and the equivalent value of the number of options up to the grant value is withheld. Share options exercised in the six months ended June 30, 2018 comprised both cash and cashless exercises.

In the three months ended June 30, 2018, the Company granted 349,509 common share options to senior executives and management of the Company (three months ended June 30, 2017: 434,806 common share options). The Company only grants and prices share options when all material information has been disclosed to the market.

In the six months ended June 30, 2018, 969,280 options were exercised resulting in 231,979 common shares being issued; 737,301 options were withheld and returned to the option pool for future issues/grants (six months ended June 30, 2017: 146,999 options were exercised resulting in 20,062 common shares issued; 126,937 options were withheld and returned).

The fair value of the options granted in 2018 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2018 Grant	2017 Grant
Dividend yield	**2.80%**	2.72%
Expected volatility [(2)]	**27.13%**	29.34%
Risk-free interest rate	**2.31%**	1.09%
Expected life	**5.38 years**	5.56 years

(2) Expected volatility is based on historical share price volatility of Finning shares.

The weighted average grant date fair value of options granted during the three and six months ended June 30, 2018 was $6.87 (2017: $5.48).

Other Share-Based Payment Plans

The Company has other share-based payment plans in the form of deferred share units, performance share units, and restricted share units that use notional common share units. Grants under these plans are as follows:

	3 months ended June 30		6 months ended June 30	
(share units granted)	**2018**	2017	**2018**	2017
Executive Deferred Share Unit Plan	**—**	—	**4,747**	9,589
Directors' Deferred Share Unit Plan A	**11,004**	14,174	**23,744**	29,558
Performance Share Unit Plan [(3)]	**369,844**	443,334	**369,844**	443,334
Restricted Share Unit Plan	**162,439**	193,760	**162,439**	193,760

(3) Based on 100% vesting.

7. POST-EMPLOYMENT BENEFITS

The significant actuarial assumptions used in the valuations of the Company's defined benefit pension plans and other post-employment benefit plans in South America include:

	June 30, 2018			June 30, 2017		
	Canada	**UK**	**South America**	Canada	UK	South America
Discount rate – obligation	**3.3%**	**2.8%**	**1.6%**	3.2%	2.7%	1.4%
Discount rate – expense [1]	**3.4%**	**2.5%**	**1.8%**	3.7%	2.7%	1.3%
Retail price inflation – obligation [2]	**n/m**	**3.2%**	**n/a**	n/m	3.3%	n/a
Retail price inflation – expense [1][2]	**n/m**	**3.3%**	**n/a**	n/m	3.4%	n/a

(1) Used to determine the net interest cost and expense for the six months ended June 30, 2018 and June 30, 2017
(2) n/m – not a material assumption used in the valuation
n/a – not applicable

The net benefit cost and actuarial loss (gain) for the Company's defined benefit pension plans and other post-employment benefit plans in South America are as follows:

3 months ended ($ millions)	**June 30, 2018 Canada**	**UK**	**South America**	**Total**	June 30, 2017 Canada	UK	South America	Total
Current service cost and administration costs, net of employee contributions	**$ 2**	**$ 1**	**$ 4**	**$ 7**	$ 1	$ 1	$ 2	$ 4
Net benefit cost	**$ 2**	**$ 1**	**$ 4**	**$ 7**	$ 1	$ 1	$ 2	$ 4
Actuarial (gain) loss on plan assets	**$ (11)**	**$ 9**	**$ —**	**$ (2)**	$ (23)	$ 6	$ —	$ (17)
Actuarial loss (gain) on plan liabilities	**11**	**(29)**	**—**	**(18)**	18	(14)	(2)	2
Total actuarial gain recognized in other comprehensive income	**$ —**	**$ (20)**	**$ —**	**$ (20)**	$ (5)	$ (8)	$ (2)	$ (15)

6 months ended ($ millions)	**June 30, 2018 Canada**	**UK**	**South America**	**Total**	June 30, 2017 Canada	UK	South America	Total
Current service cost and administration costs, net of employee contributions	**$ 4**	**$ 1**	**$ 6**	**$ 11**	$ 3	$ 1	$ 4	$ 8
Net benefit cost	**$ 4**	**$ 1**	**$ 6**	**$ 11**	$ 3	$ 1	$ 4	$ 8
Actuarial (gain) loss on plan assets	**$ (6)**	**$ 18**	**$ —**	**$ 12**	$ (29)	$ (11)	$ —	$ (40)
Actuarial loss (gain) on plan liabilities	**11**	**(53)**	**—**	**(42)**	31	(13)	(1)	17
Total actuarial loss (gain) recognized in other comprehensive income	**$ 5**	**$ (35)**	**$ —**	**$ (30)**	$ 2	$ (24)	$ (1)	$ (23)

In March 2017, the Company invested a portion of its Canadian defined benefit plan assets in annuity contracts (totaling $97 million) in order to partly mitigate the Company's exposure to investment and longevity risk. This change in investments resulted in an actuarial loss on plan assets of approximately $3 million that was recognized in other comprehensive income in the six months ended June 30, 2017.

8. Supplemental Cash Flow Information

The components of cash and cash equivalents are as follows:

June 30 ($ millions)		**2018**		2017
Cash	**$**	**220**	$	203
Cash equivalents		**80**		208
Cash and cash equivalents	**$**	**300**	$	411

The changes in operating assets and liabilities are as follows:

	3 months ended June 30				**6 months ended June 30**			
($ millions)		**2018**		2017 (Restated Note 1)		**2018**		2017 (Restated Note 1)
Accounts receivable	**$**	**7**	$	(56)	**$**	**(22)**		(61)
Unbilled work in progress		**(13)**		4		**(38)**		2
Inventories		**(59)**		(156)		**(227)**		(214)
Other assets		**(12)**		10		**(26)**		(18)
Accounts payable and accruals		**(5)**		39		**(70)**		7
Other liabilities		**39**		(15)		**11**		(28)
Changes in operating assets and liabilities	**$**	**(43)**	$	(174)	**$**	**(372)**	$	(312)

The changes in liabilities arising from financing and operating activities for the six month period ending June 30 are as follows:

($ millions)		**Short-term debt**		**Long-term debt**		**Finance lease liability**		**Total**
Balance, January 1, 2018	**$**	**18**	**$**	**1,296**	**$**	**34**	**$**	**1,348**
Cash flows provided by (used in)								
Financing activities		**194**		**—**		**(2)**		**192**
Total cash movements	**$**	**194**	**$**	**—**	**$**	**(2)**	**$**	**192**
Non-cash changes								
Foreign exchange rate changes		**1**		**34**		**—**		**35**
Total non-cash movements	**$**	**1**	**$**	**34**	**$**	**—**	**$**	**35**
Balance, June 30, 2018	**$**	**213**	**$**	**1,330**	**$**	**32**	**$**	**1,575**

($ millions)		**Short-term debt**		**Long-term debt**		**Finance lease liability**		**Total**
Balance, January 1, 2017	$	2	$	1,487	$	39	$	1,528
Cash flows provided by (used in)								
Financing activities		100		—		(4)		96
Operating activities		—		—		(1)		(1)
Total cash movements	$	100	$	—	$	(5)	$	95
Non-cash changes								
Interest expense		—		—		1		1
Foreign exchange rate changes		—		(21)		—		(21)
Total non-cash movements	$	—	$	(21)	$	1	$	(20)
Balance, June 30, 2017	$	102	$	1,466	$	35	$	1,603

9. SUBSEQUENT EVENT

The Company has a 28.8% ownership interest in Energyst B.V. (Energyst) and an investment of approximately $20 million is recorded on the statement of financial position. On July 3, 2018, Energyst sold its wholly-owned subsidiary in Argentina which will result in the Company recording a loss of approximately $10 million for the three months ended September 30, 2018. This loss is primarily due to a reclassification of foreign currency translation losses from accumulated other comprehensive income to net income.