

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian \$ millions)	March 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 290	\$ 454
Accounts receivable	1,023	969
Unbilled work in progress	199	152
Inventories	2,356	2,061
Other assets	319	288
Total current assets	4,187	3,924
Property, plant, and equipment	924	645
Rental equipment	452	441
Intangible assets	299	176
Goodwill	181	120
Distribution network	100	100
Investments in joint ventures and associate	88	87
Other assets	228	203
Total assets	\$ 6,459	\$ 5,696
LIABILITIES		
Current liabilities		
Short-term debt (Note 5)	\$ 658	\$ 154
Accounts payable and accruals	1,390	1,220
Deferred revenue	451	517
Provisions	52	46
Other liabilities	23	55
Total current liabilities	2,574	1,992
Long-term debt	1,341	1,354
Long-term lease liability	249	25
Net post-employment obligation	84	72
Other liabilities	167	144
Total liabilities	\$ 4,415	\$ 3,587
SHAREHOLDERS' EQUITY		
Share capital	\$ 569	\$ 573
Accumulated other comprehensive income	260	282
Retained earnings	1,215	1,254
Total shareholders' equity	2,044	2,109
Total liabilities and shareholders' equity	\$ 6,459	\$ 5,696

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

3 months ended March 31 (Canadian \$ millions, except share and per share amounts)	2019	2018
Revenue		
New equipment	\$ 664	\$ 584
Used equipment	81	96
Equipment rental	58	50
Product support	896	936
Fuel and other	111	4
Total revenue	1,810	1,670
Cost of sales	(1,380)	(1,230)
Gross profit	430	440
Selling, general, and administrative expenses	(343)	(328)
Equity earnings of joint ventures and associate	4	1
Other expenses (Note 4)	(29)	—
Earnings before finance costs and income taxes	62	113
Finance costs (Note 5)	(24)	(18)
Income before provision for income taxes	38	95
Provision for income taxes	(10)	(24)
Net income	\$ 28	\$ 71
Earnings per share (Note 3)		
Basic	\$ 0.17	\$ 0.42
Diluted	\$ 0.17	\$ 0.42
Weighted average number of shares outstanding (Note 3)		
Basic	163,781,185	168,345,298
Diluted	163,872,602	169,174,420

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

3 months ended March 31 (Canadian \$ millions)	2019	2018
Net income	\$ 28	\$ 71
Other comprehensive (loss) income, net of income tax		
Items that may be subsequently reclassified to net income:		
Foreign currency translation adjustments	(33)	62
Share of foreign currency translation adjustments of joint ventures and associate	(1)	—
Gain (loss) on net investment hedges	14	(25)
Impact of foreign currency translation and net investment hedges, net of income tax	(20)	37
Loss on cash flow hedges	(3)	(1)
Loss on cash flow hedges, reclassified to net income	—	1
Income tax recovery on cash flow hedges	1	—
Impact of cash flow hedges, net of income tax	(2)	—
Items that will not be subsequently reclassified to net income:		
Actuarial (loss) gain (Note 6)	(15)	10
Income tax recovery (expense) on actuarial (loss) gain	4	(1)
Actuarial (loss) gain, net of income tax	(11)	9
Total comprehensive (loss) income	\$ (5)	\$ 117

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Canadian \$ millions, except number of shares)	Share Capital			Accumulated Other Comprehensive Income				Total Shareholders' Equity
	Number of shares	Amount	Contributed Surplus	Impact of Foreign Currency Translation and Net Investment Hedges	Impact of Cash Flow Hedges	Retained Earnings		
Balance, January 1, 2018	168,266,582	\$ 580	\$ —	\$ 195	\$ —	\$ 1,199	\$ 1,974	
Net income	—	—	—	—	—	71	71	
Other comprehensive income	—	—	—	37	—	9	46	
Total comprehensive income	—	—	—	37	—	80	117	
Issued on exercise of share options	134,556	4	(1)	—	—	(4)	(1)	
Share option expense	—	—	1	—	—	—	1	
Hedging loss transferred to statement of financial position	—	—	—	—	1	—	1	
Dividends on common shares	—	—	—	—	—	(32)	(32)	
Balance, March 31, 2018	168,401,138	\$ 584	\$ —	\$ 232	\$ 1	\$ 1,243	\$ 2,060	
Balance, January 1, 2019	164,381,967	\$ 573	\$ —	\$ 279	\$ 3	\$ 1,254	\$ 2,109	
Net income	—	—	—	—	—	28	28	
Other comprehensive loss	—	—	—	(20)	(2)	(11)	(33)	
Total comprehensive (loss) income	—	—	—	(20)	(2)	17	(5)	
Issued on exercise of share options	1,336	—	—	—	—	—	—	
Repurchase of common shares	(1,073,354)	(4)	—	—	—	(23)	(27)	
Dividends on common shares	—	—	—	—	—	(33)	(33)	
Balance, March 31, 2019	163,309,949	\$ 569	\$ —	\$ 259	\$ 1	\$ 1,215	\$ 2,044	

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

3 months ended March 31 (Canadian \$ millions)	2019	2018
OPERATING ACTIVITIES		
Net income	\$ 28	\$ 71
Adjusting for:		
Depreciation and amortization	72	44
Gain on disposal of rental equipment and property, plant, and equipment	—	(3)
Impairment of long-lived assets (Note 4)	5	—
Equity earnings of joint ventures and associate	(4)	(1)
Share-based payment (recovery) expense	(1)	5
Provision for income taxes	10	24
Finance costs	24	18
Net benefit cost of post-employment benefit plans (Note 6)	3	4
Changes in operating assets and liabilities (Note 7)	(372)	(329)
Additions to rental equipment	(45)	(66)
Proceeds on disposal of rental equipment	29	32
Interest paid	(21)	(15)
Income tax paid	(52)	(26)
Cash flow used in operating activities	(324)	(242)
INVESTING ACTIVITIES		
Additions to property, plant, and equipment and intangible assets	(23)	(32)
Proceeds on disposal of property, plant, and equipment	—	11
Payment for business acquisition, net of cash acquired (Note 8)	(229)	—
Cash flow used in investing activities	(252)	(21)
FINANCING ACTIVITIES		
Increase in short-term debt (Note 7)	504	150
Decrease in finance lease liabilities (Note 7)	(22)	(1)
Repurchase of common shares	(31)	—
Dividends paid	(33)	(32)
Cash flow provided by financing activities	418	117
Effect of currency translation on cash balances	(6)	13
Decrease in cash and cash equivalents	(164)	(133)
Cash and cash equivalents, beginning of period	454	458
Cash and cash equivalents, end of period (Note 7)	\$ 290	\$ 325

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, 2018 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 May 7, 2019, 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 Standard and Interpretation

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

- IFRS 16, *Leases* (effective January 1, 2019) introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases on the condensed consolidated statement of financial position. The adoption of IFRS 16 has resulted in higher non-current assets and current and non-current liabilities in the consolidated statement of financial position in all reporting segments, primarily in the Canadian segment. The categories of assets most impacted were properties and vehicles. Implementation of IFRS 16 results in lower selling, general, and administrative expense due to lower operating lease expense partially offset by higher depreciation expense and higher interest expense. Although total cash movement is unchanged, the presentation in the condensed consolidated statement of cash flows has been revised under the new standard. Cash flows used in operating activities are lower, offset by an increase in cash flows used in financing activities, as the principal component of lease payments previously accounted for as operating activities are now presented as financing activities.

The Company has applied IFRS 16 retrospectively and recognized the cumulative effect of initial application on January 1, 2019, on the condensed consolidated statement of financial position, subject to permitted and elected practical expedients. This method of application has not resulted in a restatement of amounts reported in periods prior to January 1, 2019. The Company measured the right-of-use asset at an amount equal to the lease liability on January 1, 2019 and applied a single discount rate to leases with a similar remaining lease term for similar classes of underlying assets. The weighted average borrowing rate applied to lease liabilities recognized in the statement of financial position is approximately 4%. The Company did not apply this standard to short-term leases and leases for which the underlying asset is of low value. The Company elected to rely on assessments of whether leases were onerous by applying IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review.

The difference between operating lease commitments disclosed in the 2018 annual financial statements and lease liabilities recorded at January 1, 2019 is due to discounting gross lease commitments, changes in determining lease terms (estimating extension options reasonably expected to be exercised), and applying this standard to embedded leases previously considered service arrangements.

Accounting for leases by lessors remains relatively unchanged under IFRS 16.

The impact of IFRS 16 on the statement of financial position for January 1, 2019 is as follows:

(\$ millions)	Increase
Property, plant, and equipment	\$ 253
Rental equipment	\$ 25
Total assets	\$ 278
Accounts payable and accruals	\$ 72
Total current liabilities	\$ 72
Long-term lease liability	\$ 206
Total liabilities	\$ 278

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

At inception of a contract, the Company assesses whether the contract is or contains a lease.

The Company as Lessee

At the commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The right-of-use asset at inception includes the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is recorded in selling, general, and administrative expenses for all assets except leases of rental equipment, where depreciation is recorded in cost of sales in the consolidated statement of net income. Depreciation is recorded on a straight-line basis over the shorter of the term of the lease or the estimated useful life of the underlying asset, commencing when the asset becomes available for use.

Right-of-use assets are reviewed for indicators of impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Where an impairment loss is recognized for a right-of-use asset, the asset is reviewed for possible reversal of the impairment at the end of each subsequent reporting period.

The lease liability is initially measured at the present value of the remaining lease payments that have not been paid at the commencement date, discounted by using the Company's incremental borrowing rate unless the rate implicit in the lease is readily determinable.

Lease payments over the estimated lease term included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and,
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term changes or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate,
- The lease payments change due to a change in an index, rate, or expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or,
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset is presented within property, plant, and equipment and the lease liability is presented within accrued liabilities (current portion) and other liabilities (non-current portion) on the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes these lease payments as an expense on a straight-line basis over the lease term.

The Company as Lessor

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.

- 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. This interpretation did not have an impact on the Company's consolidated financial statements.

2. SEGMENTED INFORMATION

On February 1, 2019, the Company acquired 4Refuel Canada and 4Refuel US (4Refuel) (Note 8). 4Refuel is a mobile on-site refuelling company in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia and in Texas, US. Management reviews the results of 4Refuel with the Canada reportable segment, which has been revised as follows:

- Canada Operations: dealership territories comprising British Columbia, Alberta, Saskatchewan, Yukon, the Northwest Territories, and portions of Nunavut (Canada dealership) and mobile refuelling operations in the above-listed provinces in Canada and in Texas, US.

With the acquisition of 4Refuel, the Company views total revenue less cost of fuel (net revenue) as more representative in assessing the performance of this business as the cost of fuel is not in the Company's control and is fully passed through to the customer.

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

3 months ended March 31, 2019 (\$ millions)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue					
New equipment	\$ 274	\$ 190	\$ 200	\$ —	\$ 664
Used equipment	48	11	22	—	81
Equipment rental	39	11	8	—	58
Product support	527	293	76	—	896
Fuel and other	110	—	1	—	111
Total revenue	\$ 998	\$ 505	\$ 307	\$ —	\$ 1,810
Cost of fuel	(91)	—	—	—	(91)
Net revenue	\$ 907	\$ 505	\$ 307	\$ —	\$ 1,719
Operating costs ⁽¹⁾	(801)	(471)	(285)	(3)	(1,560)
Equity earnings of joint ventures	4	—	—	—	4
Other expenses (Note 4)	(17)	(8)	—	(4)	(29)
Earnings (loss) before finance costs, income taxes, depreciation and amortization	\$ 93	\$ 26	\$ 22	\$ (7)	\$ 134
Depreciation and amortization	(43)	(20)	(9)	—	(72)
Earnings (loss) before finance costs and income taxes	\$ 50	\$ 6	\$ 13	\$ (7)	\$ 62
Finance costs					(24)
Provision for income taxes					(10)
Net income					\$ 28
Invested capital ⁽²⁾	\$ 2,148	\$ 1,243	\$ 361	\$ 1	\$ 3,753
Capital and rental equipment ⁽³⁾	\$ 991	\$ 471	\$ 163	\$ 50	\$ 1,675
Gross capital expenditures ⁽³⁾⁽⁴⁾	\$ 31	\$ 1	\$ 4	\$ 5	\$ 41
Gross rental asset expenditures ⁽⁴⁾	\$ 35	\$ 3	\$ 4	\$ —	\$ 42

(1) Operating costs are calculated as cost of sales less cost of fuel plus selling, general, and administration expenses less depreciation and amortization.

(2) 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.

(3) Capital includes property, plant and equipment and intangible assets.

(4) Includes leases and borrowing costs capitalized and excludes additions through business acquisitions.

3 months ended March 31, 2018 (\$ millions)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue					
New equipment	\$ 268	\$ 153	\$ 163	\$ —	\$ 584
Used equipment	56	23	17	—	96
Equipment rental	30	12	8	—	50
Product support	498	363	75	—	936
Other	—	1	3	—	4
Total revenue ⁽¹⁾	\$ 852	\$ 552	\$ 266	\$ —	\$ 1,670
Operating costs ⁽²⁾	(764)	(491)	(249)	(10)	(1,514)
Equity earnings (loss) of joint ventures and associate	5	—	—	(4)	1
Earnings (loss) before finance costs, income taxes, depreciation and amortization	\$ 93	\$ 61	\$ 17	(14)	\$ 157
Depreciation and amortization	(22)	(15)	(7)	—	(44)
Earnings (loss) before finance costs and income taxes	\$ 71	\$ 46	\$ 10	(14)	\$ 113
Finance costs					(18)
Provision for income taxes					(24)
Net income					\$ 71
Invested capital ⁽³⁾	\$ 1,778	\$ 1,140	\$ 322	(14)	\$ 3,226
Capital and rental equipment ⁽⁴⁾	\$ 553	\$ 396	\$ 144	14	\$ 1,107
Gross capital expenditures ⁽⁴⁾⁽⁵⁾	\$ 7	\$ 19	\$ 2	4	\$ 32
Gross rental asset expenditures ⁽⁵⁾	\$ 44	\$ 15	\$ 7	—	\$ 66

(1) Total revenue is the same as net revenue.

(2) Operating costs are calculated as cost of sales and selling, general, and administration expenses less depreciation and amortization.

(3) 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.

(4) Capital includes property, plant and equipment and intangible assets.

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

3. EARNINGS PER SHARE

3 months ended March 31				
(\$ millions, except share and per share amounts)				
2019	Net Income	Shares	Per Share	
Basic EPS:				
Net income, weighted average shares outstanding, EPS	\$ 28	163,781,185	\$	0.17
Effect of dilutive securities: share options	—	91,417		—
Diluted EPS:				
Net income and assumed conversions	\$ 28	163,872,602	\$	0.17
2018				
Basic EPS:				
Net income, weighted average shares outstanding, EPS	\$ 71	168,345,298	\$	0.42
Effect of dilutive securities: share options	—	829,122		—
Diluted EPS:				
Net income and assumed conversions	\$ 71	169,174,420	\$	0.42

At March 31, 2019 and 2018, an insignificant number of share options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

4. OTHER EXPENSES

3 months ended March 31			
(\$ millions)			
	2019	2018	
Severance costs (a)	\$ 18	\$	—
Impairment of long-lived assets (a)	5		—
Provision on onerous contracts (a)	2		—
Acquisition costs (Note 8)	4		—
Other expenses	\$ 29	\$	—

(a) As part of actions taken to adjust to market conditions, the Company is implementing plans to reduce its workforce in its Canadian and South American operations and therefore, recorded provisions related to the restructuring plans. The Company is also implementing plans to consolidate certain branches and exit some facilities in its Canadian operations and therefore has recorded an impairment loss on leased properties and any related equipment and leasehold improvements, as well as provisions for the unavoidable non-lease costs for these properties.

5. SHORT-TERM DEBT AND FINANCE COSTS

At March 31, 2019, short-term debt includes \$648 million drawn on the Company's syndicated committed credit facility, partially to fund the acquisition of 4Refuel (Note 8), and local bank borrowings in the Company's Argentina operations of \$10 million. At December 31, 2018, short-term debt represented \$150 million drawn on the Company's syndicated committed credit facility and local bank borrowings in the Company's Argentina operations of \$4 million.

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

3 months ended March 31 (\$ millions)	2019	2018
Interest on short-term debt	\$ 7	\$ 3
Interest on long-term debt	13	13
Interest on debt securities	20	16
Interest on lease liabilities	3	—
Other finance related expenses	1	2
Finance costs	\$ 24	\$ 18

6. POST-EMPLOYMENT BENEFITS

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

	March 31, 2019			March 31, 2018		
	Canada	UK	South America	Canada	UK	South America
Discount rate – obligation	3.3%	2.5%	1.4%	3.4%	2.6%	1.7%
Discount rate – expense ⁽¹⁾	3.7%	2.9%	1.5%	3.4%	2.5%	1.8%
Retail price inflation – obligation	n/m ⁽²⁾	3.3%	n/a ⁽²⁾	n/m ⁽²⁾	3.2%	n/a ⁽²⁾
Retail price inflation – expense ⁽¹⁾	n/m ⁽²⁾	3.3%	n/a ⁽²⁾	n/m ⁽²⁾	3.3%	n/a ⁽²⁾
Average staff turnover – obligation	n/m ⁽²⁾	n/m ⁽²⁾	9.8%	n/m ⁽²⁾	n/m ⁽²⁾	10.4%
Rate of compensation increase – obligation	n/m ⁽²⁾	n/a ⁽²⁾	3.0%	n/m ⁽²⁾	n/a ⁽²⁾	3.0%

⁽¹⁾ Used to determine the net interest cost and expense for the three months ended March 31, 2019 and March 31, 2018

⁽²⁾ n/m – not a material assumption used in the valuation

n/a – not applicable

The net benefit cost and actuarial (gain) loss for the Company's post-employment benefit plans are as follows:

3 months ended (\$ millions)	March 31, 2019				March 31, 2018			
	Canada	UK	South America	Total	Canada	UK	South America	Total
Current service cost and administration costs, net of employee contributions	\$ 2	\$ —	\$ 1	\$ 3	\$ 2	\$ —	\$ 2	\$ 4
Net benefit cost	\$ 2	\$ —	\$ 1	\$ 3	\$ 2	\$ —	\$ 2	\$ 4
Actuarial (gain) loss on plan assets	\$ (16)	\$ (43)	\$ —	\$ (59)	\$ 5	\$ 9	\$ —	\$ 14
Actuarial loss (gain) on plan liabilities	15	45	14	74	—	(24)	—	(24)
Total actuarial (gain) loss recognized in other comprehensive income	\$ (1)	\$ 2	\$ 14	\$ 15	\$ 5	\$ (15)	\$ —	\$ (10)

7. SUPPLEMENTAL CASH FLOW INFORMATION

The components of cash and cash equivalents are as follows:

March 31 (\$ millions)	2019		2018	
Cash	\$	219	\$	217
Cash equivalents		71		108
Cash and cash equivalents	\$	290	\$	325

The changes in operating assets and liabilities are as follows:

3 months ended March 31 (\$ millions)	2019		2018	
Accounts receivable	\$	(3)	\$	(29)
Unbilled work in progress		(47)		(25)
Inventories		(310)		(168)
Other assets		(31)		(14)
Accounts payable and accruals		77		(65)
Other liabilities		(58)		(28)
Changes in operating assets and liabilities	\$	(372)	\$	(329)

The changes in liabilities arising from financing and operating activities are as follows:

(\$ millions)	Short-term debt	Long-term debt	Lease liability	Total	
Balance, December 31, 2018	\$ 154	\$ 1,354	\$ 30	\$	1,538
IFRS 16 adjustment (Note 1)	—	—	278		278
Balance, January 1, 2019	\$ 154	\$ 1,354	\$ 308	\$	1,816
Cash flows provided by (used in)					
Financing activities	504	—	(22)		482
Operating activities	—	—	(3)		(3)
Total cash movements	\$ 504	\$ —	\$ (25)	\$	479
Non-cash changes					
Additions through business combination	—	—	30		30
Additions	—	—	18		18
Interest expense	—	—	3		3
Disposals	—	—	(4)		(4)
Foreign exchange rate changes	—	(13)	—		(13)
Total non-cash movements	\$ —	\$ (13)	\$ 47	\$	34
Balance, March 31, 2019	\$ 658	\$ 1,341	\$ 330	\$	2,329

(\$ millions)	Short-term debt	Long-term debt	Lease liability	Total	
Balance, January 1, 2018	\$ 18	\$ 1,296	\$ 34	\$	1,348
Cash flows provided by (used in)					
Financing activities	150	—	(1)		149
Operating activities	—	—	—		—
Total cash movements	\$ 150	\$ —	\$ (1)	\$	149
Non-cash changes					
Foreign exchange rate changes	1	26	1		28
Total non-cash movements	\$ 1	\$ 26	\$ 1	\$	28

8. ACQUISITION

On February 1, 2019, the Company acquired a 100% ownership interest in the Canadian and US operations of 4Refuel. 4Refuel is a mobile on-site refueling company operating in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia and in Texas, US. Acquiring 4Refuel provides a complementary service offering to the Company's existing customer base and provides opportunities for the Company to sell, rent, and service to a new customer base.

Cash consideration of \$241 million was paid based on the fair value of the business at acquisition date, which includes \$12 million cash acquired and is subject to customary closing adjustments. The Company funded the transaction with cash on hand and from existing credit facilities. This purchase has been accounted for as a business combination using the acquisition method of accounting.

The purchase price allocation is not final as management is continuing to identify intangible assets acquired and obtaining and verifying information required to determine the fair value of certain assets and liabilities, and related amount of deferred income taxes arising on their recognition. The Company expects to finalize the amounts recognized as it obtains the information necessary to complete the analysis, and no later than December 31, 2019.

The preliminary allocation of the purchase price, based on management's best estimate, is as follows:

Preliminary purchase price allocation (\$ millions)	February 1, 2019
Cash	\$ 12
Accounts and other receivables	60
Property, plant, and equipment	40
Intangible assets	126
Goodwill	61
Other assets	4
Accounts payable	(32)
Lease liabilities	(30)
Net assets acquired	\$ 241

Goodwill relates to the expected synergies from combining complementary capabilities and existing customer bases across Finning's territory in British Columbia, Alberta, Yukon, Northwest Territories and part of Nunavut and new customers in Canada and in Texas. The goodwill is assigned to the Company's Canada reportable segment.

Acquisition costs of \$4 million were paid on the transaction and recorded as other expense in the consolidated statement of income in the three months ended March 31, 2019.

The results of the newly acquired business since the date of acquisition have been included in the Company's Canada reportable segment. From the acquisition date to March 31, 2019, 4Refuel contributed approximately \$110 million of revenue.