

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian \$ millions)	March 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 260	\$ 268
Accounts receivable	876	919
Unbilled receivables	262	246
Inventories	2,152	1,990
Other assets	278	236
Total current assets	3,828	3,659
Property, plant, and equipment	987	971
Rental equipment	462	457
Intangible assets	342	321
Goodwill	205	204
Distribution network	100	100
Investment in joint ventures and associate	94	94
Other assets	237	184
Total assets	\$ 6,255	\$ 5,990
LIABILITIES		
Current liabilities		
Short-term debt (Note 5)	\$ 329	\$ 226
Accounts payable and accruals	1,149	1,169
Deferred revenue	373	360
Provisions	54	57
Current portion of long-term debt	200	200
Other liabilities	7	14
Total current liabilities	2,112	2,026
Long-term debt	1,381	1,318
Long-term lease liabilities	267	273
Net post-employment obligation	80	76
Other liabilities	182	182
Total liabilities	\$ 4,022	\$ 3,875
SHAREHOLDERS' EQUITY		
Share capital	\$ 565	\$ 570
Contributed surplus	—	2
Accumulated other comprehensive income	315	228
Retained earnings	1,353	1,315
Total shareholders' equity	2,233	2,115
Total liabilities and shareholders' equity	\$ 6,255	\$ 5,990

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)	2020	2019
Revenue		
New equipment	\$ 353	\$ 664
Used equipment	68	81
Equipment rental	53	58
Product support	934	896
Fuel and other	150	111
Total revenue	1,558	1,810
Cost of sales	(1,140)	(1,380)
Gross profit	418	430
Selling, general, and administrative expenses	(325)	(343)
Equity earnings of joint ventures	1	4
Other expenses (Note 4)	—	(29)
Earnings before finance costs and income taxes	94	62
Finance costs (Note 5)	(21)	(24)
Income before provision for income taxes	73	38
Provision for income taxes	(19)	(10)
Net income	\$ 54	\$ 28
Earnings per share (Note 3)		
Basic	\$ 0.33	\$ 0.17
Diluted	\$ 0.33	\$ 0.17
Weighted average number of shares outstanding (Note 3)		
Basic	162,850,641	163,781,185
Diluted	162,851,963	163,872,602

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

3 months ended March 31 (Canadian \$ millions)	2020	2019
Net income	\$ 54	\$ 28
Other comprehensive income (loss), net of income tax		
Items that may be subsequently reclassified to statement of net income:		
Foreign currency translation adjustments	149	(33)
Share of foreign currency translation adjustments of joint ventures	(2)	(1)
(Loss) gain on net investment hedges	(63)	14
Impact of foreign currency translation and net investment hedges, net of income tax	84	(20)
Gain (loss) on cash flow hedges	5	(3)
Gain on cash flow hedges, reclassified to statement of net income	(2)	—
Recovery of income taxes on cash flow hedges	—	1
Impact of cash flow hedges, net of income tax	3	(2)
Items that will not be subsequently reclassified to statement of net income:		
Actuarial gain (loss) (Note 7)	45	(15)
(Provision for) recovery of income taxes on actuarial gain (loss)	(10)	4
Actuarial gain (loss), net of income tax	35	(11)
Total comprehensive income (loss)	\$ 176	\$ (5)

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, 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	
Balance, January 1, 2020	163,319,120	\$ 570	\$ 2	\$ 230	\$ (2)	\$ 1,315	\$ 2,115	
Net income	—	—	—	—	—	54	54	
Other comprehensive income	—	—	—	84	3	35	122	
Total comprehensive income	—	—	—	84	3	89	176	
Hedging gain transferred to statement of financial position	—	—	—	—	—	(1)	(1)	
Repurchase of common shares	(1,215,617)	(5)	(2)	—	—	(16)	(23)	
Dividends on common shares	—	—	—	—	—	(34)	(34)	
Balance, March 31, 2020	162,103,503	\$ 565	\$ —	\$ 314	\$ 1	\$ 1,353	\$ 2,233	

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)	2020	2019
OPERATING ACTIVITIES		
Net income	\$ 54	\$ 28
Adjusting for:		
Depreciation and amortization	76	72
Impairment of long-lived assets	1	5
Equity earnings of joint ventures	(1)	(4)
Share-based payment recovery	(10)	(1)
Provision for income taxes	19	10
Finance costs	21	24
Net benefit cost of post-employment benefit plans in selling, general, and administrative expenses (Note 7)	4	3
Changes in operating assets and liabilities (Note 8)	(113)	(372)
Additions to rental equipment	(39)	(45)
Proceeds on disposal of rental equipment	20	29
Interest paid	(23)	(21)
Income tax paid	(23)	(52)
Cash flow used in operating activities	(14)	(324)
INVESTING ACTIVITIES		
Additions to property, plant, and equipment and intangible assets	(38)	(23)
Proceeds on disposal of property, plant, and equipment	2	—
Consideration paid for business acquisition, net of cash acquired (Note 9)	—	(229)
Cash flow used in investing activities	(36)	(252)
FINANCING ACTIVITIES		
Increase in short-term debt (Note 8)	78	504
Decrease in lease liabilities (Note 8)	(22)	(22)
Repurchase of common shares	(23)	(31)
Dividends paid	(34)	(33)
Cash flow (used in) provided by financing activities	(1)	418
Effect of currency translation on cash balances	43	(6)
Decrease in cash and cash equivalents	(8)	(164)
Cash and cash equivalents, beginning of period	268	454
Cash and cash equivalents, end of period (Note 8)	\$ 260	\$ 290

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 Standards 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, 2019 audited annual consolidated financial statements and the notes to such financial statements.

These Interim Statements are based on the IFRS issued and effective for the current year. The Interim Statements were authorized for issuance by the Company's Board of Directors on May 4, 2020. The Company has applied 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) Areas of Estimation Uncertainty and Significant Judgments

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The COVID-19 outbreak and related mitigation measures have had an adverse impact on global economic conditions such as government response actions, social distancing, business closures and disruptions. Epidemic diseases, such as COVID-19, may have a significant impact on the Company. The duration of the pandemic is unknown at this time and it is not possible to reliably estimate the severity of the impact on the financial results, the condition of the Company and its operations in future periods, and length to recovery.

The Company's significant accounting policies, areas of estimation uncertainty, and significant judgments are contained in the notes to the Annual Financial Statements for the year ended December 31, 2019. Certain accounting policies require management to make judgments, estimates and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities. These policies may require particularly subjective and complex judgments to be made as they relate to matters that are inherently uncertain and because there is a likelihood that materially different amounts could be reported under different conditions or using different assumptions. The following summarizes the changes in the areas of estimation uncertainty and significant judgments facing the Company as a result of changing economic conditions, including the impact of COVID-19.

Financial instrument risk

The Company is exposed to risks through its operations that arise from its use of financial instruments, which include credit risk, interest rate risk, market price risk, liquidity risk and foreign exchange risk. Under the normal course of operations, the Company has mitigation strategies to minimize these risks for its financial instruments. In the current economic climate, the Company is further exposed to credit risk related to its accounts receivable.

Allowance for Doubtful Accounts

The Company records allowance for doubtful accounts that represent management's best estimate of potential losses in respect of trade and other receivables and unbilled receivables. The main components of these allowances are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected to occur. The collective loss allowance is estimated based on historical data of payment statistics for similar financial assets, adjusted for current and forecasted future economic conditions.

The COVID-19 pandemic may result in significant disruptions in financial markets, regional economies and the world economy. The pandemic could adversely affect the economies and financial markets of many regions and countries in which our customers operate. There can be no assurance that the disruption in financial markets, regional economies and the world economy will not negatively affect the financial performance of our customers and our ability to collect customer receivables. The extent of the impact of the COVID-19 pandemic on our customers is unknown at this time. This will depend on future developments, and the availability of government support programs, all of which are highly uncertain and cannot be predicted with confidence. As a result, the Company's exposure to credit risk related to its accounts receivable has increased. Expected credit losses related to the current economic environment have been incorporated in management's estimate of its allowance for doubtful accounts. No assurance can be given that the Company's provision for potential losses on customer receivables will be sufficient or that the Company will not suffer material credit losses that will adversely affect its results. This remains an area that the Company will continue to monitor closely.

Inventory

The Company records a provision to reflect slow-moving and obsolete inventory. The provision is estimated based on age, redundancy, and stock levels. For equipment inventory, estimates are determined on a specific item basis. Following a review of its inventory provisions, recent market activity, customer activity, and expected outlook for the remainder of the year, the Company concluded that no additional inventory provisions for the current economic environment were required at March 31, 2020. This remains an area that the Company will continue to monitor closely.

Impairment

The Company performs impairment tests on its goodwill and intangible assets with indefinite lives at the appropriate level (cash-generating units or group of cash-generating units); at least annually and when events or changes in circumstances, which may include the declaration of the pandemic, indicate their fair value may not be fully recoverable. At March 31, 2020, management concluded no impairment losses were required in relation to the Company's goodwill and intangible assets with indefinite lives. This remains an area that the Company will continue to monitor closely.

Property, plant, and equipment and rental equipment 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. At March 31, 2020, management concluded no impairment losses were required in relation to the Company's property, plant, and equipment and rental equipment. This remains an area that the Company will continue to monitor closely.

(b) Amendments to Standards

The Company has adopted the following amendments to IFRS:

- Amendments to IFRS 3, *Business Combinations* (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. The definition of a business has been amended to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and to exclude returns in the form of lower costs and other economic benefits. These amendments did not impact the Company's consolidated financial statements.
- Amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures* (effective January 1, 2020) affect entities that apply the hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended standards, then discontinuation of hedge accounting is still required. The Company did not have any hedging relationships directly affected by the interest rate benchmark reform and as a result, these amendments did not impact the Company's consolidated financial statements or disclosures.
- Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (effective January 1, 2020) were made to refine the definition of material in IAS 1 and align the definitions used across IFRS Standards and other publications. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition and the threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. These amendments did not impact the Company's consolidated financial statements or disclosures.

(c) Future Accounting Pronouncements

The Company has not applied the following amendments to standards that have been issued but are not yet effective:

- Amendments to IAS 1, *Presentation of Financial Statements* (effective January 1, 2022) clarifies the presentation of liabilities in the statement of financial position. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. Management is currently assessing the impact of this amendment.

2. SEGMENTED INFORMATION

On February 1, 2019, the Company acquired 4Refuel Canada and 4Refuel US (4Refuel) (Note 9). 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 as follows:

- Canada Operations: dealership territories comprising British Columbia, Alberta, Saskatchewan, Yukon, the Northwest Territories, and portions of Nunavut (Canada dealership) and mobile refuelling services 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, 2020 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
Revenue					
New equipment	\$ 162	\$ 85	\$ 106	\$ —	\$ 353
Used equipment	33	15	20	—	68
Equipment rental	33	12	8	—	53
Product support	497	366	71	—	934
Fuel and other	149	—	1	—	150
Total revenue	\$ 874	\$ 478	\$ 206	\$ —	\$ 1,558
Cost of fuel	(119)	—	—	—	(119)
Net revenue	\$ 755	\$ 478	\$ 206	\$ —	\$ 1,439
Operating costs ⁽¹⁾	(653)	(418)	(195)	(4)	(1,270)
Equity earnings of joint ventures	1	—	—	—	1
Earnings (loss) before finance costs, income taxes, depreciation and amortization	\$ 103	\$ 60	\$ 11	\$ (4)	\$ 170
Depreciation and amortization	(43)	(22)	(10)	(1)	(76)
Earnings (loss) before finance costs and income taxes	\$ 60	\$ 38	\$ 1	\$ (5)	\$ 94
Finance costs					(21)
Provision for income taxes					(19)
Net income					\$ 54
Invested capital ⁽²⁾	\$ 2,093	\$ 1,330	\$ 428	\$ 32	\$ 3,883
Capital and rental equipment ⁽³⁾	\$ 1,043	\$ 489	\$ 180	\$ 79	\$ 1,791
Gross capital expenditures ⁽³⁾⁽⁴⁾	\$ 15	\$ 23	\$ 7	\$ 4	\$ 49
Gross rental fleet expenditures ⁽⁴⁾	\$ 12	\$ 6	\$ 5	\$ —	\$ 23
Gross spend on rental equipment with purchase options ⁽⁴⁾	\$ 16	\$ —	\$ —	\$ —	\$ 16

(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.

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

3 months ended March 31, 2019 (\$ millions)	Canada	South America	UK & Ireland	Other	Total
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 fleet expenditures ⁽⁴⁾	\$ 31	\$ 3	\$ 4	\$ —	\$ 38
Gross spend on rental equipment with purchase options ⁽⁴⁾	\$ 4	\$ —	\$ —	\$ —	\$ 4

- (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. EARNINGS PER SHARE

3 months ended March 31 (\$ millions, except share and per share amounts)	Net		Per Share
2020	Income	Shares	
Basic EPS:			
Net income, weighted average shares outstanding, EPS	\$ 54	162,850,641	\$ 0.33
Effect of dilutive securities: share options	—	1,322	—
Diluted EPS:			
Net income and assumed conversions	\$ 54	162,851,963	\$ 0.33
2019			
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

Share options granted to employees that were anti-dilutive were 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 months ended March 31, 2020 were 3 million (2019: 2 million).

4. OTHER EXPENSES

3 months ended March 31 (\$ millions)	2020	2019
Severance costs (a)	\$ —	\$ 18
Impairment of long-lived assets (a)	—	5
Provision on onerous contracts (a)	—	2
Acquisition costs (Note 9)	—	4
Other expenses	\$ —	\$ 29

(a) As part of actions taken to adjust to market conditions, the Company implemented plans to reduce its workforce in its Canadian and South American operations and therefore recorded provisions related to the restructuring plans in the three months ended March 31, 2019. The Company also implemented plans to consolidate certain branches and exit some facilities in its Canadian operations and therefore recorded an impairment loss in the three months ended March 31, 2019 on leased properties and any related equipment and leasehold improvements, as well as provisions for the unavoidable non-lease costs for these properties.

5. DEBT AND FINANCE COSTS

At March 31, 2020, short-term debt included \$270 million drawn on the Company's committed revolving credit facility and local bank borrowings in the Company's South American and UK operations of \$59 million. At December 31, 2019, short-term debt included \$208 million (USD \$160 million) drawn on the Company's committed revolving credit facility and local bank borrowings in the Company's South American operations of \$18 million.

In April 2020, the Company secured an additional \$500 million committed revolving credit facility, which provides further financial flexibility and liquidity. This facility has a term of two years, can be used for general corporate purposes, and has substantially the same terms and conditions as the existing \$1.3 billion committed revolving credit facility.

The Company is subject to certain covenants within its syndicated committed revolving credit facility. As at March 31, 2020, the Company was in compliance with these covenants.

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

3 months ended March 31	2020	2019
(\$ millions)		
Interest on short-term debt	\$ 5	\$ 7
Interest on long-term debt	14	13
Interest on debt securities	19	20
Interest on lease liabilities	3	3
Other finance related (recovery) expenses	(1)	1
Finance costs	\$ 21	\$ 24

6. INCOME TAXES

In 2016, the UK government announced the reduction of the corporate tax rate from 19% to 17% effective April 1, 2020. On March 11, 2020, the UK government cancelled the reduction and reinstated the corporate tax rate of 19%.

7. POST-EMPLOYMENT BENEFITS

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

	March 31, 2020			March 31, 2019		
	Canada	UK	South America	Canada	UK	South America
Discount rate – obligation	3.6%	2.3%	0.7%	3.3%	2.5%	1.4%
Discount rate – expense ⁽¹⁾	3.1%	2.0%	0.4%	3.7%	2.9%	1.5%
Retail price inflation – obligation	n/m ⁽²⁾	2.6%	n/a ⁽²⁾	n/m ⁽²⁾	3.3%	n/a ⁽²⁾
Retail price inflation – expense ⁽¹⁾	n/m ⁽²⁾	3.0%	n/a ⁽²⁾	n/m ⁽²⁾	3.3%	n/a ⁽²⁾
Average staff turnover – obligation	n/m ⁽²⁾	n/m ⁽²⁾	9.4%	n/m ⁽²⁾	n/m ⁽²⁾	9.8%
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, 2020 and March 31, 2019

⁽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 were as follows:

3 months ended (\$ millions)	March 31, 2020				March 31, 2019			
	Canada	UK	South America	Total	Canada	UK	South America	Total
Current service cost and administration costs, net of employee contributions	\$ 2	\$ —	\$ 2	\$ 4	\$ 2	\$ —	\$ 1	\$ 3
Net benefit cost	\$ 2	\$ —	\$ 2	\$ 4	\$ 2	\$ —	\$ 1	\$ 3
Actuarial loss (gain) on plan assets	\$ 19	\$ 15	\$ —	\$ 34	\$ (16)	\$ (43)	\$ —	\$ (59)
Actuarial (gain) loss on plan liabilities	(19)	(66)	6	(79)	15	45	14	74
Total actuarial (gain) loss recognized in other comprehensive income	\$ —	\$ (51)	\$ 6	\$ (45)	\$ (1)	\$ 2	\$ 14	\$ 15

8. SUPPLEMENTAL CASH FLOW INFORMATION

The components of cash and cash equivalents were as follows:

March 31 (\$ millions)	2020	2019
Cash	\$ 91	\$ 219
Cash equivalents	169	71
Cash and cash equivalents	\$ 260	\$ 290

The changes in operating assets and liabilities were as follows:

3 months ended March 31 (\$ millions)	2020	2019
Accounts receivable	\$ 75	\$ (3)
Unbilled receivables	(3)	(47)
Inventories	(85)	(310)
Other assets	4	(31)
Accounts payable and accruals	(66)	77
Other liabilities	(38)	(58)
Changes in operating assets and liabilities	\$ (113)	\$ (372)

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

(\$ millions)	Short-term debt	Long-term debt	Lease liabilities	Total
Balance, January 1, 2020	\$ 226	\$ 1,518	\$ 357	\$ 2,101
Cash flows provided by (used in)				
Financing activities	78	—	(22)	56
Operating activities	—	—	(3)	(3)
Total cash movements	\$ 78	\$ —	\$ (25)	\$ 53
Non-cash changes				
Additions	—	—	12	12
Remeasurement of liability	—	—	5	5
Interest expense	—	—	3	3
Disposals	—	—	(1)	(1)
Foreign exchange rate changes	25	63	3	91
Total non-cash movements	\$ 25	\$ 63	\$ 22	\$ 110
Balance, March 31, 2020	\$ 329	\$ 1,581	\$ 354	\$ 2,264

(\$ millions)	Short-term debt	Long-term debt	Lease liabilities	Total
Balance, December 31, 2018	\$ 154	\$ 1,354	\$ 30	\$ 1,538
IFRS 16 Leases adjustment	—	—	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 (Note 9)	—	—	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

9. 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 included \$12 million cash acquired and was 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.

Management finalized its purchase price allocation on December 31, 2019.

The acquisition-date fair values of acquired tangible and intangible assets, assumed liabilities and deferred tax liabilities were as follows:

Final purchase price allocation (\$ millions)	December 31 2019
Cash	\$ 12
Accounts receivable	60
Property, plant, and equipment	42
Intangible assets	130
Goodwill	85
Other assets	4
Accounts payable and accruals	(32)
Lease liabilities	(30)
Deferred tax 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 and is not deductible for tax purposes.

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